PARLIAMENTARY DEBATES

(HANSARD)

SIXTH SERIES—VOLUME 462 (Part 1)

HOUSE OF COMMONS

OFFICIAL REPORT

SECOND SESSION OF THE FIFTY-FOURTH PARLIAMENT
OF THE UNITED KINGDOM OF GREAT BRITAIN
AND NORTHERN IRELAND
FIFTY-SIXTH YEAR OF THE REIGN OF
HER MAJESTY QUEEN ELIZABETH II

SESSION 2006–2007

COMPRISING PERIOD
25 June 2007—12 July

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* *The Queen has signified her intention of conferring peerages of the United Kingdom for life on Professor Sir Ara Darzi, Sir Digby Jones, Sir Mark Malloch Brown, KCMG, Shriti Vadera and Admiral Sir Alan West, GCB, DSC*

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THE PARLIAMENTARY DEBATES

OFFICIAL REPORT

IN THE SECOND SESSION OF THE FIFTY-FOURTH PARLIAMENT OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND
[WHICH OPENED 11 MAY 2005]

FIFTY-SIXTH YEAR OF THE REIGN OF
HER MAJESTY QUEEN ELIZABETH II

SIXTH SERIES **VOLUME 462**

TENTH VOLUME OF SESSION 2006-2007

House of Commons

Monday 25 June 2007

The House met at half-past Two o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

Oral Answers to Questions

CULTURE, MEDIA AND SPORT

The Secretary of State was asked—

London Olympics

1. **Mary Creagh** (Wakefield) (Lab): What role the arts will play in the London 2012 Olympics, with particular reference to community arts. [144644]

2. **Mr. Philip Dunne** (Ludlow) (Con): What plans she has for the cultural Olympiad; and if she will make a statement. [144645]

The Parliamentary Under-Secretary of State for Culture, Media and Sport (Mr. David Lammy): Last Thursday, the London 2012 organising committee announced ambitious plans for a cultural Olympiad to showcase our arts and cultural sectors to the world. Based on our bid to the International Olympic Committee, the UK's cultural Olympiad will be bigger than any other before it, and there will be many opportunities for individuals and communities to be involved.

Mary Creagh: I thank my hon. Friend for his reply. I am sure that he will want to join me in congratulating the South Bank centre and the Royal Festival hall on their magnificent reopening overture weekend, which really brought in the community. Events included every primary school child in Lambeth singing gospel, gospel choirs from all over the south-east singing with the Orchestra of the Age of Enlightenment, and an outdoor ballroom dance, in which I participated with my young son. Does my hon. Friend share my disappointment, however, and that of the chief executive, Michael Lynch, that, in a city in which more than 4,000 people received bonuses of more than £1 million last year, it has been so hard for the centre to fund-raise for the refurbishment from the City boys and girls?

Mr. Lammy: I join my hon. Friend in congratulating the South Bank centre on the most fantastic of openings. It was really inclusive to the wider London community and resulted in record numbers of people participating, including many who had never visited the centre before. She raises a serious question, however, and she is right to suggest that, at its heart, our arts ecology is based not only on public subsidy and the self-revenue that many of our institutions raise themselves, but on private and commercial giving. There is new money in the City, and all those in the arts community, working particularly with Arts & Business and similar organisations, want to find ways of tapping the money that has come into the City in the past few years.

Mr. Dunne: Last week, the Secretary of State described the cultural Olympiad as
"absolutely central to our vision".
Her views happily coincided with those of Dr. William Penney Brookes of Much Wenlock who is, I am happy to say, at last gaining recognition as the true inspiration for the modern Olympics. Apart from the funding for the opening and closing ceremonies, how much funding are the Government providing, and for which activities, to celebrate the cultural Olympiad?

Mr. Lammy: This is the biggest cultural Olympiad that has ever been proposed in an IOC bid, and I ask the hon. Gentleman to look at the proposals.

Obviously, over the next few years, we will expect to see proposals coming forward from different parts of the regions. We have also said that there will be an international Shakespeare festival and an exhibition for which all our museums will join up. We have also said that there will be a legacy trust to provide up to £40 million of funding for events over the period. We also want to see private investment coming in.

Mr. Neil Gerrard (Walthamstow) (Lab): Notwithstanding the £40 million legacy trust, which is welcome, the organising committee is clearly saying in its document that there will be only start-up and limited funds for the second and third tier events, and that it expects existing arts bodies to fund those events. However, the Arts Council is facing a cut of £112 million over the next few years, and Grants for the Arts is also being cut. I find it difficult to understand how these two proposals sit together; perhaps the Minister will explain that to me.

Mr. Lammy: The cut in funding is from 2009. My hon. Friend should also remember that most arts organisations are receiving funds from the core grant, which has gone up 75 per cent. over the last period. We should be proud of that. I am sure that he would agree, given that his constituency is in the east end of London, that it is absolutely right that the young people in one of the poorest areas of London should benefit from lottery money in this way. We all have to play our part in ensuring that the Olympics are a success.

Mr. Don Foster (Bath) (LD): May I help the Minister to answer the question from the hon. Member for Walthamstow (Mr. Gerrard)? He has referred to the £40 million legacy trust, which is welcome, but will he acknowledge that the figures from his own Department illustrate that the cut to the budgets of those lottery projects responsible for culture, the arts and heritage amount to more than £470 million up to 2012?

Mr. Lammy: Rubbish.

Mr. Foster: The Minister says, "Rubbish", but those are figures from his own Department showing the total cuts. Is it not surprising, therefore, that we read in the document launching the cultural Olympiad that one of the projects, Artists Taking the Lead—

Mr. Speaker: Order.

Mr. Lammy: That is an example of the Liberal Democrats not being able to add up. Let me take the hon. Gentleman through this. In the first tier, the money for the opening and closing ceremony will come from the London Organising Committee of the Olympic Games budget, which is now £2 billion. We have also announced the legacy trust. We hope to see private and commercial investment, so I am pleased that Lloyds TSB has announced that it wants to sponsor the "live sites", and that Youth Music has announced a £9 million investment in a music extravaganza involving young people. That is notwithstanding core funding. The hon. Gentleman knows that, and he ought not to persist with making up numbers as he goes along.

Mr. Nick Raynsford (Greenwich and Woolwich) (Lab): I am sure that my hon. Friend is as pleased as I am about the successful opening in Greenwich yesterday of one of the principal Olympic venues: the O2, which will host both the gymnastics and basketball finals and provide a remarkable entertainment complex with music and other artistic activities. Is not that a symbol of the success of this Government in driving forward projects that will enrich the capital's cultural and sporting future, in contrast to the negative views of the Olympics from the Opposition?

Mr. Lammy: I thank my right hon. Friend for that contribution. Our capacity to develop and take forward venues in the way that we are demonstrating was precisely what impressed the International Olympic Committee.

Stewart Hosie (Dundee, East) (SNP): The Minister may be aware that part of the Dundee city art collection was recently on display at the Fleming galleries in London. He will also be aware that there are a large number of high quality civic and municipal collections around the country. As part of a value-for-money exercise, are there any plans to bring parts of those collections to London for display during the Olympic games, not only so that they can come out of storage and stop being a secret, but to promote all the areas from which those collections come?

Mr. Lammy: That is a good idea, and I hope that the international museums exhibition proposed by our national museums might include it. Discussions have taken place with the Scottish Arts Council, and I shall refer the hon. Gentleman's proposal to it. That is precisely the kind of grass-roots proposal that we would hope to see the legacy trust and others fund.

Football Governance

3. **David Taylor** (North-West Leicestershire) (Lab/Co-op): What recent discussions she has had with the football authorities on governance. [144646]

The Minister for Sport (Mr. Richard Caborn): I have met representatives of the Football Association to discuss governance of football on a number of occasions, most recently on 7 March. The broad proposals outlined by Lord Burns in his review of the FA were approved by FA shareholders on 29 May. I welcome those reforms, which will make the FA more representative of 21st century football, putting it in a much stronger position to govern the game.

David Taylor: The Stevens inquiry into corruption has shrunk to investigating just 17 transfer deals while wide concerns about the vulnerability of clubs to takeover by international moguls and politicians remain unaddressed. Do Manchester City supporters, for instance, have any protections against the attentions of the unsavoury Thaksin Shinawatra, or is it for ever the fate of football fans to be fleeced by flaky foreign financiers?

Mr. Caborn: My hon. Friend's question reflects a little feeling, which I understand. Let us make no mistake: commercialisation and foreign investment

have helped the premier league; it is the best in the world, and is watched by just under 1.5 billion people around the world every weekend; it is a great product. My hon. Friend is adding his voice to the concern expressed, with some reason, because we must make sure that the premier league does not turn into a billionaire's playground. The grass-roots communities from which those clubs came must be respected. I hope that it is not just lip service that is paid to the fans' organisations, to which he refers, but that clubs consider their views when making decisions.

Mr. Andrew Mackay (Bracknell) (Con): Will the Minister confirm that the sport is brought into disrepute when clubs go into rather phoney receivership—like Mr. Ken Bates and Leeds United—after they have been relegated and do not have their 10 points deducted the following season? What can he do to put that right?

Mr. Caborn: I am meeting the Football Association, the Football League and the premier league later this week to discuss ownership and some concerns, which the right hon. Gentleman rightly raises. There is a meeting in the Treasury tomorrow with a number of my hon. Friends and Treasury officials to consider share ownership and how certain actions have been taken. I do not want to comment on any individual action or club, but I do want to respond by saying that many share his concern and we are giving that issue serious consideration.

Mr. Jim Devine (Livingston) (Lab): Will my right hon. Friend join me in condemning football clubs that are charging above-inflation increases for tickets? Only last week, Heart of Midlothian announced a 50 per cent. increase in ticket prices for some of its games. Does he agree that that reinforces the need to have supporters trusts and representatives of football fans on the boards of football clubs?

Mr. Caborn. Again, I have a lot of sympathy with the question. Football trusts are developing up and down the land. However, it is important that club owners take ticket pricing into consideration. Because of the fairly hefty increase in television fees, in particular in the premier division, I have appealed to football clubs in England to consider their fans by at least freezing, if not reducing, some ticket prices. Some clubs have done that, especially in the north-west.

Bob Russell (Colchester) (LD): Surely the Sports Minister does not believe that football is squeaky clean. With football having proved itself incapable of looking after its interests fairly, is it not time that we had a royal commission on professional football?

Mr. Caborn: I do not think so. Let us keep things in proportion. As I said, we are running the most professional league in the world. There are 40,000 football clubs in England. It is by far the largest participation sport. It is governed by the Football Association, which has brought new governance into play. The conduct of clubs is being scrutinised more closely than ever. In July, the European Union will produce a White Paper on sport, which will address some of the issues at a European level, where they have to be considered if action is to be taken to curtail some of those excesses that have emerged in the game.

London Olympics

4. **Derek Wyatt** (Sittingbourne and Sheppey) (Lab): What the legacy plans are for the London 2012 Olympic and Paralympic Games. [144647]

The Secretary of State for Culture, Media and Sport (Tessa Jowell): Legacy is one of the central reasons why we bid for the 2012 Olympics. Last week, to coincide with the visit of the international Olympic evaluation commission, I published our legacy promises document, which is not of itself new policy, but brings together existing policy in relation to sport, regeneration, young people, the environment, and the wider benefits to the United Kingdom of hosting the Olympic games.

As soon as I leave the House today, I will be going to the west midlands. There tonight, with Seb Coe, in the first of a series of public meetings around the country, we will be setting out our vision for an enduring legacy from 2012 from which the whole country will benefit.

Derek Wyatt: I thank the Secretary of State for that. There are five rings in the Olympic flag, representing the five continents. Only two and a half continents have yet had an Olympics. If by 2024 or 2028 the games have not gone to Africa, south America, India or the middle east, what is the point of them? I wonder whether she could widen the remit of the legacy to include what legacy we will give back to the IOC for the games.

Tessa Jowell: I thank my hon. Friend for that question. It is important. It is crucial that major global sporting events, such as the Olympics, should not be affordable only by rich cities in the developed countries. As part of our commitment to the IOC, in what has been called the Singapore manifesto, we will initially work in five countries, taking the benefits of sport to young people in different circumstances. The five countries are Zambia, Azerbaijan, Palau, Brazil and India.

I personally have had the privilege of working as a volunteer on two programmes in connection with the development of the Singapore manifesto. It is clear about not just the global reach of football into communities and the developing world, but the power of sport to address many of the poverty and deprivation issues that children in the developing world face.

Mr. Philip Hollobone (Kettering) (Con): Given the capacity constraints and doubtful legacy effects of holding the equestrian games in Greenwich park, will the Secretary of State agree to meet me and a small delegation to discuss their relocation to Boughton house in Kettering?

Tessa Jowell: I understand the hon. Gentleman's wish to pursue the interests of his constituency, but I am afraid—for him, although not for Greenwich and the Olympics in London—that the IOC is very content with the location of the equestrian events in the magnificent setting of Greenwich park.

Jim Sheridan (Paisley and Renfrewshire, North) (Lab): Can my right hon. Friend assure the House that she will do all that she can to ensure that the legacy

plans for the 2012 Olympics will not include the unnecessary and untimely deaths of exploited migrant construction workers?

Tessa Jowell: Yes, I certainly accept the intention behind my hon. Friend's important point. He will know of the principles of good practice that the construction contracts to be let by the Olympic Delivery Authority contain. A project on the scale of the Olympics has the opportunity to set good examples for good practice in a variety of areas, not least construction.

Hugh Robertson (Faversham and Mid-Kent) (Con): Only yesterday the chairman of the Central Council for Physical Recreation wrote to *The Independent on Sunday*, which made it its letter of the week, to say:

"For all the fine words and photo opportunities of Tony Blair, sport—schools aside—has been firmly at the periphery of this government's sights...Community sports clubs have enjoyed precious little investment over the past decade."

How on earth will all the legacy commitments be financed?

Tessa Jowell: Well, the chairman of CPRE will continue to lobby—*[Interruption.]* I am sorry, I meant CCPR—an easy mistake to make. The chairman of CCPR will continue to lobby, not always on the basis of the best facts. Whether it be school sports, participation, improved facilities or elite sport, this Government's record is unprecedented in terms of additional investment in sport. We are already seeing the results in schools, in more people taking part in sport and in the success of our elite athletes. That is because this Government see sport as being at the heart of the life of our nation, and that is why the Olympics are so important.

Kate Hoey (Vauxhall) (Lab): Can my right hon. Friend explain what the legacy will be for one of our most successful sports—shooting—with a venue that will cost £20 million to put at Woolwich and some £10 million to bring it down afterwards, when the sporting bodies want it at Bisley? What is the legacy for shooting? Why is it not common sense to put it somewhere people want it?

Tessa Jowell: My hon. Friend will be aware that legacy plans for all the venues are carefully scrutinised by the IOC. In some cases, the legacy plans will continue to be developed in the five years between now and the Olympics. I am confident that the legacy from the shooting facilities will be as good as any legacy for any of the other Olympic venues.

Mr. Brian Jenkins (Tamworth) (Lab): My right hon. Friend will realise that the greatest legacy that the Olympics could give this country is greater participation in sport by all our citizens, especially young people. What is her Department doing to ensure that local authorities are spending the money that the Government send down to them to engender and develop more sporting facilities, especially in places such as Tamworth in Staffordshire?

Tessa Jowell: I have visited some of the facilities in my hon. Friend's constituency. With the work of Sport England, supported by a review of local authority facilities by the Audit Commission, there is now a fresh impetus and a programme of development of sports facilities, upgrading and refurbishment. Local authorities are working with Sport England to ensure that facilities are fit for purpose, because too many sports facilities in this country, particularly those run by local authorities, simply are not up to the job that we want them to do.

Celtic Heritage

5. **Andrew Mackinlay** (Thurrock) (Lab): If she will take steps to promote awareness of common Celtic heritage in regions of the United Kingdom. [144648]

The Parliamentary Under-Secretary of State for Culture, Media and Sport (Mr. Shaun Woodward): My hon. Friend will be aware that although the Department for Culture, Media and Sport does not directly sponsor common Celtic heritage, many of our sponsored bodies do; for example, the BBC's royal charter requires it to represent the UK, its nations, regions and communities.

Andrew Mackinlay: I am slightly disappointed by the Minister's reply. His Department needs to realise that Celtic heritage is not exclusive to Scotland, Ireland and Wales; England has a rich Celtic heritage, particularly in areas such as Northumberland and Cornwall. The English language dictionary has a high proportion of input from the Celtic language, and our own city, in these contemporary times, is full of Celtic people. The Department ought to do much more to reflect that in its work and endeavours, and not see it as a matter purely for the other countries, but a matter for England as well.

Mr. Woodward: Far be it from me to disappoint my hon. Friend, but he makes a good point. I am happy to write to the Arts Council and take it up on his behalf.

David T.C. Davies (Monmouth) (Con): I commend the hon. Member for Thurrock (Andrew Mackinlay) on his excellent question, and remind him that the language that evolved into Welsh was once spoken across the whole of the United Kingdom, including Thurrock, so does not he think it a little strange that the Foreign Office language-learning department can teach Members virtually every single language in the world, except for the language of heaven—Welsh? Does the Minister think that should be rectified?

Mr. Woodward: I take note of the hon. Gentleman's lecture and will continue to reflect on his points, but I suggest that he also takes them up at Welsh questions.

Mrs. Madeleine Moon (Bridgend) (Lab): St. Fagans museum of Welsh Life promotes Celtic culture through a vast array of buildings, artefacts and furniture. Such museums play an important part in displaying Celtic heritage, not only in Wales, but across the UK. Does the Minister agree that it is important that our museums remain free to enter, so that Celtic culture can be appreciated wherever it is available, in whichever museums?

Mr. Woodward: My hon. Friend tempts me into a very important area. I could talk about renaissance in the regions, but as she raises the issue of free entry to

museums—a matter that my right hon. Friend the Secretary of State will deal with rather convincingly in a moment—I shall say simply that we continue to reject totally the policy of the Conservative party.

Ministerial Visits

6. **Andrew Rosindell** (Romford) (Con): How many English Heritage sites she has visited in her official capacity in the last 12 months. [144649]

The Parliamentary Under-Secretary of State for Culture, Media and Sport (Mr. David Lammy): My right hon. Friend the Secretary of State visited Stonehenge in September 2006. Last week, she visited Torre abbey to see at first hand a project funded by English Heritage.

Andrew Rosindell: I thank the Minister for his response on behalf of the Secretary of State, but he may not know that I have asked that question in written form every year for the past few years, to which every answer was that she had not visited any. Do the Government appreciate this country's heritage and history, or are they completely obsessed with sport and media?

Mr. Lammy: I do know that the hon. Gentleman has asked that question every year, and I have seen the answers, which were not as he has just stated on the record for *Hansard*. Heritage funding, including that for museums and galleries, is bigger than it has ever been, at £600 million. He ought to refresh himself about the facts before he makes such silly suggestions.

Alison Seabeck (Plymouth, Devonport) (Lab): Have my hon. Friend or any of his Front-Bench colleagues recently visited Plymouth civic centre, for which English Heritage sought listed status? It has just been granted grade II listed status, which is disastrous because it is a sick building for those who work in it, is environmentally unfriendly, and is an eyesore. The grant of listed status will delay the redevelopment of Plymouth city centre, which could have incorporated some brand-new, exciting and architecturally better buildings. I urge my hon. Friend to reconsider that decision.

Mr. Lammy: I hear what my hon. Friend says and obviously I will speak to my officials about it. However, when a building is listed—which happens purely because it is deemed that it has architectural and historical merit—that does not mean that it is set in aspic. There can be changes to the building, but they have to be in accordance with what the local authority and English Heritage lay down. However, I will have a look at the matter.

Sir Patrick Cormack (South Staffordshire) (Con): Notwithstanding the Minister's rather rough reply to my hon. Friend the Member for Romford (Andrew Rosindell), will he acknowledge again—as he has to me both on the Floor of the House and in Westminster Hall—that English Heritage is suffering from something of a funding crisis? Can he give a guarantee that the new chairman will have greater freedom than his very illustrious predecessor, Sir Neil Cossons, to whom we should all pay tribute?

Mr. Lammy: The hon. Gentleman is absolutely right to say that we should put on record our tribute to the work of Sir Neil Cossons, who has chaired English Heritage superbly. That goes to the heart of the hon. Gentleman's question. We asked for a quinquennial review of English Heritage just under four years ago. The review found that English Heritage was in need of serious modernisation. Sir Neil Cossons and Simon Thurley have led that project superbly. We are now reaching a point where we are entering into discussions in the context of a spending review and we are grateful for the robust way in which the hon. Gentleman continues to lobby for heritage in this country.

Dr. Ashok Kumar (Middlesbrough, South and East Cleveland) (Lab): Has the Minister visited Down house in Kent, where Charles Darwin developed the theory of evolution? Is he aware that UNESCO has turned it down as a world heritage site and will he use his good offices to ask UNESCO to think again? Very soon, in 2009, we will celebrate the 150th anniversary of the publication of "The Origin of Species", so will he use his good offices to ensure that the site is recognised?

Mr. Lammy: I am grateful to my hon. Friend for raising this important issue and for all the work that he does in the House to promote science. I have met the local authority in relation to Down house. The Government believe that it deserves world heritage status, but we will think in detail about the recommendations. We hope to work with the UNESCO committee over the course of the next year, particularly in relation to science. Only eight sites across the world have scientific world heritage status and we believe that perhaps we can do something to encourage the committee to look again at Darwin's house.

Mr. Edward Vaizey (Wantage) (Con): English Heritage is having a reception in Parliament this afternoon. Will the Minister attend and will he use the opportunity not only to congratulate Sir Neil Cossons and to welcome his successor, Lord Bruce-Lockhart, but to explain why he has left English Heritage with a funding shortfall of £19 million, why he has more than halved the funding for cathedral repairs, why he reduced the funding for the Heritage Lottery Fund by £161 million, and why he left English Heritage waiting months for a new chairman?

Mr. Lammy: The hon. Gentleman could have done a little better than that given that I gave the answer a few moments ago. We had a quinquennial review of English Heritage and that was not the right time to take up funding, but English Heritage has been able to find funding out of its modernisation programme, and it has put that funding back in. That is against a backdrop of record investment in our arts, museums, galleries and heritage across the country. That is why visitor numbers to English Heritage sites are up, membership to English Heritage is up, and we are seeing a huge improvement in our built environment and heritage across the country. Of course I intend to

go to the reception and I would have thought that the hon. Gentleman would be pleased at the appointment of Sandy Bruce-Lockhart to the chair.

Mr. Andrew Love (Edmonton) (Lab/Co-op): If my hon. Friend came to my constituency, he would see the tremendous work that is being done because English Heritage has provided up to £50,000 in grants to improve the façade of shops on my high street. That is not only making a visible difference to the streetscape of my constituency, but, more important, improving the economic well-being of the businesses in those shops. Will my hon. Friend examine whether that funding stream can be continued in the future?

Mr. Lammy: I am grateful to my hon. Friend for raising that point. He will know, because his constituency is just above mine, that Tottenham too has received such funding to regenerate the townscape façade on the main high road route that in the end comes off the A1. The money has been incredibly well spent in some of the poorest parts of north London and we are grateful. English Heritage continues to consider how it can use money to best effect in deprived constituencies such as ours.

Museums/Galleries (Admission Charges)

7. **Dr. Vincent Cable** (Twickenham) (LD): What assessment she has made of the effect of the removal of admission charges for museums and galleries on visitor numbers. [144650]

The Secretary of State for Culture, Media and Sport (Tessa Jowell): The free admission policy has been enormously successful and popular with people up and down the country. Let me give the hon. Gentleman the figures. There has been an 87 per cent. increase in visits since December 2001 when this Government introduced universal free access to museums that formerly charged. That represents an extra 6 million visits a year, or 29 million more visits over the five years since entry charges were abolished. I am delighted to announce today that last year was the best year ever for our sponsored museums and galleries, with a record-breaking 39 million visits. The policy has support up and down the country. It is a policy that the Conservative party would put—

Mr. Speaker: Order. I call Sir Gerald Kaufman—*[Interruption.]* My apologies, Dr. Cable.

Dr. Cable: Too keen to get on to the loyalists, Mr. Speaker.

Although the Secretary of State is undoubtedly right to say that the policy has been successful in attracting new visitors, is it not the case that her Department's surveys show that there has been an almost complete failure to attract low-income visitors? What is the Department doing to change that?

Tessa Jowell: It is not the case that there has been a failure to attract low-income visitors. One particular success has been the outreach work of several of the "renaissance in the regions"-funded museums, which have made a point of going out into local communities to attract visitors from such areas as deprived estates into those museums. There is an expectation that every museum will make efforts to attract people who have never visited before. The figures for the free entry programme demonstrate that that has been a great success. Almost half the visits to museums in both London and throughout the country were made by people who had not visited a museum in the previous 12 months.

Sir Gerald Kaufman (Manchester, Gorton) (Lab): Is not the free admission to museums and galleries that has been provided by the Government one of the greatest acts of democratising access to the arts that any Government have ever achieved? If my right hon. Friend were to decide to put the Conservative party in a museum, as would be appropriate, considering the exhibition that it has made of itself, would not such admission be essential, because no one would pay to go to see it?

Tessa Jowell: My right hon. Friend is, as ever, entirely right, and such a move might well be a deterrent. The important point about the policy is that it is a practical way of giving expression to many of the big promises of politics—improving quality of life, giving people a better sense of their identity and a sense of place, and providing access to national treasures that belong to the people of this country. It is a policy of which we are proud, and we will maintain it with the unequivocal support of the people of this country.

Mr. Hugo Swire (East Devon) (Con): We recognise that free admissions have led, as the Secretary of State said, to a record increase in the number of visits to our national museums and galleries. That is why we are fully committed to the continuation of that policy. It was, of course, introduced by her predecessor, Lord Smith of Finsbury, who said last month that it was

"difficult to overestimate the impact"

that her raids on the lottery

"had on the cultural sector."—[*Official Report, House of Lords*, 17 May 2007; Vol. 692, c. 342.]

He called them a "serious error of judgment" and a "tragedy", and called on the Government to admit their mistake. Free admissions was his legacy, but is not her legacy for the arts the siphoning-off of hundreds of millions of pounds from the arts and heritage sectors to pay for her mistakes on the Olympics budget?

Tessa Jowell: If we are talking about errors of judgment, we should refer to the hon. Gentleman's little foray into thinking aloud about what would happen if museums were allowed to charge again, and to the agonising spectacle of his U-turn, which took place all of six or nine hours afterwards. I am proud of the legacy of free entry to the museums of this country, and that is a commitment with which the Government will continue. The people of this country will realise that that popular policy is put at risk by the Opposition.

Mrs. Louise Ellman (Liverpool, Riverside) (Lab/Co-op): Does my right hon. Friend agree that free entry has been a major factor in the growing importance of Liverpool's museums? Will she continue to give her full

support to the museums' trail-blazing projects, such as the new slavery museum and the new museum of Liverpool life?

Tessa Jowell: Yes, and that is an important and good example of the success in Liverpool of the policy of free entry. All the initiatives relating to the new slavery museum will be a central part of what Liverpool will offer, not just to the people of Liverpool or the people of the country, but to the people of the world when Liverpool is the European capital of culture next year. I commend my hon. Friend for the support that she has given to that initiative.

Tote Privatisation

8. **Mr. Ben Wallace** (Lancaster and Wyre) (Con): What progress is being made on privatisation of the Tote. [144651]

The Minister for Sport (Mr. Richard Caborn): The Government are currently at an advanced stage of the discussions on a possible sale of the Tote to a consortium of racing interests and the staff and management of the Tote. The Government hope soon to be able to announce their intentions on how to proceed.

Mr. Wallace: Mr. Speaker, I do not have a registered interest to declare, but I think that it would be courteous to inform you that I may in the future. The privatisation of the Tote has been a long and drawn-out process that goes back many years to 2001. Will the Minister tell us why it is being held up in the Treasury, what he will do about it, and how he will ensure that the Tote is given back to racing?

Mr. Caborn: The hon. Gentleman is absolutely right: we have said in two election manifestos that we will sell the Tote into racing. It is not the Treasury that has been the major problem, but Europe. *[Interruption.]* Perhaps the hon. Gentleman will listen. We were trying to sell the Tote at a fair price, but we were told very clearly that it had to be sold at a market price. We had a lot of wrangling with the European Commission and its competition directorate-general, but eventually we got an agreement and a market price. We had been in discussions with a consortium, but the consortium could not come up with the money in the first round. The Tote's staff and management got involved, and I believe that in the coming period we will come before the House and say how we intend to proceed. It has been a long, drawn-out process, but I can say to the hon. Gentleman that we will put the Tote into racing; we will secure the 600 jobs in the north-west, and about 2,000 jobs around the country; and we will make sure that the Tote's product is there for the punters, who believe that they have a safe bet with the Tote.

Mr. Neil Turner (Wigan) (Lab): The Minister will be aware that the Tote headquarters is in the constituency of Wigan. I pay tribute to him for the work that he has done in maintaining the independence of the Tote throughout the negotiations. Will he continue those negotiations to ensure that independence, so that the jobs are maintained in the constituency and the Tote has the opportunity of expanding so that more jobs can be taken on in the borough of Wigan?

Mr. Caborn: I give that assurance. One of the things that has been at the centre of these discussions is to ensure that in bringing the Tote into the marketplace owned by racing we secure the 600 jobs in Wigan. Those staff are absolutely first class, and I know that when the sale goes through the management have plans considerably to expand the influence of the Tote in the United Kingdom and internationally. I wish them luck in that. I hope that we will secure not only those 600 jobs but many more in the north-west as well.

Anne Milton (Guildford) (Con): We are all fed up with waiting. On 14 March, in an answer to a parliamentary question, the Government said that they intend to proceed with this in due course. On 25 April, they said that they will announce shortly how they intend to proceed. On 3 May, they said that they hope to make a decision in the course of the next few weeks. On 17 May, they said that they remain in discussion. Today, the Minister says that things are at an advanced stage and it will happen very soon. Can he tell us when?

Mr. Caborn: I am also frustrated, but I do not have a magic wand. When one enters into negotiations, one has to negotiate with a whole series of parties. We have had difficulties with the European Union, as I have admitted, but the parties have come together now. There is an agreement with all the constituent parts of the parties involved in racing. I hope that in the very near future, when that consortium—*[Interruption.]* It is not in the Government's hands but in those of the consortium. It has to raise some money in the marketplace, and as soon as it comes back with that we will make the announcement.

ELECTORAL COMMISSION COMMITTEE

The hon. Member for Gosport, representing the Speaker's Committee on the Electoral Commission was asked—

Party Funding

19. **John Robertson** (Glasgow, North-West) (Lab): What assessment the Speaker's Committee has made of the Electoral Commission's report on party funding; and if he will make a statement. [144679]

Peter Viggers (Gosport): I assume that the hon. Gentleman is referring to the research report on public attitudes to party funding, which was published last year. The Speaker's Committee has made no assessment of that report.

John Robertson: Sir Hayden Phillips has recommended that some £25 million should be used for funding political parties. Does the hon. Gentleman agree that perhaps the political parties should get together and try to sell the fact that we are trustworthy and above board before we start thinking of spending taxpayers' money on funding?

Peter Viggers: The central point of Sir Hayden Phillips' report was that the decision should be in the hands of the parties and they should discuss a solution. He laid down four principles: that nothing should be done until everything is agreed; that a fair system need not initially be a uniform system; that a new settlement should be reached by consensus; and that any solution should serve the long-term interests of our parliamentary system. However, he made it very clear that the initiative for this must lie with the political parties, and it is for them to discuss a possible solution.

Local Authority Candidates (Age Requirement)

20. **Mr. Peter Bone** (Wellingborough) (Con): Whether the Electoral Commission plans to assess the merits of lowering the minimum age of local authority candidates from 21 to 18 years. [144680]

Peter Viggers: After an assessment in 2004, the Electoral Commission recommended reducing the minimum candidacy age for all elections to 18. That recommendation was accepted by the Government and implemented by the Electoral Administration Act 2006. The Electoral Commission advises me that it has no plans to make a further assessment.

Mr. Bone: Will my hon. Friend congratulate all young candidates who took part in the recent local government elections, particularly, in Wellingborough, Mr. Peter Bedford, who is 21 years old, Mr. Calum Heckstall-Smith and Mr. Thomas Pursglove, who are 18 years old, all of whom are young, all of whom are newly elected and excellent councillors, and all of whom are Tories?

Peter Viggers: I think that the whole House will welcome the election of younger candidates throughout the country. I understand that the commission is currently collating the data from returning officers on the number of candidates between the ages of 18 and 21 who stood in the recent May elections. It will make the data available as soon as possible.

Simon Hughes (North Southwark and Bermondsey) (LD): Will the hon. Gentleman, as part of his Committee's inquiries, encourage his Committee and the Electoral Commission to examine the diversity of the candidates who stand? People are keen that we should have a broader base of candidates. May we have information on that as soon as possible?

We welcome the new initiative of people between the ages of 18 and 21 being able to stand. We note that such young people in different parties have not only been elected but ended up on council executives and in senior positions in their first term of office, both south of the border in England and north of the border in Scotland. That is welcome progress.

Peter Viggers: I think that most parliamentary colleagues welcome the participation of younger people in the elections, and their election if they are successful. Of course, they have to satisfy the electorate and get themselves elected. All political parties are taking an initiative to broaden the base of their support.

CHURCH COMMISSIONERS

The hon. Member for Middlesbrough, representing the Church Commissioners, was asked—

Women Bishops

21. **Ms Diana R. Johnson** (Kingston upon Hull, North) (Lab): What progress has been made in discussions on enabling the appointment of women bishops in the Church of England. [144681]

The Second Church Estates Commissioner (Sir Stuart Bell): Last July, the General Synod set up a legislative drafting group to prepare the draft Measure and canon necessary to remove the legal obstacles to the consecration of women bishops. It is keen to make progress but, realistically, we are several years away from the consecration of the first female bishop.

Ms Johnson: With 50 per cent. of current ordinands being women, 69 per cent. of the clergy saying that they support women bishops and 89 per cent. of young people in the Church of England saying that they want women bishops, are we not missing out on the talent and abilities of a huge swathe of women who are ready to become bishops? The length of time is unacceptable.

Sir Stuart Bell: I am grateful for my hon. Friend's comments. The Synod is meeting next month, and I am sure it will listen to what she has to say. The General Synod has approved the principle of removing the legal obstacles to the consecration of women bishops, but we will ultimately need a two-thirds majority in each of the Synod's three houses before any legislation can receive final approval.

Robert Key (Salisbury) (Con): Has the hon. Gentleman seen early-day motion 1664, which was tabled only 10 days ago but has already attracted 67 signatures from across the House? Will he please sign that motion?

Sir Stuart Bell: The hon. Gentleman makes official his unofficial request to me. Perhaps we should wait till Thursday and see what happens.

We should hesitate to be critical of those who try to preserve the Church of England as a broad church that gladly encompasses such differences. They are profound and theological and make for enormous difficulties in the Church.

Mr. David Winnick (Walsall, North) (Lab): I admit that I am not involved in religion of any kind, but will my hon. Friend explain to me why on earth, given that the House voted for women priests, there should be any difficulty about bishops? We established the principle; the Church of England gave a lead to other religions, so why the endless delay in appointing women bishops?

Sir Stuart Bell: I am grateful to my hon. Friend, but he knows that, since 1919, we have rendered "unto Caesar the things which are Caesar's".

That is to say that the Church is responsible for its own legislation and we are here to enact it, should it interfere with legislation that is already on the statute book.

"The mills of God grind slowly"—

certainly in relation to women bishops.

Sir Patrick Cormack (South Staffordshire) (Con): But is it not a fact that the vast majority of Christians in the world—those who belong to the Roman Catholic and Orthodox traditions—do not have women bishops? As the hon. Gentleman pointed out, some people have serious and conscientious reservations about the matter.

Sir Stuart Bell: I am grateful to the hon. Gentleman. It may seem simple to some hon. Members, but a significant number of people in the Church from both the Catholic and evangelical wings are opposed on theological grounds to women bishops.

Mrs. Ann Cryer (Keighley) (Lab): As a very proud stepmother whose stepdaughter will be ordained in Sheffield cathedral on Sunday, I have a vested interest and I should like a little more encouragement from my hon. Friend. Does the Ecclesiastical Committee not have an influence?

Sir Stuart Bell: I am grateful to my hon. Friend, who has already raised these matters with me. She will know that the Ecclesiastical Committee will meet on 27 June, and I can assure her that when it deals with the issue there will be strong representation by women on the Committee, and we will give the subject the best and fairest of winds.

Pastoral Reorganisation

22. **Miss Anne McIntosh** (Vale of York) (Con): What plans the commissioners have to review the legal framework for pastoral reorganisation. [144682]

Sir Stuart Bell: A recent major review of the legislation dealing with pastoral reorganisation has resulted in the preparation of the Dioceses, Pastoral and Mission Measure, which is now before Parliament. As I have indicated, it is to be considered by the Ecclesiastical Committee on 27 June.

Miss McIntosh: Will the hon. Gentleman confirm that that measure aims to reduce the size of rural parishes that are nursed by one priest, who has to look after several parishes at once, which puts a huge burden on them? Will he confirm that that arrangement will be reviewed in the Measure?

Sir Stuart Bell: The object of the Dioceses, Pastoral and Mission Measure is to make new, more flexible provision for the Church's structures and procedures to facilitate missions for the 21st century. Taking into account the points that the hon. Lady has made, we believe that it aims to make better provision for the cure of souls.

Churches Conservation Trust

23. **Bob Russell** (Colchester) (LD): How much funding the commissioners have given to the Churches Conservation Trust in 2007-08. [144683]

Sir Stuart Bell: The commissioners' contribution to the funding of the Churches Conservation Trust in 2007-08 will be £1.286 million.

Bob Russell: I thank the hon. Gentleman for that answer. Does he agree, however, that a considerable additional sum is required if historic churches no longer used for regular worship are to be maintained and remain part of the nation's important heritage?

Sir Stuart Bell: I am grateful to the hon. Gentleman for continuing to raise that issue on the Floor of the House and for drawing attention to our heritage. Since 1989, the Government have provided 70 per cent. of the trust budget, and the Church has provided 30 per cent. The overall budget for 2006-09 is £12.6 million, with £8 million from the Department for Culture, Media and Sport and £3.8 million as the Church's share. We continue to lobby for more.

ELECTORAL COMMISSION COMMITTEE

The hon. Member for Gosport, representing the Speaker's Committee on the Electoral Commission was asked—

Electoral Administrative Arrangements (Kettering)

24. **Mr. Philip Hollobone** (Kettering) (Con): Whether the commission plans to visit Kettering Borough Council to discuss new electoral administrative arrangements. [144684]

Peter Viggers (Gosport): The commission informs me that it has no current plans to do so.

Mr. Hollobone: May I urge my hon. Friend to encourage the commission to change its mind, because if it visited the democratic and legal services team at Kettering borough council it would learn a great deal from the impressive way in which the council handled the recent local elections, including changes to ward boundaries and the introduction of new postal voting arrangements?

Peter Viggers: I am advised that the returning officer for Kettering is exceptionally capable and active in ensuring that the new electoral arrangements are carried out satisfactorily. The chairman of the Electoral Commission visited Kettering fairly recently, and I gather that officials at Kettering borough council have made contact with the Electoral Commission's new midlands office, which is based in Coventry. I hope that all those things have helped the council in its very efficient performance.

PUBLIC ACCOUNTS COMMISSION

The Chairman of the Public Accounts Commission was asked—

Private Sector Consultants

25. **David Taylor** (North-West Leicestershire) (Lab/Co-op): What recent estimate the commission has made of the cost to the public purse of the use by the National Audit Office of private sector consultants. [144685]

The Chairman of the Public Accounts Commission (Mr. Alan Williams): The commission examined the NAO estimate for 2007-08 earlier this year. It approved a budget of just under £92 million for audit and other assurance services. The NAO estimated that some £55 million would be needed for staff, £21 million for outsourced services, and the balance for supporting services such as IT and travel. Just under 25 per cent. of the NAO budget, therefore, is expected to buy in external expertise.

David Taylor: The Comptroller and Auditor General has had 43 foreign trips in the past three years, staying in the most sumptuous style possible. Does my right hon. Friend think there is enough left in the NAO budget to investigate some of the excessive use of private sector consultants across the public sector, not least in the NAO, which has a target of saving £8 for every £1 that is spent, whether on expensive bathrooms in Paris or not?

Mr. Williams: I thank my hon. Friend for his supportive observations. May I point out that the National Audit Office makes a profit of £4 million a year from its overseas operations in 23 countries? On the recent publicity in relation to travel, it is important that I make something clear to the House. I have met the Chair of the Audit Committee of the National Audit Office. He agrees with me that because the House has given complete discretion—that is a statutory term—to the Comptroller and Auditor General, it is appropriate that we should develop a more transparent system. He is now working with the Commission and myself to develop such a system, and when it is finalised I will make a statement.

European Council

3.30 pm

The Prime Minister (Mr. Tony Blair): With permission, Mr. Speaker, I shall make a statement about the outcome of the European Council in Brussels on 21 and 22 June.

I congratulate the German Chancellor, Angela Merkel, on concluding successfully an exceptionally difficult negotiation and on an outstanding presidency of the European Union.

Before the European Council, I made it clear that the concept of a constitutional treaty for Europe had to be abandoned and that we should agree instead a conventional amending treaty like the Nice, Amsterdam and Maastricht treaties and the Single European Act. I also made it clear that the UK had four central demands which had to be met. First, on the charter of fundamental rights, we secured a legally binding protocol, specific to the UK, and applicable both to the British courts and to the European Court of Justice. Let me read the terms. The protocol states that

"the Charter does not extend the ability of the Court of Justice, or any court or tribunal of the United Kingdom, to find that the laws, regulations or administrative provisions, practices or action of the United Kingdom are inconsistent with the fundamental rights, freedoms and principles that"

the Charter

"reaffirms.

In particular, and for the avoidance of doubt, nothing in the Charter creates justiciable rights applicable to the United Kingdom except in so far as the United Kingdom has provided for such rights in its national law."

In respect of our criminal law system and police and judicial processes, we obtained an extension of the opt-in rights that we secured in an earlier treaty on migration, asylum and immigration issues. This means that we have the sovereign right to opt in on individual measures, where we consider it would be in the British interest to do so, but also to stay out, if we want to. It is precisely the pick and choose policy often advocated. It gives us complete freedom to protect our common law system, but it also allows us to participate in areas where co-operation advances British interests. In asylum and immigration, for example, we have opted in on measures dealing with illegal immigration, and in measures allowing us to return asylum seekers to other European countries—both unquestionably in Britain's interests. But it will be within our exclusive power to decide on a case-by-case basis, which is exactly what we wanted.

In respect of social security, we negotiated a provision which allows us to insist on unanimity in any case where we—that is, Britain—declare that any proposal from the Commission would affect important aspects of our social security system, including its scope, cost, or financial structure or balance. Our social security and benefits system is therefore completely protected.

As for the common foreign and security policy, the basis of this will now remain unchanged in a separate treaty, and a separate pillar, from the first pillar Community method. The essential features of the CFSP remain as they were. Unanimity voting is the rule. There is no sole right of initiative for the Commission. There is no role for the European Parliament in decision taking. There is no jurisdiction for the European Court of Justice, except in the particular case of safeguarding the rights of individuals subject to EU sanctions. The two jobs of Commissioner for External Relations and High Representative which, of course, exist already, will be amalgamated in a single job. But this reform does not extend the EU's substantive powers to act in foreign policy. In particular, the Union Representative, when working on common foreign and security policy issues, will operate within a policy framework set by the European Union Foreign Ministers, by unanimity.

All these guarantees not merely remain in the new treaty, but are reinforced in a new overview article that reaffirms them and has full legal force. For the avoidance of doubt, we also obtained a declaration that sets out the unanimous view of all member states about the meaning of those guarantees. That declaration, which then informs the detailed negotiation of the intergovernmental conference, states that the common and foreign security policies of the treaty, including in respect of the office of Union Representative and the external action service,

"will not affect the existing legal basis, responsibilities, and powers of each Member State in relation to the formulation and conduct of its foreign policy, its national diplomatic service, relations with third countries, and participation in international organisations, including a Member State's membership of the Security Council of the UN."

There was also a discussion at the Council about competition. The treaties have always made it clear that competition in the internal market should not be distorted. The now defunct constitutional treaty's objectives would have included new wording about "free and undistorted competition". When the treaty was set aside, that provision was lost, but we agreed on a new and legally binding protocol to be annexed to the treaties, which reaffirms the commitment to ensuring that competition is not distorted, and the other references to competition in the existing treaties will remain: for example, articles 4, 27, 34, 81 to 89, 96, 98, 105 and 157 from the European Community treaty. The legal position in relation to competition therefore remains unchanged.

Alongside meeting our four essential requirements, we secured a number of further improvements. The new treaty will confirm for the first time, explicitly, that national security is the sole responsibility of member states. The Union already signs international agreements, but the treaty formalises its legal personality. However, we have now agreed a declaration by all countries for this intergovernmental conference confirming that the fact of this legal personality does not authorise the Union in any way to legislate or act beyond the powers conferred on it by member states in the treaties. There are also new powers for national Parliaments to object to Commission proposals on subsidiarity grounds.

There are a number of extensions of qualified majority voting. In the most sensitive areas of QMV—justice and home affairs, and social security—we obtained the right either not to participate or to insist on unanimity. In addition, a number of other QMV measures—for example, those about rules within the eurozone, or those in justice and home affairs—do not apply to us. As for the rest, we have agreed them, because qualified majority voting is often in Britain's interest. The biggest move to qualified majority voting in Europe's history

[The Prime Minister]

was the Single European Act, but this allowed the creation of one of Europe's greatest achievements: the single European market. More recently, we have secured reforms such as the services directive and other liberalising measures through QMV, including the lifting of the beef ban, when they would almost certainly have been blocked through unanimity. Among the QMV provisions in the treaty is one that provides a new legal base and QMV for energy market liberalisation, and another that provides QMV for decisions on emergency humanitarian aid to third countries—both of them manifestly in the UK's national interest.

The other main reform is the fixed term, two-and-a-half-year presidency of the European Council, replacing the current rotating six-monthly arrangements. This is necessary for the Union's efficiency, but does not involve any extension of presidency powers. The President of the European Council will remain the servant of the leaders of the member states.

The most important aspect of the new treaty is that it allows the European Union to move on to the issues that really matter. For too many years, we have been bogged down in a debate about institutions. With the increase from 15 to 27 member states, change is essential, but with this agreement, we can now concentrate on issues that really matter: energy security, organised crime and terrorism, globalisation, further enlargement and making Europe's voice more effective internationally.

This agenda is surely quintessentially one in Britain's interests. Over the past 10 years, Britain has moved from the margins of European debate to the centre. This is absolutely right for Britain. Whether in defence or economic reform or in energy policy or the environment, or of course most particularly in enlargement and the appointment of the new Commission President, Britain has for a decade been in a leadership position in Europe. That is exactly where we should stay. I commend this agreement to the House.

Mr. David Cameron (Witney) (Con): I congratulate the new leader and deputy leader of the Labour party. Both of them were elected—one had a slightly stiffer contest than the other—on the ground of listening to people, which is what I want to talk about today. In his final days in office, the Prime Minister has concluded negotiations for which after this week he can never be held accountable, and he has agreed to a transfer of power from Britain to Brussels without the permission of the British people. That will be remembered as one of the most flagrant breaches of any of the promises that he has made.

The Prime Minister stood at the Dispatch Box and said this about a referendum:

"Let the issue be put and let the battle be joined."—[*Official Report*, 20 April 2004; Vol. 420, c. 157.]

However, his statement today did not include even a mention of the word "referendum". It is the promise that dare not speak its name.

The Prime Minister said this about the constitution:

"What you can't do is have a situation where you get a rejection of the treaty and then you just bring it back with a few amendments and say we will have another go."

Is that not exactly what he has done? That was a promise clearly made and a promise clearly broken.

The Prime Minister has made three claims in rejecting a referendum. First, he has said that the substance of the treaty is different from the constitution. Secondly, he has said that we do not need a referendum, because the red lines were met. Thirdly, he has said that there is no significant transfer of power from Britain to Brussels. He is wrong on all three counts.

Let us take the issue of the treaty being different from the constitution. The constitution had an EU president, a single legal personality, a Foreign Minister and the loss of the veto; the treaty has an EU president, a single legal personality, a Foreign Minister and the loss of the veto in 60 areas. Far from being dead, the constitution has been resuscitated. *[Interruption.]* Was not the German Chancellor telling the truth when she said that

"much of the substance has been maintained"? [Interruption]

Mr. Speaker: Order. Mr. Bryant, you must be quiet.

Mr. Cameron: The hon. Gentleman is much better on the internet.

Was not the author of the constitution himself, Giscard d'Estaing, telling the truth when he said that

"the public is being led to adopt, without knowing it, the proposals that we dare not present to them directly."?

Above all, was not the Irish Prime Minister telling the truth when he said that 90 per cent. of the substance of the constitution is still there?

Indeed, the treaty itself states that it is bringing back the constitution. Clause 1 of the mandate for the forthcoming intergovernmental conference states:

"The Reform Treaty will introduce…the innovations resulting from the 2004"

intergovernmental conference

"as set out below in a detailed fashion".

If it looks, reads and feels like the constitution, that is because it largely is the constitution, which is why there should be a referendum.

Now let us have a look at the red lines, which do not include the EU President, the single legal entity or the vetoes, and even the areas that they cover are falling apart. The Prime Minister has said that British foreign policy is not being displaced, but we find that that red line is only in a declaration, which is not legally binding. The Prime Minister has said that the charter of fundamental rights could not change British law, but that red line has already been challenged by senior judges. In any event, his whole argument is bogus, because at the time of the constitution he said that the same red lines were met, but he offered the people a referendum. He said that the constitution

"does not and will not alter the fundamental nature of the relationship between member states and the European Union."

However, he went on to say:

"Parliament should debate it in detail and decide upon it. Then, let the people have the final say."—[*Official Report*, 20 April 2004; Vol. 420, c. 155-57.]

What has changed?

The Prime Minister's third claim is that the treaty does not mean a significant transfer of powers from Britain to Brussels. That is simply wrong. Will the

Prime Minister confirm that power is being transferred in 60 areas as the veto is abolished? Far from their all being minor areas, they include energy, transport, employment law and the new EU diplomatic service. The new treaty even gives up some powers which members of his own Government have warned against. Two weeks ago, the Foreign Secretary said that putting criminal justice under the control of the European Court would be a "major change" and a "matter of some controversy". So why did he sign up to it?

The Prime Minister himself said that the EU being given a legal personality across all the areas of its work would be "potentially damaging". So why did he sign up to that? The Leader of the House—the once and future Foreign Secretary—described the Foreign Minister and the EU President as central elements of a constitutional treaty, which could not be introduced without a referendum. So where is the referendum?

With this treaty, something is being done that was not included in any previous treaty. It does not just transfer specific power from Westminster to Brussels; it also includes a new ratchet clause that allows many of the vetoes that survive to be abolished without a new treaty. The Prime Minister shakes his head. He obviously does not know what he signed up to. This can happen without an intergovernmental conference and without the British people being allowed a say. Is not that another reason why we need a referendum?

This summit could have been about free trade, climate change and a trade deal to help Africa. Those things do not require a single extra central power in Brussels. They simply require political will and a sense of purpose.

All three main parties in the House signed up to a referendum at the last election. The Prime Minister has broken that promise, but within two days he will be gone. We will have a new Prime Minister, one who has promised, unlike his predecessor, to be humble, to be a servant of the people and to listen. If that new Prime Minister, like us, really believes in power to the people, he must hold a referendum and let the people decide.

The Prime Minister: Let me deal with each point in turn. First, I should point out that when the right hon. Gentleman quoted from the draft mandate for the IGC from the German presidency, he missed out the succeeding sentence, which is:

"The constitutional concept, which consisted in repealing all existing Treaties and replacing them with a single text called 'Constitution' is abandoned."

Let me go through the 49 articles that create QMV. Thirteen of them do not apply to the UK because they are about the eurozone or judicial and home affairs, which we have opted out of. Six involve issues such as allowing a group of citizens to propose initiatives; the negotiation of a withdrawal agreement—I should have thought that the Opposition would want QMV on that; two relate to ending special state aid provisions for Germany post-reunification and to diplomatic and consular protection measures, which are not about the service, but about protection. Nine are minor and technical, including such extraordinary matters as the Council review of general rules on the composition of the Committee of the Regions, and the Comitology Committee, whatever that might be. Nine of them relate simply to new legal bases, but powers already exist.

There are nine articles of genuine substance on matters such as the implementation of own resources decisions, which it is in Britain's interests to have QMV on, because it allows us to ensure that countries cannot block that; on the authorisation, co-ordination and supervision of intellectual property rights protection, which, again, it is absolutely in Britain's interests to have; and on matters such as urgent aid to third countries and humanitarian aid operations.

The idea that this involves some vast transfer of powers from the UK to Brussels is completely and utterly absurd. But do not take my word for it, take the word of the right hon. and learned Gentleman who heads up the Opposition's constitutional committee.

Andrew Mackinlay (Thurrock) (Lab): Who is that?

The Prime Minister: The former Chancellor of the Exchequer, the right hon. and learned Member for Rushcliffe (Mr. Clarke), who is very wise on this subject. He said:

"some of the Eurosceptics will have demanded a referendum just about the date on the top of the piece of paper, but they are flogging away, I think, at a dead horse."

Not that that discombobulated him for a moment.

The Single European Act and Maastricht involved far more QMV transfers than anything that we have agreed. As for the external action service of the EU, because it comes under one person—it is sensible to merge both posts—the Commission offices will break down the barriers with the Council offices, so that they can all be in the same place. Are we to have a referendum on an open-plan office? It is absurd.

The question that I have for the right hon. Gentleman is this. If this is so important, if this is the one thing that requires a referendum, sucking away the country's political energy for months, why did he not go to the meeting on Thursday morning of the European People's party to which he was invited by the German Chancellor? What did he say when he was asked to go to the meeting? He said that he was too busy to attend. So this is a fundamental question requiring a referendum, yet he cannot even turn up to the meeting.

Incidentally, if the right hon. Gentleman thinks that he will get some salvation from the new grouping that his party is joining, which includes the Czech Prime Minister, let me tell him what his friend the Czech Prime Minister has said about the deal. He said:

"it was very difficult but in the end very successful. The result is considerably better than the European Constitution",

and that he did not think that a referendum should be held. The truth of the matter is that the Conservative party has not got a serious policy on Europe. This is no doubt the reason why the right hon. Gentleman did not raise the matter at Prime Minister's questions last week or attend the European People's party meeting and, to be fair to him, I think that he is going through the motions a bit today. If the Conservative party wants to be a serious party of government, it should have a serious policy on Europe. The fact that it does not have one means that it is not a serious party of government.

Sir Menzies Campbell (North-East Fife) (LD): Are any of the issues contained in the mandate to the IGC capable of being reopened, or is the mandate the final word on what can be discussed at the IGC? The Prime

[Sir Menzies Campbell]

Minister has said that the legal position in relation to competition remains unchanged, but does he understand the anxiety of the CBI that competition policy has been substantially weakened? How will the ability of the European Union to facilitate the internal market be achieved if protectionism begins to rise again? In particular, how will the European Union be able to deal properly with the challenges of globalisation if there is further protectionism? What specific rights did the Prime Minister find so objectionable as to justify a United Kingdom opt-out from the charter of fundamental rights? What flexibility does the EU Trade Commissioner now have in relation to agriculture for the purpose of achieving a successful outcome to the Doha round? Finally, what decisions were taken on the role that the European Union should play in alleviating the desperate humanitarian conditions in Gaza?

The Prime Minister: The detail of what was agreed obviously has to be negotiated at the intergovernmental conference, but the key elements have been agreed. In relation to the language in the constitutional treaty about free and undistorted competition, it was somewhat bizarre to meet people who said that they wanted the whole constitutional treaty to be scrapped, but that we should have preserved these particular words. I am afraid that, once vetoes went down from us in a whole series of areas, vetoes went down for others, but that is exactly why we had the legal protocol. The Commission lawyers have made it quite clear that they believe that their ability to act in the internal market is unfettered, unrestricted and unchanged as a result of this; that is important.

In respect of the charter, it is not that we are against any of the fundamental rights. Indeed, we have such rights in UK law. We wanted to ensure, however, that there would be no question whatever of our being in a position where either the European Court of Justice or our own UK courts could use the charter of fundamental rights to extend or expand UK law, particularly in the labour market or the social sphere. I do not believe that that is the intention, but we need to bolt this down very clearly. We are able to do our own laws in our own way here, and that is the right thing. I understand why people are now asking whether we are against people's fundamental rights. Of course we are not, but we believe that, in respect of the charter, it is better that those things are decided here.

Mike Gapes (Ilford, South) (Lab/Co-op): The Prime Minister and all those involved in the process are to be congratulated on coming up with an agreement that will not require a referendum. However, may I have his assurance that there will be proper parliamentary scrutiny of the whole process, clause by clause? Given that the House will go into recess in July, will he assure us that there will be proper procedures to enable us, through our Select Committees and through other means, to have proper scrutiny of all these proposals?

The Prime Minister: Of course, all the usual legislative scrutiny will take place, as the proposals will require legislation through the House. My hon. Friend is right that the work of both the German presidency and others to get an agreement is important. I did not pick up this point when the leader of the Conservative party was speaking, but he wrote an article the other day about what Europe should concentrate on, and that it should not be navel gazing. In a sense, that is absolutely right. The important thing, however, is that it did need to change its rules. The move from 15 to 27 countries, particularly when the majority of the new countries are very small, requires us to change our rules to make them effective. Now that the key elements have been agreed, we can put the matter to one side and get on with the more important issues that really affect citizens in Europe.

Mr. Kenneth Clarke (Rushcliffe) (Con): Does the Prime Minister agree that, following the successful enlargement of the Union, which was supported by everybody in the House, it was inevitable that the treaties would have to be amended to improve the decision making of a larger Community, and that he has achieved the maximum necessary to do that? Does he realise that he has adopted one of the recommendations of the Conservative party's democracy taskforce in rescuing from the wreckage of the Giscardian constitution the enhanced role for national Parliaments in future legislation? Now that we can put a line under institutional debate and get on with the real business of the Union, however, does he agree that, in addition to the subjects that my right hon. Friend the Leader of the Opposition and he mentioned, we need to develop on an intergovernmental basis some foreign and security policy that will enable Europe to take a collective line on the problems of the middle east, relations with Russia and our role in the Atlantic alliance, and that we are now clear that we can go ahead with our own sovereign right to participate quite untarnished?

The Prime Minister: I agree entirely with what the right hon. and learned Gentleman says about the efficiency of the European Union and the need for the rules to change. It is important that people understand that the expansion to 27 countries is not just a question of another 12 countries being there. Because some of those countries—no disrespect to them—happen to be small, carrying the burden of a full-time presidency will be difficult for them. The national Parliaments point is absolutely right. I had not realised that it was a Conservative party taskforce recommendation; despite that, I am still in favour of it. His last point is important, because even though I am a very strong supporter of the American alliance, I also believe that it is important that Europe has a common foreign and security policy—*[Interruption.]* Well, I do believe that. I remind Conservative Members that those words were first used in the Single European Act and the Maastricht treaty. They were negotiated originally by Margaret Thatcher, and quite right too. That should not be against the American alliance, but in relation to Iran, Kosovo or how we make progress in the middle east, for example, it should allow us to have a European position. That is sensible and in the interests of this country.

Sir Stuart Bell (Middlesbrough) (Lab): As the Prime Minister will recall, he went to St. Malo in 1998, met President Chirac and set down the basis of a common foreign and security policy. Building on his references

to asylum and immigration, energy policy, enlargement and globalisation, can we add climate change and the environment? With 27 member states and proper institutional arrangements, is it possible for us now to give world leadership on those issues, which will be to the utmost benefit of Europe and the British people.

The Prime Minister: My hon. Friend is absolutely right. Incidentally, at the time that I concluded the St. Malo defence agreement in 1998, Conservative Members in particular said that it would effectively abolish our right to act independently, that, in particular, we would not be able to go into military alliance with America, and that we would end up with a European army superseding the UK Army. All those points have turned out to be nonsense. Europe does some very worthwhile missions in different parts of the world, and co-operating in European defence is entirely sensible. The European Union should definitely work together on climate change. If Europe makes its voice heard on climate change in a collective way, there is no doubt that it will be far stronger than any individual country, including Britain.

Sir John Stanley (Tonbridge and Malling) (Con): Does the Prime Minister recall that he gave a clear assurance in the House at the beginning of last week that he would not agree to something that displaced the role of British foreign policy? Is it not clear from the declaration to which he referred in his statement that that declaration has no legal binding force whatever? Is it not the case, therefore, that the Prime Minister ended up at the end of last week by conceding the very thing that at the beginning of last week he said he would not?

The Prime Minister: Absolutely not. It is not merely the political declaration, which of course is binding on the IGC political negotiation, but it is also what I described as the overview article. I suggest that the right hon. Gentleman sit down and read it, because he will see that there is no question whatever of any country wanting to give up its independent foreign policy. A country like France—quite apart from ourselves—is not going to sign away its right to act independently. However, there are areas where it is important that we co-operate. For example, we are surely stronger as Britain, Germany and France negotiating together in respect of Iran, representing a common European position, than we are individually and on our own. That is why it is sensible for us to do that in certain areas, but nothing obliges us to give up any foreign policy rights or interfere with our own diplomatic service in any way whatever. It does allow us, however, to operate more effectively.

Mr. Frank Field (Birkenhead) (Lab): Does the Prime Minister think that his successor will be able to maintain his line against a referendum? Let us suppose that the Leader of the Opposition decided to give a pledge that, should he be elected at the next election, he would give the British people a vote on the treaty. As such a move would probably be very popular, particularly among Labour voters, does the Prime Minister believe that his successor would go into a general election leaving this issue for the voters to decide then, rather than in a referendum? In those circumstances, would not his advice to his successor be that he ought to separate the issues, have a referendum and then separately have a vote at the general election?

The Prime Minister: Obviously, I cannot agree with my right hon. Friend on that. We have never, on conventional amending treaties, had referendums. We did not on the Single European Act; we did not on Maastricht; we did not on Amsterdam; we did not on Nice. We accepted that the constitutional treaty was in a different bracket precisely because it purported to be a constitution that governed all the various items in Europe. As a result of the changes that we have made, it is impossible to say that. This treaty transfers less power than any of the four previous treaties in the past 20 years. In respect of the politics of it—I say this as much to the Conservative party as I do to my right hon. Friend, for whom, as he knows, I have a lot of respect—the Conservative party has fought three elections on Euroscepticism: a fat lot of good it did them.

Mr. Charles Kennedy (Ross, Skye and Lochaber) (LD): In welcoming the good and, overall, constructive outcome to the summit, with a view to the future, and in terms of his own engagement in these issues, will the Prime Minister use whatever career opportunities are open to him to put the pro-European case here in Britain, persuasively and constructively, as it has been seen over the past weekend? That would be much welcomed.

Incidentally, may I also personally thank the Prime Minister for his courtesy and good will over the period of his premiership, and in our dealings one to one?

The Prime Minister: First, let me return that compliment to the right hon. Gentleman, with whom I always had a very courteous and friendly relationship. Even when we disagreed, I found him someone of tremendous integrity. I thank him for that.

Of course it is important that we carry on putting the case for Europe. That is partly because it is important simply to understand that in the early 21st century—particularly with China becoming the dominant power in 15 or 20 years, with a population double that of the whole of the European Union and America put together—a country the size of Britain makes its weight and influence felt in alliance with others. That is why I believe in the American alliance, but it is also why I believe that we have to be key players in Europe.

Ann Clwyd (Cynon Valley) (Lab): On the subject of further enlargement, can my right hon. Friend tell us about the new tougher criteria that applicant countries will be expected to meet before they can accede to the European Union? Does he agree that although most of us would welcome Turkey into the EU, that can only be after it has improved its human rights record towards the Kurds? Until that happens, people will continue to have doubts about Turkey's accession.

The Prime Minister: The provisions for the enlargement criteria are more about making it clear that the existing criteria—the Copenhagen criteria—will be properly adhered to. One has to be practical about it, and when a small country is coming into the European Union, the criteria are still important and

[The Prime Minister]

legally enforceable, but it is not the same as when a very large country is joining. What Europe is signalling is that after a period of very rapid enlargement, in which 12 new countries joined, it wants to ensure that the essential criteria are kept in future. I happen to be a supporter of Turkey's membership of the EU and I will continue to support it, but it knows very well that in order for it to join the EU, those criteria will have to be met.

Mr. Michael Ancram (Devizes) (Con): Whenever the Prime Minister tries disingenuously to point out our positions in the past, I remind him that both he and his successor as Prime Minister were elected to this House on a manifesto to withdraw from the European Union. If he is so satisfied with and proud of the treaty of last week, why is he so frightened to ask the British people if they agree with his assessment of what he achieved last week?

The Prime Minister: On the right hon. and learned Gentleman's first point: yes, and we lost, too—so that rather makes my point for me. I say to the Conservative party: for goodness' sake get your act together in this area. The Conservatives fought the 1979 and 1983 elections, rightly, as a pro-Europe party. It is since they abandoned that and got this virus in their system that they have been out of power. I am not saying that the two things are completely on the same line, but the fact of the matter is that it has done them no good at all. As for a referendum, it is a bit of a cheek for the right hon. and learned Gentleman to make that point about a referendum on this treaty. He remembers Maastricht, does he not? Which way did he vote on that? He voted against a referendum.

Mr. Austin Mitchell (Great Grimsby) (Lab): I wonder whether my right hon. Friend can help me. Surely we are talking not about a treaty but about a discussion in the Council of Ministers, which is a treaty organisation and therefore cannot negotiate its own treaties. In fact, a new treaty is the responsibility of the IGC, and that works on the basis of unanimity, not the simple majority voting of the Council of Ministers. So we now have a situation in which we can, and in my view should, still veto the whole unnecessary business. More importantly, can my right hon. Friend tell us how, assuming that the treaty pops up in October, we in this House can discuss it and decide on it before the IGC?

The Prime Minister: There will of course be ample opportunity, through the ratification process, to have a full debate on it. Why would we want to veto this treaty? It provides the means for a more effective working of the European Union. Let us be clear about this: my hon. Friend, and some Opposition Members, would call for a referendum even if we added a comma to the constitutional treaty, because what they really want is to take us out of Europe, and they might as well be honest about it.

Mr. William Cash (Stone) (Con): The Prime Minister knows that we have heard all this before. The last time, on the constitutional treaty, he argued that there should not be a referendum, and then eventually changed his mind, with a little bit of help from his friends—who are now sitting next to him—and one or two other people. He had to recognise that in the transitional provisions it was clear that there was fundamental change, and he knows that—

The Prime Minister *indicated dissent.*

Mr. Cash: He shakes his head, but the Chancellor and the Leader of the House, who are sitting next to him, know perfectly well that that was true. Will the Prime Minister not accept that the presidency conclusions in his statement are misleading? Under these proposals, all the existing treaties will be consolidated and amended, and there will be thereby a collapse of all the pillars, into a union. The consequence of that is a fundamental constitutional change. Even on the Prime Minister's own terms, therefore, a referendum is essential. He made that decision before; he should do so again—and so should his successor.

The Prime Minister: The hon. Gentleman is simply wrong about the common foreign and security policy. It remains intergovernmental: that is made absolutely clear in the overview article that I described earlier. He says that he has heard it all from me before—but frankly, I have heard it all from him before. *[Interruption.]* It is probably greatly to the benefit of both of us that neither of us will have to hear the other again.

I cannot see the right hon. Member for Wokingham (Mr. Redwood) in his place—[Hon. Members: "There he is!] I am sorry, his suit was camouflaging him on the Opposition Benches. About the Amsterdam treaty, the right hon. Gentleman said:

"If we sign the Amsterdam Treaty, we will abolish our country."

Mr. Cash: I did not say that.

The Prime Minister: I know that the hon. Gentleman would never say anything so extreme, but we need a realistic debate. The truth is that he wants us out of the EU whereas I want us at its centre, and in the end, that is the difference between us.

Keith Vaz (Leicester, East) (Lab): May I join the right hon. and learned Member for Rushcliffe (Mr. Clarke) and others in congratulating the Prime Minister on the outcome of the reform summit? As it is his last summit, it is worth remembering that 10 years ago, we were right out on the margins of Europe, whereas today we are right at the centre of the decision making. Will my right hon. Friend confirm that nothing in the clauses concerning competition will affect Britain's pursuit of the Lisbon agenda? That was very much the initiative of the British Government, and it has been pursued by the Chancellor and successive Foreign Secretaries, to make Europe the most competitive single market in the world.

The Prime Minister: Yes, it is essential that the Lisbon agenda is maintained. Although the new words from the constitutional treaty were removed, it is important to remember that all the articles relating to the Single European Act remain in place, as do the

Commission's powers to act. Of course, that is the other reason why it is important for us to have a strong European Commission. We are lucky, I think, in that the President of the European Commission basically supports our agenda. We will not get the Single European Act completed unless the Commission is able to use the qualified majority voting provisions to complete it.

Sir Malcolm Rifkind (Kensington and Chelsea) (Con): During his 10 years in office, and despite his undoubted instincts, the Prime Minister has been forced to keep Britain out of the single currency and the Schengen agreement. He has negotiated, with some pride, opt-outs on immigration and asylum, and he has now reported to the House his satisfaction at securing further opt-outs for the UK. Does he now accept that it is clear that an à la carte Europe is, and will continue to be, in the UK's interests?

The Prime Minister: Of course, the reinforced co-operation provisions give countries a chance to decide whether to integrate further, but I shall tell the right hon. and learned Gentleman what has changed in the 10 years between 2007 and 1997, when he was in office. When I first came to negotiate the Amsterdam treaty we had been through the beef war, and the absurd thing was that we ended up turning up to meetings and voting against directives that we had proposed. Of course it is important that we are able to protect our own interests. We have done that in respect of the charter and of judicial and home affairs, but it is also important that we protect our interests in a way that allows us to offer leadership on things like climate change, economic reform, defence and enlargement. As a result of what this Government have done over the past 10 years, we have made huge strides forward in those areas.

John McFall (West Dunbartonshire) (Lab/Co-op): Does my right hon. Friend agree that the legal position regarding free and undistorted competition must remain unchanged if we are to achieve the Lisbon agenda? However, does he accept that it is free trade that is beneficial to countries in the longer term, and that a reduction in trade barriers, especially for developing countries, is essential if societies are going to accept the merits of globalisation?

The Prime Minister: I entirely agree with my right hon. Friend. We still have some time in which to make sure that the World Trade Organisation talks succeed. The positions of Europe and America are closer now: there is not a great gap between the main players in the talks, and it is essential that we use the next period of time to get the negotiations completed. I also think there is a big argument to be mounted in Europe as a whole—to show that globalisation is in the end beneficial for European economies and that the right way of protecting people in respect of globalisation today is not over-heavy labour market regulation, but investment in things such as education and skills.

Mr. Elfyn Llwyd (Meirionnydd Nant Conwy) (PC): The Prime Minister will know that much of the proposed reform treaty, and therefore the work before the IGC, will be devolved matters, so will he assure the House that the UK Government will meet the Administrations of Wales, Scotland and Northern Ireland before any ultimate treaty is signed off by the IGC?

The Prime Minister: I am sure that there will be every possibility of discussing that in the joint ministerial committees, and it would be a sensible topic for one of those committees.

Ms Gisela Stuart (Birmingham, Edgbaston) (Lab): I wonder whether the Prime Minister can help me, as I am having trouble understanding something. Back in April 2004, the reasons for granting a referendum and making a manifesto commitment were not about constitutional change but because we should let the people have a say. The Prime Minister's Foreign Secretary and Minister for Europe now argue that one of the main reasons why we should not have a referendum is that we are a parliamentary democracy—yet the document to which the Prime Minister signed up at the weekend grants the people of Europe a right that neither national Parliaments nor Governments have, which is to petition the Commission for legislative proposals. I find it difficult to reconcile, on the one hand, giving the people of Europe a right that we do not give our Parliament, yet on the other hand, not asking our own people.

The Prime Minister: I was in favour of the constitutional treaty, and said at the time that I did not believe that it involved fundamental transfer of power, but I obviously had to accept that it is called a constitutional treaty and brings everything together in one place; indeed, it purports to be a constitution for the whole of Europe. Other countries were holding referendums on that basis. The two things that are different are, first, that we have abandoned that position and gone back to a conventional amending treaty—and I know that my hon. Friend would not say that Nice, Amsterdam and so on should have been subject to referendum. Secondly, in respect of the four areas, we have secured real changes. The right hon. Member for Witney (Mr. Cameron) was talking earlier about what the Irish Prime Minister said, but for Britain, justice and home affairs and the charter of fundamental human rights were the two main issues. As ever with the Eurosceptics—I do not include my hon. Friend the Member for Birmingham, Edgbaston (Ms Stuart) among those—we give them one thing, but they just move on to the next. My hon. Friend is absolutely right to say that we were making those arguments, but in two main areas we now have a position that is completely different—and protected.

Mr. David Heathcoat-Amory (Wells) (Con): Under these proposals, the existing European community of member states is formally replaced by a new and separate Union with its own legal personality, and with much greater powers. Can the Prime Minister not see that denying people a vote on that not only breaks his own promise but also devalues politics? The powers we have here are lent to us by the people, but he is giving them away without the people's consent, so will he, as his last act, keep his promise on that matter?

The Prime Minister: The premise of the right hon. Gentleman's question—that new powers are given to Europe as a result of the single legal personality—is wrong. It is made specifically clear that the single legal personality does not extend the powers of the European Union. That is stated in terms. As for the idea that Europe previously never had a legal personality, the European Union has already concluded scores of treaties; all this does is make sure that there are not two different methods, which sometimes come into conflict, for Europe to conclude treaties.

Gwyn Prosser (Dover) (Lab): No group of people knows more about the effectiveness of the Government's immigration and asylum measures than my constituents in Dover, Deal and the wider east Kent area. They have seen a dramatic reduction in illegal immigration and a huge fall in unfounded asylum claims. Can my right hon. Friend tell them that nothing in the amended treaty will undermine any of those measures and risk returning us to the shambles we inherited from the Tories?

The Prime Minister: On the judicial and home affairs power, it is important to recognise that we previously negotiated an opt-in—not an opt-out—to asylum and immigration measures. That was hugely important. If we had simply negotiated an opt-out, as the Conservatives did—in my view mistakenly—on the social chapter, it would mean that we either had to stay out of everything or come into everything. Instead, what we negotiated on asylum and immigration was—

Andrew Mackinlay: A la carte.

The Prime Minister: Exactly. It was a pick-and-choose method, which is absolutely the right thing to have on that. *[Interruption.]* Then the Opposition should be supporting us. As a result of that, for example, in respect of the immigration measures I think that we are returning about 120 or 130 failed asylum seekers to Europe every month. We could not have done that without the opt-in procedure. That is why it is important that we also have an opt-in procedure in respect of the judicial and criminal law systems. There may well be measures in Europe on which we want to co-operate with other countries, and the procedure gives us the ability to opt in when we want to, and opt out when we want to.

Mr. Richard Shepherd (Aldridge-Brownhills) (Con): Between 1994 and 1999, the German federal authorities noted that 84 per cent. of their laws were passed in Brussels and only 16 per cent. in Berlin. Former German President Herzog commented, "It has to be asked whether Germany remains unequivocally a parliamentary democracy." That question must also be asked about the United Kingdom. Does the Prime Minister not recognise that this country, after 30-something years in the European Union, which has developed into a great state, needs a referendum?

The Prime Minister: First of all, Germany is a parliamentary democracy—I mean, come off it. I have not come across those comments, but if the President made them, I disagree with them, and I suspect that most German people do. I do not think that when there was a German election recently, people thought that it was not a parliamentary democracy. Secondly, with respect—*[Interruption.]* Well, with the greatest respect to Herzog, too. Let us look at what happened with the Single European Act and reflect for a moment on the things that have caused us most difficulty over the past few years. They are things such as the working time directive, and standardisation and harmonisation. They came out of the Single European Act. We need those provisions, however, because they allow us and our economy to operate on a more effective basis. I would say to the hon. Gentleman, who is absolutely sincere in his view, that in today's world, it is just not sensible for us to separate ourselves from Europe. None of the big issues that we need to deal with today—globalisation, mass migration, organised crime and terrorism, and the environment—can be dealt with by the nation state on its own. That is the purpose of the European Union.

Dr. Tony Wright (Cannock Chase) (Lab): It is difficult to take entirely seriously the demand for a referendum from people who made the demand even before the treaty existed. The way to resolve all this is simply to say that Parliament will decide—preferably on a free vote. That will maintain parliamentary sovereignty, and enable most of us to follow the right hon. and learned Member for Rushcliffe (Mr. Clarke) into the Lobby of reason and common sense.

The Prime Minister: With one exception, I agree entirely with what my hon. Friend says. In any event, it is important to recognise that it requires something fundamentally different about a particular treaty in Europe to justify a referendum. Incidentally, that is why not only is Britain saying that this is a conventional amending treaty, but so are the other countries, or many of the other countries that have had referendums. [HON. MEMBERS: "Ireland!"] The reason for that is that Ireland has to have a referendum even on an amending treaty.

Mr. Ian Taylor (Esher and Walton) (Con): I happen to be old-fashioned and believe that matters such as this should enhance parliamentary democracy by being discussed in the House; then we individually account for that at the general election. On the substance, it is all well and good to say that certain actions may be more coherently dealt with at a European level, but is the Prime Minister satisfied that the framework will work effectively? For example, Russia is trying to divide us on energy policy, Iran is taking advantages of divisions in approach and even America, with the "coalition of the willing", attempted to divide the European Union. It is in Britain's national interests to work much more collectively on the big issues. Is this the right framework, and does the Prime Minister believe that he is leaving as his legacy a European Union that will work more effectively in our common interest?

The Prime Minister: I hope that is correct. One of the reasons why we should get off the endless debate about institutional mechanisms is that I have noticed from the European enlargement through which 12 new countries have come in, that Europe today works essentially though political alliances. To be absolutely

frank, even under QMV, if our country has a major interest but we cannot assemble a blocking minority—incidentally, I cannot think of an occasion on which we have not been able to do that in the past 10 years—there is something wrong with the way in which we are going about building up political alliances.

The key thing is for Europe to decide its coherent direction. Whether it is on energy policy, the environment or any other issue, the institutional mechanisms will be only as good as the political direction that is using them. If the political direction is right, we have a chance of making Europe work more effectively. It is interesting that most objective observers would say that Europe has tended to move in the direction in which Britain has wanted over the past few years. We should use that and work on it.

Andrew Miller (Ellesmere Port and Neston) (Lab): In respect of organised crime, was there any particular discussion about people trafficking? Is it not the case that the 27 working together can best deal with that serious problem that faces not just us but countries on the southern borders of Europe such as Malta, which has real difficulties because of the impact on its shores of organised crime from several north African countries?

The Prime Minister: My hon. Friend is absolutely right. That is another area on which Europe should work more closely and integrate its policy to a greater extent. There is no way in which we can deal with organised crime and illegal immigration except, partly at least, on a Europe-wide basis. Illegal migration into Europe is a major problem for countries such as Malta and, to an extent, Spain. Europe should be using its collective power and strength to demand action by countries that are allowing such migration to spread to ensure that we protect European borders better. That is sensible, because we cannot protect our borders if people are coming into Europe illegally and then becoming migrants who are entitled to move right across Europe.

Mr. Peter Lilley (Hitchin and Harpenden) (Con): Is the Prime Minister not aware that the issue of the referendum is ultimately a question of integrity, and of people's ability to trust their politicians to keep the promises that they made at elections? The issue is not how similar this treaty is to treaties enacted decades ago, but how similar it is to the constitutional treaty on which it is based, and on which the Prime Minister promised the British people a referendum. Is it not clear that the similarities far exceed the differences, and that the German Chancellor, who said that the substance was unchanged and that only the terminology had changed, is more to be trusted than he is?

The Prime Minister: I am afraid that I completely disagree with the right hon. Gentleman. It was interesting that he was unable to specify the major areas that require us to have a referendum. We have gone back on the constitutional treaty. For example, the common foreign and security policy now remains in a separate pillar, which is a major change from the constitutional treaty. It is absolutely clear that we have an opt-out from both the charter and judicial and home affairs. Those were the reasons why people like the right hon. Gentleman were saying that they wanted a referendum. As he knows, the truth is that he would demand a referendum in any set of circumstances, so that he could vote no, because he wants this country out of Europe.

Mr. Wayne David (Caerphilly) (Lab): For some time, the debate about the future of Europe has been obsessed by rather esoteric institutional issues. Does the Prime Minister agree that this weekend's agreement provides us with a golden opportunity to focus on the issues about which the people of Europe are concerned, such as the competitiveness of our economy, jobs for our people and enhancing our environment?

The Prime Minister: My hon. Friend is entirely right. The agreement makes the changes that are necessary for the greater efficiency of the European Union and allows us to protect absolutely the national points of principle that we consider important. He is also right to say that as a result of that, we can move on to the areas of discussion in which the people of Europe are frankly far more interested than they are in the intricacies of the institutions.

Mr. David Curry (Skipton and Ripon) (Con): Does the Prime Minister recall that when he reported on the G8 summit at the Dispatch Box just a few days ago, he said how optimistic he was about the progress of the world trade talks? Those talks collapsed at Potsdam, so is this not an especially bad time for the European Union to give the impression that it is resiling from its commitment to full competition? If nothing has changed, why have the words changed?

The Prime Minister: The words have changed, of course, because they were in the constitutional treaty. I am afraid that this is what people will have to accept: I would have preferred to keep the words in, of course, but if I am laying down four vetoes, and red lines and so on, others will lay down their red lines, too. As a matter of fact, I think that we have protected completely the juridical and legal basis for the internal market, and that is extremely important. The right hon. Gentleman is right: I think that Europe must ensure that strong messages are sent out that the Commission's powers in that area remain unchanged, and that it will use those powers to enforce the internal market. As for the trade talks, it is correct that the Potsdam talks broke up without agreement. However, I still think that there is a possibility of getting this back on track. I have to say that the narrowness of the difference between the main countries now really would make it an act of gross irresponsibility on behalf of all of us if we did not conclude the deal. They are now very close. If we do not do it, we will deal a real blow to the multilateral system, and not merely to world trade.

Kate Hoey (Vauxhall) (Lab): Does the Prime Minister not understand that no matter what he or anyone else says, the vast majority of the public will see that there has simply been a tweaking of words, and that the treaty is fundamentally no different from the original constitutional treaty? Why is he, and our Government, afraid of a referendum?

The Prime Minister: The reason that I disagree with my hon. Friend is that it has changed fundamentally. First, it is no longer a constitutional treaty; it does not,

[The Prime Minister]

for example, collapse the common foreign and security policy pillar, which is a major area. Secondly, in respect of the two areas that people worried about most—the charter of fundamental rights, on which people said, "Well, that is going to apply in British law", and judicial and home affairs—we have opt-outs. That is what is different. With the greatest respect, it is important that people actually pay some attention to the facts when mounting their argument.

Dr. William McCrea (South Antrim) (DUP): If the Prime Minister is so sure that the treaty is good for the United Kingdom and has the support of the British people, why is he afraid to put it to a referendum of the people, and why did he offer the possibility of a referendum in his last manifesto?

The Prime Minister: I think I have explained already why I believe this to be completely different—because the constitutional treaty notion has been abandoned. Instead, we have gone back to a conventional amending treaty, and the truth is that we have never had referendums on such treaties. Let us also be very clear that the reason why the hon. Gentleman wants a referendum is to vote no, and he would vote no whatever was in the treaty.

Chris Bryant (Rhondda) (Lab): Britain has been trying for many years to get a level playing field in energy policy, so that British people can own French energy companies, just as French people can own British energy companies, and so that we can keep fuel prices low in this country. Is it not vital for us to have qualified majority voting on energy policy, so that we can deal better with our country, and so that we can ensure a more united front when dealing with Russia?

The Prime Minister: My hon. Friend is absolutely right, and it is one of the reasons why the deal that we have concluded is a good one for this country. Where we have agreed to QMV, we have not reluctantly accepted it; in the area that he is talking about, which is energy market liberalisation, we have advocated it. It is right that we do that. We know perfectly well that there may be countries that will always block energy market liberalisation, and that is why it is absurd to say that any QMV is bad for Britain. The question is in what areas we should have it, and he is right that in that particular aspect it is good for Britain.

Sir Peter Tapsell (Louth and Horncastle) (Con): Does the right hon. Gentleman deny that his opposition to a referendum on the treaty really stems from his certain knowledge that, given a chance, the British people would always vote, by a large majority, against any increase of foreign power over British self-governing democracy and our national sovereignty?

The Prime Minister: No, I am afraid that I do not agree with that at all, and the reason why I think it is important that we proceed in the way that I have outlined is that the treaty is a conventional amending treaty. We have never had referendums on them. I might remind the hon. Gentleman that in the one referendum that we did have, we voted to stay in Europe.

Richard Younger-Ross (Teignbridge) (LD): Could the Prime Minister explain why, apart from the last seven days before the Council, Britain entered into no pre-Council negotiations and no pre-Council discussions? The rest of Europe were talking to each other; why was Britain silent?

The Prime Minister: What is he talking about? *[Interruption.]* We have been talking about this for two years.

Richard Younger-Ross *indicated dissent.*

Mr. Boris Johnson (Henley) (Con): Can the Prime Minister confirm that by handing over QMV in transport, energy and technology he has made it possible for other European countries to impose a new European institute of technology, of whatever kind they want, at whatever expense they desire, in defiance of the wishes of his Government? Is that the case, and if he does not know, why not?

The Prime Minister: Actually, I am afraid that I do know. The European institute of technology is a good idea, and we happen to support it—

Mr. Johnson *indicated dissent.*

The Prime Minister: The hon. Gentleman is shaking his head already. I was just about to explain what it does. It allows us, across Europe, to work on technological projects that have a Europe-wide application—but because it has the word "European" in it, he is against it.

Several hon. Members *rose—*

Mr. Speaker: Order.

FINANCE BILL [WAYS AND MEANS]

Resolved,

Expenses of management

That provision may be made in the Finance Bill about expenses of management (and amounts deductible like expense of management).—*[John Healey.]*

Orders of the Day

Finance Bill

As amended in the Committee and in the Public Bill Committee, considered.

New Clause 5

RESTRICTION ON EXPENSES OF MANAGEMENT

'(1) Section 75 of ICTA (expenses of management: companies with investment business) is amended as follows.

(2) After subsection (2) insert—

"(2A) A deduction is not to be allowed under that subsection for any particular expenses of management if any part of those expenses is incurred directly or indirectly in consequence of, or otherwise in connection with, any arrangements the main purpose, or one of the main purposes, of which is to secure the allowance of a deduction (or increased deduction) under that subsection or any other tax advantage.

(2B) Subsection (2A) above does not apply if, as a result of paragraph 7A of Schedule 23A (manufactured payments under arrangements having an unallowable purpose), the company incurring the expenses is not entitled to a relevant tax relief (within the meaning of that paragraph) in respect of, or referable to, the whole or any part of the expenses.

(2C) The reference in subsection (2A) above to expenses of management includes amounts treated by any provision as deductible under this section."

(3) After subsection (5) insert—

"(5A) For the purposes of subsection (5)(a) above investments are not held for a business or other commercial purpose if they are held directly or indirectly in consequence of, or otherwise in connection with, any arrangements the main purpose, or one of the main purposes, of which is to secure the allowance of a deduction (or increased deduction) under subsection (1) above or any other tax advantage."

(4) After subsection (10) insert—

"(11) In this section—

"arrangements" includes any agreement, understanding, scheme, transaction or series of transactions (whether or not legally enforceable), and

"tax advantage" has the meaning given by section 840ZA."

(5) The amendments made by this section have effect in relation to accounting periods beginning on or after 20th June 2007, but have no effect in any case where the particular management expenses in question were paid before that date.

(6) In the case of an accounting period of a company beginning before, and ending on or after, that date, those amendments have effect as if, for determining the amounts that are deductible for the period under section 75(1) of ICTA, so much of the period as falls before that date, and the rest of it, were separate accounting periods.'.—*[John Healey.]*

Brought up, and read the first time.

4.36 pm

The Financial Secretary to the Treasury (John Healey): I beg to move, That the clause be read a Second time.

New clause 5 introduces a targeted anti-avoidance rule that tackles the use of tax avoidance schemes designed to generate deductions in respect of "expenses of management" under section 75 of the Income and Corporation Taxes Act 1988. If left unchecked, those schemes would cost the UK Exchequer—the public purse—£1 billion a year. Section 75 of the 1988 Act provides "companies with investment business" relief for the expenses of managing that investment business. The rules were introduced way back in 1915 and originally applied only to pure investment companies and to insurance companies.

The rules remained largely unchanged until the Finance Act 2004. The changes that we made three years ago widened the range of companies able to obtain relief for expenses of management. They also specifically excluded capital expenditure and introduced an unallowable purpose rule in relation to investments not held for a business or commercial purpose. The unallowable purpose rule made no explicit reference to tax avoidance purposes. It was believed at the time that that rule and a tough approach to the construction of the phrase "expenses of management" derived from case law would be sufficient to stop any abuse. Sadly, the appetite of some for tax avoidance has proved us wrong. In the past two or three years, the disclosure of tax avoidance schemes rules and other inquiries have shown us that there are already a number of avoidance schemes that create deductions for relief as expenses of management which are both substantial and contrived.

The latest scheme is an attempt to circumvent other anti-avoidance legislation introduced in the Finance Act 2004. It creates a wholly artificial deduction for management expenses in return for the receipt of a dividend to which the UK company was already entitled before the scheme was put in place. These payments—treated by the companies as management expenses—are made to overseas companies, which are usually located in tax havens and therefore usually outside the UK tax net. The group of companies as a whole suffers no economic loss as the money is effectively flowing in a circular fashion—the loss is actually borne by the UK Exchequer. That happens when the holding company gets relief for the artificially manufactured management expenses. That sort of scheme is relatively easy to implement and we calculate that—if effective—it has already put at risk more than £240 million to the public purse. Without urgent action, many more groups of companies are likely to adopt the scheme.

Her Majesty's Revenue and Customs does not accept that the schemes are in accordance with existing legislation. Given the potential cost to the Exchequer and the uncertain outcome of litigation, we are taking action now, to put the issue beyond doubt. The new clause confirms that assets held for a tax avoidance purpose are not held for a business or commercial purpose of the company, and ensures that the scope of the provisions is as wide as possible. We believe that the changes deal with the known schemes and also go appropriately wider, countering any other schemes that might try to secure relief of contrived management expenses.

The sheer size of the potential cost requires immediate action. I therefore regret that, in those circumstances, it has not been possible to consult on the new clause. However, the measure will not affect compliant companies. It affects only those that are involved in tax avoidance. The new clause tackles artificial schemes and will not therefore affect commercial transactions. I commend it to the House.

Mr. Mark Hoban (Fareham) (Con): I thank the Financial Secretary for his explanation of the circumstances that lie behind the new clause. It elaborates on the letter that he sent to my hon. Friend the Member for Chipping Barnet (Mrs. Villiers) and other members of the Committee last week. In the letter, the Financial Secretary said that the estimated cost approached £1 billion, but in his remarks he said that it was £240 million. I appreciate that the Treasury likes to round things up from time to time, but that appeared to be a large rounding up. Will he be a little clearer about the basis of both the figure in his letter and the cost that he cited in his speech?

My broader concern is that the new clause is drafted widely, as the Financial Secretary acknowledged. We held several debates in Committee about the breadth of anti-avoidance legislation. We had a long debate about the way in which broadly framed legislation was subsequently narrowed through guidance. I was therefore disappointed, given the circumstances that gave rise to the new clause, that the provision was not more tightly drawn to attack the specific abuses that he highlighted of group companies, the use of dividends and so on as a means of generating management expenses. I wonder why he feels the need to phrase the new clause so widely. Are not we in danger of creating uncertainty among taxpayers and their advisers through the breadth of the provision? Cannot we have a more specific provision to tackle the abuse that he mentioned?

John Healey: I thank the hon. Gentleman for the measured way in which he at least implied that he and his party would support the step that we are taking.

In a sense, I covered the reason for our framing the new clause in such a way in my speech. It covers the known schemes and our anticipation of the way in which other contrived schemes—those that try to take advantage of management expenses relief—may be constructed.

We calculate that what Her Majesty's Revenue and Customs has already examined under the system of notification has put at risk £246 million to the Exchequer. If left unchecked, the schemes would put at risk approximately £1 billion to the Exchequer and the public purse. I hope that that helps to explain the two figures that I used this afternoon and the one figure that I cited in my letter to the hon. Member for Chipping Barnet (Mrs. Villiers).

Question put and agreed to.

Clause read a Second time, and added to the Bill.

New Clause 13

UPDATING REFERENCES TO STANDING COMMITTEES

'(1) In section 1(4)(b) of the Provisional Collection of Taxes Act 1968 (c. 2) (circumstances in which a resolution affecting income tax etc ceases to have effect), for "Standing Committee" substitute "Public Bill Committee".

(2) In section 50(2)(a) of FA 1973 (corresponding provision for stamp duty), for "Standing Committee" substitute "Public Bill Committee".'.—*[John Healey.]*

Brought up, and read the First time.

John Healey: I beg to move, That the clause be read a Second time.

Madam Deputy Speaker (Sylvia Heal): With this it will be convenient to discuss new clause 1—*Amendment of Provisional Collection of Taxes Act 1968*—

'(1) The Provisional Collection of Taxes Act 1968 (c. 2) is amended as follows.

(2) In subsection (4)(b), for the words "Standing Committee" there are substituted the words "Public Bill Committee".'.

4.45 pm

John Healey: We are making very good progress. No doubt, that will not last, but let us enjoy it while we can. Perhaps the House will enjoy the fact that Government new clause 13 will be considered alongside new clause 1, which was tabled by the Opposition, as, happily, they have been grouped together.

New clause 1 proposes what, in principle, is a valid change, but when I studied the way in which it was framed I found that the detail of the drafting did not quite live up to the intention. I therefore determined to table new clause 13 in the same spirit—it has the same aims as the Opposition's provision, but it is more comprehensively drafted. Both measures have the same purpose, and I hope that hon. Members on both sides of the House will join together in support of the inclusion of new clause 13 in the Bill.

Mr. David Gauke (South-West Hertfordshire) (Con): I do not intend to detain the House and impede the speedy progress that we have achieved so far. I am grateful for the Financial Secretary's comments about new clause 1 and the fact that he accepts the principle behind it. Indeed, in his letter to my hon. Friend the Member for Chipping Barnet (Mrs. Villiers), he acknowledged that it was a valid change. I do not wish to have a row about whose drafting is better; I fully accept new clause 13. I do not know whether it is a sign of a new, listening Government or whether it is a sign of a new, listening Treasury. None the less, new clause 13 is welcome, and consequently the Opposition have no intention to press new clause 1 further.

Julia Goldsworthy (Falmouth and Camborne) (LD): It is interesting to see that the new consensus between the two parties is so broad that it extends to section 1(4)(b) of the Provisional Collection of Taxes Act 1968. It is only a shame that the hon. Member for Wolverhampton, South-West (Rob Marris) is not here to relish the improvements to the Bill's drafting.

John Healey: I welcome the welcome from both Opposition spokespeople. May I remind the hon. Member for South-West Hertfordshire (Mr. Gauke) that, during his short experience as a Front-Bench spokesman, we have faced each other twice: this afternoon and in Standing Committee—or Public Bill Committee, as we should refer to it if new clause 13 becomes part of the Bill. On both occasions, I listened carefully to his arguments, which I have been willing to accept in principle, proposing amendments in light of them. I hope that he has a long and distinguished career as an Opposition spokesman, but he will not always find the going as easy.

Question put and agreed to.

Clause read a Second time, and added to the Bill.

New Clause 2

PRINCIPLES OF GOOD PRACTICE FOR RETROSPECTIVE TAXATION LEGISLATION

'(1) A Minister in charge of a Bill must, before Second Reading of the Bill—

(a) make a statement to the effect that, in his view, any retrospective taxation provisions of the Bill are compatible with either of the relevant principles of good practice ("a statement of compatibility"); or

(b) make a statement to the effect that, although he is unable to make a statement of compatibility, the government nonetheless wishes the House to proceed with the Bill.

(2) A statement under subsection (1) must be in writing and be published in such a manner as the Minister making it considers appropriate.

(3) In this section, "retrospective taxation provisions" means provisions which—

(i) introduce any new tax, levy, impost or duty, or increase the rate or extend the incidence of any existing tax, levy, impost or duty; and

(ii) take effect on a date earlier than the date on which the relevant enactment enters into force.

(4) For the purpose of subsection (3) it is immaterial whether a Minister gives notice, whether in Parliament or otherwise, of his intention to introduce a retrospective taxation provision which takes effect on a date after the giving of that notice.

(5) In subsection (3)(i) "extend the incidence of any existing tax, levy, impost or duty" includes the removal or attenuation of any relevant relief or drawback.

(6) In subsection (3)(ii) "take effect" includes the creation of a liability or obligation to account for any increased charge to tax resulting from a provision of the kind mentioned in subsection (3)(i), whether or not the date on which the increased charge falls due for payment precedes the date on which the relevant enactment is expressed to enter into force; and in this subsection "account for" includes any decision by a company or business undertaking to absorb or pass on in the form of higher customer prices or charges the additional costs to that company or business undertaking arising from the increased charge to tax.

(7) "The relevant principles of good practice" mentioned in subsection (1) are—

(i) that it appears, whether as a result of a judgment given by a court or otherwise, that some part of the law relating to taxation no longer conforms to the reasonable expectations about its effect previously held by taxation practitioners and that it is necessary to restore the position retrospectively in order to protect the interests of the general body of taxpayers;

(ii) that HMRC becomes aware of a new tax avoidance scheme and it is necessary, in order to prevent a significant loss of tax revenue, to amend the law retrospectively.

(8) In subsection (7) "taxation practitioners" includes the Treasury, HMRC, the accountancy profession, professional tax advisers and groups representing the interests of taxpayers; and "tax avoidance scheme" has the meaning given in the Tax Avoidance Schemes (Prescribed Descriptions of Arrangements) Regulations 2004 or the Tax Avoidance Schemes (Prescribed Descriptions of Arrangements) Regulations 2006.

(9) A taxation provision introduced under the Provisional Collection of Taxes Act 1968 is not to be treated as having retrospective effect for the purposes of this section unless the date on which the relevant resolution of the House of Commons under either section 1 or section 5 of that Act is expressed to take effect is a date earlier than the date on which the resolution under section 1 or, as the case may be, section 5 is passed.— *[Mr. Goodman.]*

Brought up, and read the First time.

Mr. Paul Goodman (Wycombe) (Con): I beg to move, That the clause be read a Second time.

Madam Deputy Speaker: With this it will be convenient to discuss the following: Amendment No. (a), line 2, leave out '(a)'.

Amendment No. (b), in paragraph (a), leave out 'either of'.

Amendment No. (c), in paragraph (a), leave out from 'compatibility' to end of paragraph (b).

New clause 7—*Limitation on use of retrospective taxation legislation*

'(1) It is the duty of a Minister of the Crown to refrain from bringing retrospective taxation legislation before Parliament unless one of the conditions mentioned in subsection (2) is satisfied.

(2) The conditions mentioned in subsection (1) are—

(i) that it appears, whether as a result of a judgement given by a court or otherwise, that some part of the law relating to taxation no longer conforms to the reasonable expectations about its effect previously held by taxation practitioners and that it is necessary to restore the position retrospectively in order to protect the interests of the general body of taxpayers;

(ii) that HMRC becomes aware of a new tax avoidance scheme and it is necessary, in order to prevent a significant loss of tax revenue, to amend the law retrospectively.

(3) In subsection (2) "taxation practitioners" includes the Treasury, HMRC, the accountancy profession, professional tax advisers and groups representing the interests of taxpayers; and "tax avoidance scheme" has the meaning given in the Tax Avoidance Schemes (Prescribed Descriptions of Arrangements) Regulations 2004 or the Tax Avoidance Schemes (Prescribed Descriptions of Arrangements) Regulations 2006.

(4) In this section "retrospective taxation legislation" means legislation which—

(i) introduces any new tax, impost or duty, or increases the rate or extends the incidence of any existing tax, levy, impost, or duty; and

(ii) takes effect on a date earlier than the date on which the relevant enactment enters into force.

(5) For the purposes of subsection (4) it is immaterial whether a Minister gives notice, whether in Parliament or otherwise, of his intention to introduce a retrospective taxation provision which takes effect on a date after the giving of that notice.

(6) In subsection (4)(i) "extends the incidence of any existing tax, levy, impost or duty" includes the removal or attenuation of any relevant relief or drawback.

(7) In subsection (4)(ii) "takes effect" includes the creation of a liability or obligation to account for any increased charge to tax resulting from a provision of the kind mentioned in subsection (4)(i), whether or not the date on which the increased charge falls due for payment precedes the date on which the relevant enactment is expressed to enter into force; and in this subsection "account for" includes any decision by a company or business undertaking to absorb or pass on in the form of higher customer prices or charges the additional costs to that company or business undertaking arising from the increased charge to tax.

(8) A taxation provision introduced under the Provisional Collection of Taxes Act 1968 is not to be treated as having retrospective effect for the purposes of this section unless the date on which the relevant resolution of the House of Commons under either section 1 or section 5 of that Act is expressed to take effect is a date earlier than the date on which the resolution under section 1 or, as the case may be, section 5 is passed.'.

Mr. Goodman: We have been proceeding so far on the amiable basis of consensus. I hope that we can go further and hear shortly that the Financial Secretary accepts the new clause. It aims to forestall and prevent

[Mr. Paul Goodman]

creeping retrospection from polluting the Government's finance legislation. I intend to speak to it, as well as to the amendments tabled by my hon. Friend the Member for Christchurch (Mr. Chope) and others, and to his new clause 7.

New clause 2 arises directly from the debate in the Committee of the whole House about air passenger duty in relation to clause 12. I do not intend to repeat the debate that we had on 1 May, but as the new clause deals with retrospection and as retrospection was present in clause 12, I must necessarily set the context that gives rise to the amendment. The definitive statement on retrospection in relation to clause 12 was made by the Treasury Committee as follows:

"The first element of retrospection is that airlines will be liable to pay the tax for departures on or after 1 February 2007 regardless of whether tickets were purchased before the new rules were announced. The second element of retrospection is that the liability to pay air passenger duty at the new higher rates will effectively be incurred before the House of Commons has authorised the increase; such authorisation will take place only after the Budget."

It is worth noting that two separate though related ideas of retrospection are described by the Select Committee in that context. It concluded:

"As a general rule we consider that, where increases in rates of duties or taxes are proposed in the pre-Budget report, those increases should not come into force until after the House of Commons has had an opportunity to come to a formal decision on the proposed increase following the Budget. We draw the attention of the House of Commons to the unusual timing of the implementation of the increases in air passenger duty, for which the Treasury has not cited any relevant precedents."

The Financial Secretary subsequently offered two precedents—the supplementary charge on North sea oil announced in the 2005 pre-Budget report, which was introduced with effect for accounting periods from 1 January 2006, and the increase in fuel duty announced in the 2006 pre-Budget report and implemented from midnight. However, the House of Commons Library said that

"it is arguable that these examples do not provide a precedent that captures all the aspects of the rise in APD rates".

In the debate on 1 May, I set out why that is so.

During that debate and in a previous letter to the shadow Chief Secretary the Financial Secretary set out a series of further claimed precedents—the 2002 Budget decisions in relation to income tax rates, and another similar change made to the taxation of North sea oil, the petroleum revenue changes made in 1978 and confirmed in 1979. He was unable to explain why all these claimed precedents were not originally given to the Select Committee. He was also unable to explain why they were being dribbled out in this gradual way, rather than being offered all at once in a coherent whole.

I suspect that the explanation is that the Treasury has been forced to scrape the bottom of the barrel for these precedents, and my suspicion is given at least some backing by the Library, which is no more impressed by the new set of precedents than it was by the old ones. Having been consulted, it repeats:

"It remains the case that none of these examples provide a precedent that appears to capture all the aspects of the rise in APD rates".

The readiness to reach for retrospection in relation to APD, the failure to offer precedents to the Select Committee and then to discover them afterwards, and the insubstantial nature of the precedents, all considered together, send a dangerous signal to taxpayers, consumers, businesses and tax practitioners. If the Government are prepared to legislate retrospectively and unprecedentedly once, and in doing so, drawing a rebuke from the Select Committee, what is to prevent them from using this unprecedented APD rise as a further precedent in the future? It is in order to prevent them from doing so again that we have tabled the new clause. In the Committee of the whole House, I said:

"We intend to table a new clause at a later stage which will prevent the Chancellor's successor from behaving in the same way in relation to APD".—[*Official Report*, 1 May 2007; Vol. 459, c. 1435.]

I believe that the new clause would indeed prevent the next Chancellor from behaving in the same way again.

The amendments tabled by my hon. Friend the Member for Christchurch, together with his new clause 7, seek to remove any remaining element of doubt. I shall explain to him shortly why we look sympathetically at his proposed amendments (a) and (c) to new clause 2 and at new clause 7. I shall also explain shortly why we have some reservations about his amendment (b).

Before I do so, however, let me explain the basis of new clause 2. In drawing it up, we have attempted to find a basis for legislating in relation to retrospection that will command a consensus in the House. Let me make it clear that we are not against retrospective taxation per se on all occasions. It is reasonable to tax retrospectively in order to tackle a new tax avoidance scheme that threatens a significant loss of tax revenue, for example, or to restore the law in relation to some particular aspect of taxation to what it was believed to be until a court decided otherwise.

That view was set out by my right hon. Friend the Member for Charnwood (Mr. Dorrell) as a Minister in the last Conservative Government. He said:

"Where it is discovered that the tax law does not have the effect that the Government and taxpayers generally thought it had, there are circumstances in which it is right to introduce legislation to restore the position retrospectively to what it was thought to be. This is done only in exceptional circumstances and where the Government consider such action is necessary to protect the interests of the general body of taxpayers."—[*Official Report*, 29 June 1992; Vol. 210, c. 378-79W.]

The conventions that govern the use of retrospection in relation to tax avoidance were set out in the so-called Rees rules, named after our former colleague Peter Rees, now Baron Rees of Goytre—I hope that I am pronouncing that correctly—in 1978. In 2004, the Paymaster General made a statement of the Government's view that is broadly similar to what I shall name, after my right hon. Friend the Member for Charnwood, the Dorrell doctrine. At present, the Government are entitled to collect new taxes prior to receiving full legislative authority from the passage of a Finance Act under the Provisional Collection of Taxes Act 1968. The trigger, so to speak, for the retrospective APD rise—the cause of this debate—was the passing of the Budget resolutions announced on Budget day.

Under new clause 2, any Minister introducing a Bill that contains retrospective taxation, such as the

Finance Bill before us, would be obliged by law to state that such retrospective taxation was, in effect, consistent with the Dorrell doctrine set out under the previous Conservative Government and echoed in the Paymaster General's 2004 statement. If the new clause were on the statute book now, the Financial Secretary would have been compelled during the debate on 1 May to concede that the retrospective elements of the APD rise contained in this year's Finance Bill were utterly inconsistent with the Dorrell doctrine and bad practice, since even the Government have not attempted to claim that the APD rise was necessary to prevent tax avoidance by passengers or airlines or to restore the law to what it was previously believed to be. I believe that the Financial Secretary would not have endured the embarrassment and difficulty of so doing, and that the new clause is a strong deterrent to bad retrospective legislation.

As I said, the amendments tabled by my hon. Friend the Member for Christchurch and his new clause 7 seek to remove all possible doubt. His amendments would bar Ministers from proceeding with retrospective tax rises that they declare inconsistent with the Dorrell doctrine. As my hon. Friend knows, we considered tabling a new clause identical to new clause 7 that would have had the same broad effect as his amendments. We decided not to do so for a single reason: the Financial Secretary should have the opportunity this afternoon, we hope in the course of accepting the new clause, to persuade the House that there are some categories of retrospective legislation that are incompatible with the Dorrell doctrine, but that it would none the less be right for the House to be able to consider in the future. My hon. Friend's amendments and new clause would have the effect of barring the House from considering any such retrospective legislation in future. However, I have to say to him and to the House that I very much doubt whether such categories exist and whether the Minister can make such a case. As I have said, that is why we are sympathetic towards amendments (a) and (c) and new clause 7. If new clause 2 is passed, we will accept amendments (a) and (c), unless the Financial Secretary can persuade us otherwise. If, having accepted amendments (a) and (c), new clause 2 is none the less unsuccessful when put to a vote, I will advise my right hon. and hon. Friends to vote for new clause 7.

5 pm

We have some reservations about amendment (b). New clause 2(1)(b) would permit a Minister to introduce a retrospective tax measure as good practice that would either close a significant new tax-avoidance loophole or restore the law to what it was previously believed to be. New clause 7 maintains that either/or principle. However, amendment (b) takes a different view. Taken with the other amendments, it would permit a Minister to introduce a retrospective tax measure only if it both closed a significant new tax-avoidance loophole and restored the law to what it was previously believed to be. In other words, a Minister would not be able to introduce a retrospective tax measure to close a significant new tax loophole unless they were also restoring the law to what it was previously believed to be and vice versa. According to the Library, the last Conservative Government legislated retrospectively to restore the law to what it was previously believed to be in two cases—section 62 of the Finance Act 1987 and section 116 of the Finance Act 1989. I have been advised that had amendment (b) been in force, the last Conservative Government might not have been able to act in that way.

In conclusion, it seems reasonable for the Government to retain the power to close significant new tax-avoidance schemes immediately, subject to the Rees rules, but I will listen closely to my hon. Friend the Member for Christchurch.

Helen Goodman (Bishop Auckland) (Lab): I am particularly pleased to discuss new clause 2, because I spoke in the debate about air passenger duty on 1 May. Unfortunately, I was not a member of the Committee that considered this year's Finance Bill—I do not know whether I should call it a Public Bill Committee or a Standing Committee.

The hon. Member for Wycombe (Mr. Goodman) has made a speech that is characteristic of his virtues—he displayed diligence, thoroughness, hard work, persistence and civility—but he is absolutely wrong for all the reasons that my hon. Friend the Financial Secretary will explain shortly.

Julia Goldsworthy: I was expecting more, but the consensus appears to have broken down at an early stage in the afternoon.

I am sympathetic to the principle behind new clause 2. It is important to have openness and honesty about retrospective taxation and, in fact, any changes in the tax system. I was reassured by the comment of the hon. Member for Wycombe (Mr. Goodman) that the objective of the new clause is not to remove at a stroke all retrospective taxes, but to state as a principle that there should be an effort to ensure that such taxes are introduced for all the right reasons.

I am sure that the hon. Member for Bishop Auckland (Helen Goodman) remembers that both this year and last year the Finance Bill included some retrospective taxes, which it was necessary to introduce without consultation because of significant abuses of the taxation system and loopholes that needed to be closed. On that basis, such measures are entirely necessary. However, there are examples—air passenger duty is not the only one—where it is not clear whether a loophole needed to be closed or that avoidance was taking place. On air passenger duty, people who paid for their tickets before the changes were introduced found out that there was an additional charge only when they arrived to catch their flights. It would have made much more sense to examine whether the measure fulfilled the criteria before its implementation.

Retrospection might cause problems for taxpayers in two other areas, which might need to be looked at more widely, and where greater openness might be preferable. The first concerns the agricultural buildings allowance, which was dealt with in this year's Finance Bill, changes to which will have an impact on investment decisions that were made anything up to 24 years previously. In theory that affects only taxation going forward, but it will have an effect on decisions that people made many years previously with regard to buildings that it is not easy to dispose of if the tax liability represents a significant problem to the businesses involved. I hope that the Minister will be

[Julia Goldsworthy]

able to assure us that there is at least agreement in principle that clarity on such issues would be welcome.

The second area where there are concerns about people being caught by changes to the taxation system as a result of a lack of awareness arises from changes in last year's Finance Bill to the inheritance tax treatment of trusts to which people had signed up. To this day, many people may not realise that they have been caught by some of those changes.

Those are our broad areas of concern and we are sympathetic to the point made by the hon. Member for Wycombe.

Mr. Christopher Chope (Christchurch) (Con): I thank my hon. Friend the Member for Wycombe (Mr. Goodman) for his open and transparent discussion of these issues with me over many weeks. When I first raised the matter in the Budget debate I found myself in a minority of Conservative Members voting against air passenger duty. However, I overheard one of my colleagues saying, "Since when has it been Conservative party policy not to vote against retrospective legislation?" That voice, which seemed at one stage to be unheeded, has now been heeded, and I am grateful to my hon. Friends on the Front Bench for making that clear by moving new clause 2.

My amendments to new clause 2 and my new clause 7 go a little further, but the effect is that my hon. Friend and I have launched a pincer-movement on the Government. If the Minister can come up with some categories that are not consistent with the Dorrell doctrine beyond those set out in subsection (7) (i) and (ii), he will be able to use that argument against supporting my new clause, but if he does not do so, the way will be open for the House to support new clause 7.

I put my amendments and new clause in an alternative form, and I am sorry that my hon. Friend has a little trouble with my amendment (b). I thought that if the word "either" was removed and we could then get rid of the word "or", it would be better English. However, I take my hon. Friend's point that by removing the word "of" as well from line three, that would have the effect of suggesting that both the relevant principles would have to be satisfied rather than just one.

The only point that I can make to counter that is to say that if at some stage in the future the Government came up with extra relevant principles of good practice, it would be possible to amend subsection (7) by adding extra relevant principles, but it would not be so easy to do that if we had the words "either of", because that suggests that there can only ever be two principles. However, I do not want to go to the wall on that, and I am happy to accept what my hon. Friend says on amendments (a) and (c) and on new clause 7.

This episode has caused an enormous amount of angst among the travelling public and among well-established and successful businesses. For the sake of just over £100 million, the Government were prepared to tear up the conventions relating to retrospective taxation and to introduce a retrospective increase in air passenger duty that has caused an administrative nightmare and that was wrong in principle. Many passengers felt aggrieved that, although they had paid their fees to the airline, when they got to the airport, or perhaps before that, they had to pay an extra tax, because the tax had been increased between their making their booking and taking their flight.

Julia Goldsworthy: Does the hon. Gentleman agree that it is particularly unfortunate that this whole problem has flared up over a green tax? The public are naturally cynical about the Chancellor's motives, and they wonder whether the revenue will be used to fund cuts in taxation elsewhere or whether this is just a cynical ploy to raise more revenue for the Treasury.

Mr. Chope: The hon. Lady is absolutely right. No one is more cynical about green taxes than I am. Even if we accept the argument in favour of green taxation, I have yet to be convinced that air passenger duty is an effective green tax.

James Duddridge (Rochford and Southend, East) (Con): My hon. Friend knows that we have slightly different views on environmental taxes, but has he noted that the Financial Secretary told the Treasury Select Committee that the principal purpose of the air passenger duty was to increase revenue? This has never been about green taxation.

Mr. Chope: I accept that the Government made that admission. It was a candid admission, and my right hon. and learned Friend the Member for Rushcliffe (Mr. Clarke) made the same admission when he first introduced air passenger duty. He said, "We're short of money in the Exchequer. We need to find some new taxes." The Government of whom he was Chancellor of the Exchequer were famed for introducing new taxes. In the end, that resulted in the problems that our party encountered when it had to face the people in the 1997 general election. That is part of history, but my right hon. and learned Friend was certainly candid about air passenger duty being a revenue-raising tax, and I believe that the Financial Secretary has accepted as much. It has been suggested that it is not a revenue-raising tax but a tax designed to alter behaviour, but how can we alter behaviour when that behaviour has already occurred? It is nonsense to make a green tax retrospective, because the behaviour has already occurred. Unless people withdrew their decision to take a holiday with their children or to embark on a flight for some other reason, the retrospective element of the environmental tax would mean that it had no impact whatever.

The hon. Member for Bishop Auckland (Helen Goodman) made a short but pithy contribution. It was one of the most effective bids that I have ever heard for preferment in a forthcoming reshuffle. When I had a junior ministerial role, there was nothing that the Prime Minister and other Cabinet Ministers wanted more than a Minister who would accept that what they said was absolutely the bee's knees and that there was no reason to argue with it. If the hon. Lady does not gain a ministerial post straight off, perhaps she will be given a position in the Whips' Office. She would be well—

Madam Deputy Speaker: Order. I have allowed the hon. Gentleman some latitude, but I must now advise him to concentrate his remarks on the new clauses and amendments.

Mr. Chope: The point of introducing the hon. Lady's argument was that I have heard the Minister speak on this subject many times in the past, and I have yet to be convinced by what he has said. The hon. Lady has obviously read the different speech that he is going to make in response to this debate.

In essence, we have caught the Minister in a pincer movement. If he accepts that principles should be attached to retrospective legislation, and that those should be enacted in statute for the protection of the public and to introduce certainty, the two categories set out in the new clause tabled by my hon. Friend the Member for Wycombe make that clear. If the Minister thinks that an extra category should be included, let him say so. The problem with new clause 2 is that it is only declaratory—it would be possible for the Minister to make a certificate that a piece of legislation would be retrospective, notwithstanding those two principles. My alternative new clause would prohibit the introduction of retrospective legislation that did not comply with those two principles.

Whichever way the Minister argues, we will get him. I am grateful to my hon. Friend the Member for Wycombe—the work that we have done together augurs well for the work that we will continue to do together when we get into government.

5.15 pm

Mr. John Redwood (Wokingham) (Con): I am a company director and have listed my interests in the Register of Members' Interests.

For my hon. Friend the Member for Christchurch (Mr. Chope), the debate arose out of the extraordinary decisions on air passenger duty, on which retrospection was clear, flagrant and undesirable. The new clause, however, relates more widely to the whole gamut of the Government's tax activities. Among my constituents, especially those who are in businesses, who run their own businesses or who have some savings and investment income, there is a growing feeling that things are no longer fair and sensibly run, as they were a few years ago. I am not making a party political point—people felt that things were fairly administered during the first five years of this Government, as they did under the previous Government. I therefore welcome the new clause of my hon. Friend the Member for Wycombe (Mr. Goodman), and the amendments to it from my hon. Friend the Member for Christchurch, as they could go a little way to reassuring my constituents.

The problem is now considerable. My many law-abiding constituents with business interests or savings activities know that they should make an honest declaration of what they are earning or of their savings in the required form, and they accept that they should pay tax. They also believe that they have every right to make intelligent use of fiscal incentives from tax breaks, and some of those offered by the Government in previous Finance Acts have been very attractive, such as the decision to allow more favourable tax status to small business incorporation. Having made intelligent use of those things, they fear that the Government will come down on them like a ton of bricks, saying, "We didn't really mean it. Oh, goodness me, the fiscal incentive was too successful," and will find a way of clawing it back and blaming them for having responded rationally to the signals sent out in tax legislation a few weeks, months or years previously.

The Minister must agree that the Government are happy for people to take advantage of tax breaks and fiscal incentives. A series of radio advertisements are currently running on various channels about National Savings and Investments. The whole point of the adverts is that people can be protected from the rather high rate of inflation now prevailing under this Government, and from their tax demands, by buying index-linked National Savings bonds, which, miraculously, are protected from both the ravages of inflation and the depredations of the taxman. That is a perfectly good selling point. I am not here to advertise those bonds today, but it shows that the Government recognise the importance of fiscal incentive in selling savings products and are happy to use it. Having taken advantage of some other fiscal incentive, my constituents therefore feel that it is unfair of the Government to turn round, decide that it is a loophole that is allowing too much revenue to be lost, and try to change things retrospectively.

It was right to mention trusts, because last year's Finance Act contained a good deal of retrospection in relation to people who had taken good accountancy and legal advice, set up trusts and then discovered that the Government were no longer prepared to live with that, and effectively wanted to unpick it retrospectively. In support of my hon. Friends the Members for Wycombe and for Christchurch, anything that can be done to make the tax system a little fairer and predictable for the many law-abiding, decent citizens trying to live under it would be welcome.

If I have a worry, it is that there are still big loopholes for the Government in the generous drafting that the Conservative Front Bench has come up with, but I am happy to support the new clause because the statement of intent is clear and it is a move in the right direction. However, I hope that this group of Ministers, or their soon-to-be-announced successors, will understand that there is a growing feeling of displeasure about the unreasonable behaviour of the Revenue. People who honestly want to pay their taxes, but who want to take advantage of sensible fiscal incentives, no longer feel that they will be able to do that, or they feel that they will be penalised retrospectively.

John Bercow (Buckingham) (Con): May I put the proposition to my right hon. Friend that it is not only true that there is considerable and widespread misgiving on this score, but that that misgiving is especially acute in the small business sector, which tends to be characterised, by definition, by having a much smaller resource available to fight the matter through the courts or through the consultation of expensive lawyers?

Mr. Redwood: My hon. Friend is right and makes an important part of my case. The people I have in mind cannot hire expensive accountants or lawyers for either their personal or their small business affairs. It gives them a greater feeling of injustice because they think that there is law and justice for the very large companies. Those can take the best legal and accountancy advice, and may succeed in winning the case or may have enough cases going forward so that, on the law of averages, they come out of it all right.

[Mr. Redwood]

Law-abiding decent people who run small businesses or who try to put together their savings for retirement do not have that option. Only one case may matter to them, and they will probably lose it. There is the feeling that the Revenue is out to grab as much money as it can from any law-abiding person who advises it that he has a bit of money, rather than the Revenue sensibly following the rules laid down by Ministers and not going in for retrospective changes.

Sir Robert Smith (West Aberdeenshire and Kincardine) (LD): I support new clause 2 because the principle that it espouses of not having retrospective taxation is important for the confidence of investors, consumers and taxpayers, so that they know where they stand when making decisions. The whole point of taxation, especially taxation that is tinged with the idea of green taxation, is that it must be trusted by people if it is going to affect behaviour and influence their decisions. When it comes to investment, people must have the confidence that they understand the fiscal climate in which they are making those decisions. There is enough uncertainty in the business and trading worlds in trying to guess markets. To have the Government throwing in more uncertainty is clearly damaging to long-term decision making and to the wealth of the economy. If it is damaging to the wealth of the economy, it is damaging to the long-term tax take for the Chancellor.

I congratulate the hon. Member for Christchurch (Mr. Chope) on having the courage to follow us into the Lobby to oppose that in practice as well as in theory. It is disappointing that it has taken until now for Conservative Front Benchers to come to the point at which we can vote against retrospective taxation together. A few of his colleagues wondered why they were not following us into the Lobby. It seemed to be a matter of presentation rather than the substance of the issue.

Mr. Chope: My recollection is that the Liberal Democrats followed a group of Conservatives, led by me, into the Lobby.

Sir Robert Smith: At least we were in the same Lobby.

The hon. Gentleman was perhaps too generous to the Government. He said that there might be an element of green taxation if someone decided to cancel their trip in the light of the tax change, but if the plane still flies, the environmental damage is still done. What is fundamentally disappointing about the tax is that it taxes the individual and not the actual polluter, which is the aircraft. That tax needs to be reformed anyway.

For the Chancellor to change a tax system retrospectively while we are still in the financial year, albeit towards the end of it, is extremely damaging to confidence, and confidence is what encourages long-term investment, which encourages the wealth creation from which this country will benefit in the long term.

Stewart Hosie (Dundee, East) (SNP): The hon. Member for Wycombe (Mr. Goodman) made the case that the precedents published by the Treasury may not cover all the eventualities in terms of retrospective taxation or all the possible justifications for it in the future. He is probably right. Nor do the precedents allay any of the real concerns felt by the general public that they may be taxed retrospectively for things that they did that were legal at the time or, in terms of savings and investments, things that were not deemed to be avoidance schemes at the time at which they invested in them, but are now thus deemed because of misuse by others.

Concerns about retrospective changes include the possibility that they may lead to double taxation of money that has already been taxed in another way. The amendments suggest that the Minister issues a written statement and I am quite taken with that suggestion. Hon. Members will remember last year's Finance Bill, when the Paymaster General gave a long and detailed exposition on the abuse of family trusts, to the extent that control could be maintained as the assets went through many generations in a family. Were such a detailed exposition to be presented for a specific problem that required to be taxed retrospectively, I suspect that it would allay the genuine concerns of the public and explain why the Government were seeking to make the proposed changes. It might also temper how those genuine concerns are reflected by hon. Members, and that would be a positive outcome.

On the basis that subsection (9) of new clause 2 excludes it from the Provisional Collection of Taxes Act 1968, I await with interest to learn why the Minister opposes it. It seems a sensible measure that will inform the debate on retrospective taxation in this House and, more importantly, allay the very real concerns of the general public, especially investors.

Mr. Brooks Newmark (Braintree) (Con): I wish to speak briefly in support of the principle of good practice for retrospective taxation enshrined in new clause 2. I draw Members' attention to my entry in the Register of Members' Interests.

Debating the principles of retrospective taxation reminds me of the heady days of Standing Committee D considering the National Insurance Contributions Bill. The debate revolved to a large extent around this principle and its boundaries, although, as we found out, the principle was being made up on the hoof and the boundaries were anyone's guess. Fine wines and platinum sponges featured strongly, and they certainly made for hedonistic debate, although since the latter have a more prosaic function in catalytic converters, it is perhaps appropriate that the catalyst for new clause 2 was the introduction of retrospective environmental taxation.

I spoke then about the dangerous precedent of backdating tax changes to coincide with an expressed intention to legislate. We should not be encouraging a state of play whereby tax changes are effectively implemented by ministerial statement and then rubber-stamped by legislation at a later date. Worse still, we should not require sections of the financial services industry routinely to thumb through *Hansard* to check whether the Paymaster General has said anything threatening—which I know is not her usual practice, but which has occurred from time to time.

I am pleased that subsection (4) addresses specifically the practice of announcing things to Parliament and using them as the peg on which to hang

retrospective taxation. It might make for convenient government, but it sends all the wrong signals.

John Bercow: I accept the thrust of my hon. Friend's remarks, but does he agree that notwithstanding the joys of new clause 2, it is of doubtful value to afford to the Government discretion as to the manner of the publication of their future intentions? That leaves open the possibility that lots of people who will be affected will not get to know.

5.30 pm

Mr. Newmark: My hon. Friend makes a valid point, and it follows on from the excellent one made earlier about small businesses that do not have on their payroll the sort of people who can do the Government's dirty work for them and identify such problems coming down the track.

I also welcome the two principles set out in new clause 2(7), which propose that the Government keep their powder dry on retrospective taxation unless it is needed to address a conflict that has arisen with "reasonable expectations", or to guard against a new tax avoidance scheme that would lead to a loss of revenue. The Government should look again at whether it might not be timely, after 22 years of the Ramsay case, to review the distinction between legitimate tax planning and illegitimate tax avoidance.

While I do not wish to wander too far from the new clause, I hope that the Government will take this opportunity to reaffirm a commitment to certainty in the tax system. Adam Smith, the second most famous economist to come out of Kirkcaldy, wrote in his "The Wealth of Nations" that

"the tax which each individual is bound to pay ought to be certain and not arbitrary. The time of payment, the manner of payment, and the quantity to be paid ought to be clear and plain to the contributor and to every other person."

That is a fine statement of principle, although it is perhaps a little too well written ever to make it on to the face of a Finance Bill.

It is a pity that none of the events that the Chancellor has sponsored at No. 11 Downing street over the years took its cue from the Adam Smith Institute, but I hope that the Government will see fit to endorse the principle underlying new clause 2.

John Healey: This has been a useful debate. The hon. Member for Wycombe (Mr. Goodman) opened it and made several references to our earlier debates on this matter in relation to air passenger duty. He also quoted from House of Commons Library briefings about precedents for the proposals. In general, such briefings are very accurate, useful and reliable, but in this case I take issue with the quote that he used, although he may have done so selectively. I have given a number of precedents to explain the proposals and to demonstrate that there is nothing novel about the decisions on air passenger duty taken in the pre-Budget report. Those precedents match precisely what has happened with that duty: in each case, measures were introduced that had an effect on duty tax points before they were considered by Parliament—but after the Government had made a clear announcement to Parliament of their intention to introduce them.

I am glad that the hon. Member for Wycombe said that he was not against retrospection per se, but I remind him that the decision on air passenger duty that we announced in December's pre-Budget report was not retrospective. It was pre-announced: the pre-Budget report documents made it clear that the new rates would apply to passengers travelling on or after 1 February. It was a departures tax, not a ticket tax or a booking tax. Of course, questions arose in respect of flights booked before 6 December, when my right hon. Friend the Chancellor made his announcements, but airlines had two months' notice before the new tax rates came into force. The airlines have been liable for the air passenger duty since 1993. They are responsible for its payment and free to choose—as they did in February—whether and how to pass their costs on to passengers.

Mr. Paul Goodman: The Financial Secretary cannot argue that a tax is not retrospective just because it was pre-announced. The rise was voted on as part of the Budget resolutions, and will be voted on again during the course of this Finance Bill, but it is backdated to February.

John Healey: The provision was not retrospective, but it is true that it applied to tickets booked before as well as after the announcement on 6 December, just as air passenger duty applied when it was first introduced in 1993, as did the changes made to the duty in 1996 and 2000.

My hon. Friend the Member for Bishop Auckland (Helen Goodman) did not look too disappointed when I broke the news that she was not to be a member of the Finance Committee this year. However, we missed her during the six weeks we spent scrutinising the Bill and discussing it in detail.

I respect the way in which the hon. Member for Christchurch (Mr. Chope) again raised the retrospective taxation issue. He is absolutely assiduous in doing so, and not just in the Chamber; he and I have debated the issue in Westminster Hall, too. His arguments seem to be making more headway on his Front Bench than on the Treasury Bench, although he and his Front-Bench colleagues obviously do not entirely see eye to eye on green taxes and environmental policy in general. The hon. Gentleman is right: his Front-Bench colleagues did not support him when he moved a similar proposition on air passenger duty in the Committee of the whole House. However, they seem to be lining up to support him on this occasion. Perhaps we should not be surprised—we are getting used to rapid and dramatic shifts of policy position on the Opposition Front Bench.

The hon. Member for Falmouth and Camborne (Julia Goldsworthy) referred to agricultural buildings allowance and the trust legislation—concerns that were also mentioned by the hon. Member for Dundee, East (Stewart Hosie). I encourage the hon. Lady to consider that there could be no legitimate expectation that the law relating either to agricultural buildings allowance or to the taxation of trusts would remain unaltered indefinitely. The right hon. Member for Wokingham (Mr. Redwood) touched on whether the trusts legislation was retrospective. The tax changes on the treatment of trusts were not retrospective; they may, and do, apply to trusts that have been previously

[John Healey]

established, but only for future years. That is not retrospection in any serious sense of the word.

New clauses 2 and 7 would restrict the use of retrospective tax law far beyond existing domestic and European Court of Human Rights precedents and would have effect in respect of a wider range of tax provisions than Members might realise. New clause 7 in particular would severely restrict the Government's ability to react to changing circumstances to protect the Exchequer.

Let me stress that the Government take the use of any retrospective tax law extremely seriously. Before introducing the Finance Bill to the House of Commons, the Chancellor is required to certify that it is compatible with the European convention on human rights, which he does only after he has sought advice from Her Majesty's Revenue and Customs and other departmental lawyers. That ensures that every provision in the Bill is scrutinised carefully and an assessment is made as to whether it complies with the rights conferred by the convention.

As Members will be aware, the main constitutional conventions on retrospective tax law are known as the Rees rules, which require a Minister to make a full announcement to the House when introducing fiscal changes that have effect on a date before the enabling legislation will be enacted. Over the past 10 years, the Government have used and followed those rules, just as previous Governments did on many occasions.

The hon. Member for Wycombe referred to the statement made by my right hon. Friend the Paymaster General in 2004 when she set out an approach to tax avoidance schemes—tough but necessary arrangements—that were subsequently supported on both sides of the House. I think that all hon. Members might concede that tax decisions often have to recognise a wide range of economic, social or environmental factors, and sometimes we face factors that change rapidly and constantly. Of course, those factors have to be balanced with the need for certainty and the need to respect the rights of taxpayers to understand their position—including compliance with the provisions of the Human Rights Act 1998. We are satisfied that the balance that we have built into the current parliamentary framework is sufficient to deal with the situations we face.

As the hon. Member for Wycombe explained to the House, new clause 2 seeks to enshrine in legislation elements of existing convention and best practice. New clause 7 seeks to go further than new clause 2 and rows back from existing convention and best practice. Together, they would restrict the ability of the tax system to respond to changing circumstances and, on occasions, to avoidance threats. New clause 7 seeks to impose wholly impractical restrictions by making it a duty of Treasury Ministers not to bring before Parliament retrospective tax provisions, whether in the Finance Bill or otherwise, that do not comply with certain conditions set out in the clause.

Mr. Redwood: How can the Minister say that the provisions would cause problems with tax avoidance when new clause 2 specifically allows the Treasury still to take action to deal with tax avoidance?

John Healey: If the right hon. Gentleman will bear with me, I will come on to the sort of problems that would be caused by the flawed way in which the provisions in new clauses 2 and 7 are framed.

There are many precedents, going back many years, for Acts of Parliament and resolutions that take effect from dates before the date on which they are debated and voted on by the House. Subsections (7) and (8) of new clause 2 set out conditions under which retrospective tax law would be compatible with subsection (1). Subsections (2) and (3) of new clause 7 set out the same conditions under which retrospective tax law could be introduced in accordance with subsection (1). The first condition is that some event—most likely a court judgment—has changed the interpretation of the law contrary to "the reasonable expectations" of "tax practitioners". That phrase is defined in new clause 2(8) and new clause 7(3). A moment's thought would encourage one to conclude that it would be extremely difficult to determine what the reasonable expectations of such a diverse body as tax practitioners would be.

The second condition in both new clauses is that a scheme has been disclosed to Her Majesty's Revenue and Customs. I think that this is the point that the right hon. Member for Wokingham was making. However, although the term "tax avoidance scheme" appears in the titles of the legislation referred to in the new clauses, it is not defined anywhere in UK legislation. The descriptions used in primary legislation—principally in part 7 of the Finance Act 2004—and in regulations are targeted at avoidance, but they do not define it. In effect, they are proxies for new and innovative schemes, as these often carry the highest risk of avoidance. But not every scheme that is notifiable is avoidance and, equally, since the descriptions must strike a balance between countering avoidance and imposing unnecessary or burdensome responsibilities on business, they will not capture every avoidance scheme.

New clause 2(6) and new clause 7(7) would further give the provisions effect in situations where the tax change may affect a pricing decision that has already been made by a company, even when the measure applied only to tax points that occurred after the measure had been passed by the House. It cannot be the case—although it appears to be from the way in which the provisions are framed—that hon. Members seriously propose that the House should be alerted in any case in which a change to tax rates has an impact on a commercial decision or arrangement that has already been entered into. Again, a moment's thought would lead one to suggest that that might apply to virtually any tax change. In general, any tax change has the potential to have an impact on such decisions.

It is difficult to envisage why the provisions are necessary. The Chancellor must certify that any retrospective measure is human rights-compatible. Parliament has the ability to consider all the factors raised in the new clauses when debating such a measure. The drafting of the new clauses is fundamentally flawed. The measures would have far wider consequences than even the hon. Member for Christchurch might intend. Following the reassurances that I have given, I hope

that neither of the new clauses will be pressed to a Division. If they are, I shall have to ask my hon. Friends to resist them.

5.45 pm

Mr. Paul Goodman: The debate has demonstrated the widespread concern throughout the House about creeping retrospection, as was evident from the comments made by my right hon. Friend the Member for Wokingham (Mr. Redwood) and my hon. Friend the Member for Braintree (Mr. Newmark). The hon. Member for Falmouth and Camborne (Julia Goldsworthy) reminded the House of a point that I omitted to make: the issue of retrospection was very live when we considered trusts during our proceedings on last year's Finance Bill. The hon. Member for West Aberdeenshire and Kincardine (Sir Robert Smith) also made that point. The hon. Member for Dundee, East (Stewart Hosie) was sympathetic to new clause 2. To borrow a phrase from my hon. Friend the Member for Christchurch (Mr. Chope), we are seeing a large pincer movement on the Government.

I pay tribute to my hon. Friend the Member for Christchurch, who strongly opposes the rise in air passenger duty. He is also concerned about retrospection and I am grateful to him for pressing the issue in such a way.

My hon. Friend was right about the pincer movement on the Government because the hon. Member for Bishop Auckland (Helen Goodman) said shortly after I finished my speech that she opposed new clause 2, but that her opposition would be justified retrospectively. That set the tone for the debate. She has been joined on the Labour Benches by the hon. Member for Wolverhampton, South-West (Rob Marris). He is in the Chamber retrospectively, given that he was here in spirit right from the start of the debate.

The Financial Secretary, like the hon. Member for Bishop Auckland, produced a scant argument. He says that the considerations already apply and that new clause 2 is badly drafted, but subsection (1)(b) of the new clause would allow him to introduce any measure and simply claim that it would be justified, despite being retrospective, for the reasons that he wished to set out to the House. However, he did not address that point at all.

Having heard the Financial Secretary's argument, if new clause 2 were agreed to, I would be happy to accept amendments (a) and (c) to it, which were tabled by my hon. Friend the Member for Christchurch. I would look sympathetically on new clause 7, which he also tabled. We will press new clause 2 to a Division.

Question put, That the clause be read a Second time:—

The House divided: Ayes 209, Noes 281.

Division No. 149] **[5.48 pm**

AYES

Afriyie, Adam
Alexander, Danny
Amess, Mr. David
Ancram, rh Mr. Michael
Arbuthnot, rh Mr. James
Atkinson, Mr. Peter
Bacon, Mr. Richard
Baker, Norman
Barker, Gregory
Baron, Mr. John
Beith, rh Mr. Alan
Bellingham, Mr. Henry
Benyon, Mr. Richard
Bercow, John
Beresford, Sir Paul
Blunt, Mr. Crispin
Bone, Mr. Peter
Bottomley, Peter
Brazier, Mr. Julian
Brokenshire, James
Brooke, Annette
Browne, Mr. Jeremy
Browning, Angela
Burrowes, Mr. David
Burstow, Mr. Paul
Burt, Alistair
Burt, Lorely
Butterfill, Sir John
Cable, Dr. Vincent
Campbell, rh Sir Menzies
Carmichael, Mr. Alistair
Carswell, Mr. Douglas
Cash, Mr. William
Chope, Mr. Christopher
Clark, Greg
Clegg, Mr. Nick
Clifton-Brown, Mr. Geoffrey
Conway, Derek
Cormack, Sir Patrick
Crabb, Mr. Stephen
Curry, rh Mr. David
Davey, Mr. Edward
Davies, David T.C. *(Monmouth)*
Davies, Philip
Davies, Mr. Quentin
Davis, rh David *(Haltemprice and Howden)*
Dorries, Mrs. Nadine
Duddridge, James
Duncan Smith, rh Mr. Iain
Dunne, Mr. Philip
Ellwood, Mr. Tobias
Evennett, Mr. David
Fallon, Mr. Michael
Featherstone, Lynne
Field, Mr. Mark
Foster, Mr. Don
Fox, Dr. Liam
Francois, Mr. Mark
Fraser, Mr. Christopher
Garnier, Mr. Edward
Gauke, Mr. David
Gibb, Mr. Nick
Gidley, Sandra
Gillan, Mrs. Cheryl
Goldsworthy, Julia
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gove, Michael
Grayling, Chris
Green, Damian
Greening, Justine
Grieve, Mr. Dominic
Hague, rh Mr. William
Hammond, Mr. Philip
Hammond, Stephen
Hands, Mr. Greg
Harper, Mr. Mark
Harris, Dr. Evan
Harvey, Nick
Hayes, Mr. John
Heald, Mr. Oliver
Heath, Mr. David
Heathcoat-Amory, rh Mr. David
Hemming, John
Hendry, Charles
Herbert, Nick
Hoban, Mr. Mark
Hogg, rh Mr. Douglas
Hollobone, Mr. Philip
Holloway, Mr. Adam
Horam, Mr. John
Hosie, Stewart
Howard, rh Mr. Michael
Howarth, Mr. Gerald
Hughes, Simon
Huhne, Chris
Hunt, Mr. Jeremy
Hurd, Mr. Nick
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Jenkin, Mr. Bernard
Johnson, Mr. Boris
Jones, Mr. David
Kawczynski, Daniel
Kennedy, rh Mr. Charles
Key, Robert
Kirkbride, Miss Julie
Kramer, Susan
Laing, Mrs. Eleanor
Lamb, Norman
Lancaster, Mr. Mark
Lansley, Mr. Andrew
Laws, Mr. David
Leech, Mr. John
Leigh, Mr. Edward
Letwin, rh Mr. Oliver
Lewis, Dr. Julian
Liddell-Grainger, Mr. Ian
Llwyd, Mr. Elfyn
Loughton, Tim
Mackay, rh Mr. Andrew
Main, Anne
Maples, Mr. John
Mates, rh Mr. Michael
May, rh Mrs. Theresa
McCrea, Dr. William
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Miller, Mrs. Maria
Milton, Anne
Moore, Mr. Michael
Moss, Mr. Malcolm
Mulholland, Greg
Murrison, Dr. Andrew
Neill, Robert
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Öpik, Lembit
Paice, Mr. James
Paterson, Mr. Owen
Pelling, Mr. Andrew
Penning, Mike
Penrose, John
Pickles, Mr. Eric
Price, Adam
Prisk, Mr. Mark
Pritchard, Mark
Pugh, Dr. John
Randall, Mr. John
Redwood, rh Mr. John
Reid, Mr. Alan
Robathan, Mr. Andrew

Robertson, Hugh
Robertson, Mr. Laurence
Rogerson, Dan
Rosindell, Andrew
Rowen, Paul
Ruffley, Mr. David
Russell, Bob
Sanders, Mr. Adrian
Scott, Mr. Lee
Selous, Andrew
Shepherd, Mr. Richard
Simmonds, Mark
Simpson, Mr. Keith
Smith, Sir Robert
Soames, Mr. Nicholas
Spelman, Mrs. Caroline
Spink, Bob
Spring, Mr. Richard
Stanley, rh Sir John
Steen, Mr. Anthony
Streeter, Mr. Gary
Stunell, Andrew
Swinson, Jo
Swire, Mr. Hugo
Syms, Mr. Robert
Tapsell, Sir Peter
Taylor, Mr. Ian
Taylor, Matthew
Taylor, Dr. Richard
Teather, Sarah
Thurso, John
Tredinnick, David
Tyrie, Mr. Andrew
Vara, Mr. Shailesh
Viggers, Peter
Villiers, Mrs. Theresa
Walker, Mr. Charles
Wallace, Mr. Ben
Waterson, Mr. Nigel
Watkinson, Angela
Webb, Steve
Whittingdale, Mr. John
Widdecombe, rh Miss Ann
Wiggin, Bill
Willetts, Mr. David
Williams, Mark
Williams, Mr. Roger
Williams, Stephen
Willis, Mr. Phil
Willott, Jenny
Wilson, Mr. Rob
Winterton, Ann
Winterton, Sir Nicholas
Wright, Jeremy
Young, rh Sir George
Younger-Ross, Richard

Tellers for the Ayes:
Mr. Simon Burns and Michael Fabricant

NOES

Abbott, Ms Diane
Ainger, Nick
Ainsworth, rh Mr. Bob
Alexander, rh Mr. Douglas
Allen, Mr. Graham
Anderson, Mr. David
Anderson, Janet
Armstrong, rh Hilary
Atkins, Charlotte
Austin, Mr. Ian
Baird, Vera
Balls, Ed
Banks, Gordon
Barlow, Ms Celia
Barron, rh Mr. Kevin
Bayley, Hugh
Begg, Miss Anne
Bell, Sir Stuart
Benn, rh Hilary
Benton, Mr. Joe
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Blunkett, rh Mr. David
Borrow, Mr. David S.
Bradshaw, Mr. Ben
Brennan, Kevin
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burnham, Andy
Butler, Ms Dawn
Byrne, Mr. Liam
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Ronnie
Caton, Mr. Martin
Cawsey, Mr. Ian
Challen, Colin
Chapman, Ben
Chaytor, Mr. David
Clapham, Mr. Michael
Clark, Ms Katy
Clark, Paul
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Connarty, Michael
Cook, Frank
Cooper, Yvette
Corbyn, Jeremy
Cousins, Jim
Crausby, Mr. David
Creagh, Mary
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Curtis-Thomas, Mrs. Claire
Darling, rh Mr. Alistair
David, Mr. Wayne
Davidson, Mr. Ian
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobbin, Jim
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Dunwoody, Mrs. Gwyneth
Eagle, Angela
Efford, Clive
Ellman, Mrs. Louise
Engel, Natascha
Ennis, Jeff
Farrelly, Paul
Field, rh Mr. Frank
Fitzpatrick, Jim
Flint, Caroline
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Gapes, Mike
Gardiner, Barry
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gilroy, Linda
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom
Havard, Mr. Dai
Healey, John
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hillier, Meg
Hodge, rh Margaret
Hoey, Kate
Hood, Mr. Jim
Hope, Phil
Hopkins, Kelvin
Howarth, rh Mr. George
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Hutton, rh Mr. John
Iddon, Dr. Brian
Irranca-Davies, Huw
Jackson, Glenda
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Mr. Martyn
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeley, Barbara
Keen, Alan
Keen, Ann
Kelly, rh Ruth
Kemp, Mr. Fraser
Kennedy, rh Jane
Khan, Mr. Sadiq
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, Mr. David
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Love, Mr. Andrew
Lucas, Ian
Mackinlay, Andrew
Mactaggart, Fiona
Mahmood, Mr. Khalid
Malik, Mr. Shahid
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Marshall-Andrews, Mr. Robert
McAvoy, rh Mr. Thomas
McCabe, Steve
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonagh, Siobhain
McDonnell, John
McFadden, Mr. Pat
McFall, rh John
McGovern, Mr. Jim
McGuire, Mrs. Anne
McKechin, Ann
McKenna, Rosemary
McNulty, Mr. Tony
Meacher, rh Mr. Michael
Merron, Gillian
Michael, rh Alun
Milburn, rh Mr. Alan
Miliband, rh David
Miliband, Edward
Miller, Andrew
Mitchell, Mr. Austin
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Morgan, Julie
Morley, rh Mr. Elliot
Mountford, Kali
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
O'Brien, Mr. Mike
Olner, Mr. Bill
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prosser, Gwyn
Purchase, Mr. Ken
Rammell, Bill
Raynsford, rh Mr. Nick
Reed, Mr. Andy

Reed, Mr. Jamie
Reid, rh John
Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Ruane, Chris
Ruddock, Joan
Russell, Christine
Ryan, Joan
Salter, Martin
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Simpson, Alan
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, rh Jacqui
Smith, John
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Taylor, David
Thomas, Mr. Gareth
Thornberry, Emily
Timms, rh Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, rh Mr. Don
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Vaz, rh Keith
Walley, Joan
Waltho, Lynda
Ward, Claire
Wareing, Mr. Robert N.
Watts, Mr. Dave
Whitehead, Dr. Alan
Williams, rh Mr. Alan
Winnick, Mr. David
Winterton, rh Ms Rosie
Woodward, Mr. Shaun
Woolas, Mr. Phil
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Noes:
Liz Blackman and Mr. Frank Roy

Question accordingly negatived.

New Clause 4

DUTY ON HMRC TO EXPEDITE VAT REGISTRATION AND REPAYMENT APPLICATIONS

'(1) It shall be the duty of HMRC to determine applications for—

(a) registration for VAT, and

(b) repayment of VAT by HMRC

within a maximum period of days from the receipt by them of the relevant application.

(2) The Treasury must by Order specify the maximum period mentioned in subsection (1), having first consulted HMRC and persons representing small businesses.

(3) If an application of a kind mentioned in subsection (1) has not been determined by HMRC before the expiry of the maximum period specified by the Treasury in accordance with subsection (2), the applicant may apply to the Special Commissioners for a declaration that the application is deemed to have been approved by HMRC.

(4) The Special Commissioners must grant an application for a declaration under subsection (3) unless they are satisfied that HMRC has reasonable grounds for having failed to determine an application in accordance with subsections (1) and (2).

(5) Grounds shall be treated as reasonable under subsection (4) only if they relate to circumstances beyond HMRC's control.'.— *[Mr. Gauke.]*

Brought up, and read the First time.

Mr. Gauke: I beg to move, That the clause be read a Second time.

Mr. Deputy Speaker (Sir Alan Haselhurst): With this it will be convenient to discuss Government amendment No. 2.

Mr. Gauke: Before I deal with new clause 4, let me say a few words about Government amendment No. 2 and return to the comments made by the Financial Secretary earlier. As he said, on my debut on the Front Bench in Committee, he generously agreed to amend the Bill to require an affirmative resolution where the joint and several liability requirements are to be extended, as in clause 97. He has been as good as his word, and I welcome the amendment.

New clause 4 would require that the Treasury, in consultation with Her Majesty's Revenue and Customs, specify a maximum period for HMRC to determine an application for VAT registration or VAT repayment. If it were not determined within the period specified, the applicant could apply to the special commissioners for a declaration of approval to be granted, unless the commissioners determined that HMRC had reasonable grounds for failing to determine the application. The reason for tabling the new clause is the widespread and growing concern that VAT applications, whether for registrations or repayments, are taking substantially longer than previously, and substantially longer than the target times specified by HMRC.

I should say at the outset that I recognise that part of the reason for the delays is action that is being taken to try to tackle missing trader intra-Community—MITC—fraud, which has a substantial cost. We recognise and support the Government's view that action needs to be taken. We also accept that, in fighting MTIC fraud, there is a role for ensuring that only legitimate companies become registered for VAT and only companies with clean hands receive VAT repayments. I have received some representations stating that the VAT registration process should have been tightened at an earlier stage in order to address the issue.

It is not our intention to disrupt attempts by the Government to tackle MTIC fraud. Indeed, new clause 4 is so drafted that if HMRC had good reason for delaying a registration or repayment it would be able to do so, and of course tackling fraud is a good reason. However, I hope that the new clause will give us a chance to explore whether the problems with registration and repayment are entirely due to MTIC fraud, and whether the balance is right between tackling fraud and ensuring that legitimate businesses are not harmed and that their activities are facilitated. I also hope to explore the question of whether there is any prospect of an improvement in performance by HMRC in this area. I will listen carefully to what the Financial Secretary says when he responds, and if he persuades me that the new clause would harm efforts to tackle MITC fraud, I will not press it. None the less, we wait to hear those arguments.

Essentially, there are two closely related problems: VAT registrations and VAT repayments. This is not a new issue. I raised the question of VAT registrations last summer in the Standing Committee on last year's Finance Bill. I subsequently raised it with senior HMRC officials when I was a member of the Treasury Committee and they gave evidence on HMRC's performance to the Treasury Sub-Committee. It is

[Mr. Gauke]

worth looking at the evidence that they provided. Paul Gray, the chairman, stated that VAT registrations was

"one of those areas where we have had probably the greatest degree of pressure and the performance certainly was not as good as I might have hoped".

His colleague, Mike Eland, added:

"it is trying to get a balance between facilitating legitimate business and tackling fraud. We did not get that quite right. We put the emphasis on tackling the fraud. We are now looking to correct it the other way by simplifying some of the procedures and also getting better IT backup to carry out some of the fraud checks so that we can do the checking more quickly".

Mr. Gray and Mr. Eland stated that HMRC was improving but was "not there yet".

Mr. Redwood: My hon. Friend is making a good case. Could he give me some idea of the length of time for which he thinks it reasonable for Revenue and Customs to delay considering an application?

Mr. Gauke: I am grateful to my right hon. Friend. I will deal with some of these points in more detail in a few moments. HMRC's standard target is 21 days —15 working days. There may well be circumstances in which additional time is necessary, but at the moment there are regularly delays of three, four, five or six months. That is unacceptable.

Let me consider some of the performance figures. HMRC accepts that last summer's performance was unacceptable. In June 2006, 109 complaints were made, and in July 2006 the figure was 96. I have the most up-to-date figures from answers to parliamentary questions, which show that the number of complaints had increased to 131 in April 2007 and 133 in May 2007.

Perhaps the most important figure is the percentage of applications that were processed within 21 days of receipt. In May, June and July 2006 it was 56, 57 and 57 per cent. respectively. Again, the most up-to-date figures that I have are from parliamentary answers. Although in January HMRC officials were looking for a substantial improvement, and recognised that there had been a problem the previous summer, the figure was still a mere 60 per cent.; anecdotal evidence suggests that it may have declined since then. However, even if 60 per cent. of applications are tackled within the 21-day target period, that means that of approximately 280,000 VAT applications a year, some 112,000 are not tackled in that time. That is a substantial number. Given that I believe that the target has been missed by some margin, we are talking about a reasonably major issue.

The concern was further highlighted last week in an article that John Arnold, the chairman of the tax faculty of the Institute of Chartered Accountants in England and Wales, and Neil Gaskell, its technical manager, wrote. Their introductory remarks are worth quoting:

"At the Tax Faculty we know that the continuing and unacceptable HMRC delay in processing new VAT registrations is the biggest single VAT issue facing our members and their clients.

Some registrations are taking over six months to obtain. Smaller businesses are faced with cash flow problems because, without a VAT number, they have difficulty in getting their invoices paid. Larger businesses find restructuring or acquisitions held up; and for everyone, property transactions are delayed if the purchaser needs to become VAT registered".

They go on to argue that accountants have been running up approximately £100 million worth of chargeable time as a consequence of trying to deal with HMRC's inefficiencies and errors. They estimate that only 20 per cent. is passed on to clients. None the less, the problem affects accountants and clients.

How bad is the problem according to HMRC? Mr. Arnold and Mr. Gaskell state in their article that HMRC claims that 95 per cent. of applications are processed within 30 days; I remind hon. Members that the target is 21 days. Let us consider the assessment that the accountants make of the various VAT registration offices. They note that Newry takes 30 days, and Wolverhampton takes 34 days to open applications. Performance appears to be slightly better in Carmarthen, but there are no details. Hon. Members should note that we are considering the time taken simply to open applications.

The accountants' article refers to HMRC's figure of 30 days, although an article in last week's *Financial Times* cited 38 days. Does that figure mean that processing takes place 30 days from receipt, or 30 days from opening applications? If it is taking more than a month simply to open applications, we are contemplating serious problems. As Mr. Arnold and Mr. Gaskell say, it suggests that the 30-day claim is somewhat "misleading".

One of the problems that the tax faculty article identified is the large increase in the number of applications for VAT registration, which the Government's legislation on managed service companies has caused. I am sure that we will revert to that subject later because it has caused a substantial increase—approximately 20,000—in applications. The VAT application officers have simply been unable to cope with that.

6.15 pm

The issue raises several questions, and I would be grateful if the Financial Secretary could answer them. Do the Government accept that performance in dealing with VAT applications is declining? Does the Financial Secretary have any further up-to-date figures? Does he maintain that 95 per cent. of cases are tackled in 30 days, or 38 days? Does that time run from receipt of applications or opening of applications?

The accountants have raised concerns about the closure of the Newry VAT office. What will be the effect of that? HMRC appears to have acknowledged that it will cause further delays. What steps did HMRC take to mitigate the problems that the proposals for the managed service companies caused? Was it anticipated that they would cause an increase in VAT applications? What was done to tackle that? Are the problems exacerbated by attempts to reduce HMRC staff? Is that a wider problem in HMRC? Are legitimate companies that are trying obtain a VAT registration feeling the impact of attempts to reduce staff? How targeted are the problems relating to VAT registrations at companies that are in high-risk areas for missing trader intra-Community fraud? The problem appears to be much greater than simply a handful of companies in key high-risk areas, such as mobile phones or specific electronic goods.

The second cause of concern is VAT repayments. In Committee, I provided several examples of difficulties with VAT repayments. Again, there is clearly a relationship with MTIC fraud; indeed, it is even stronger. The system of extended verification, which has caused delay in several cases, is undoubtedly an attempt—on the face of it, a successful attempt—to tackle MTIC fraud.

Two statistics are wheeled out. First, in 95 per cent. of cases in which traders are subject to extended verification, participation in or profit from MTIC has been found, or sufficient suspicion exists to warrant further investigation—"sufficient suspicion" in the opinion of HMRC, presumably. There is a distinction between cases in which someone subject to the extended verification system has been found to participate in or profit from MTIC fraud and those in which sufficient suspicion exists. Is it possible to break down the figure of 95 per cent. to ascertain how many traders fall within each category?

The second figure that HMRC uses is the 1 per cent. of withheld VAT, which is subsequently found to have been correctly claimed and properly payable. The test of "correctly claimed and properly payable" is higher than that for being involved with MTIC fraud. I sought further clarification through parliamentary questions without success about whether it could be argued that an element of the VAT funds that are not being repaid do not relate to MTIC fraud but to a technical, perhaps minor, breach of the claim form. I should be grateful for that further clarification.

There is a concern that staffing underlies many of the problems, especially those with VAT registration. In Committee, I raised the case of Viking Garages, and a professional adviser to the company pointed out, in connection with VAT repayments:

"HMRC are putting woefully inadequate resources to the team responsible for authorising repayments".

Do the Government recognise that there is a problem, and a staffing issue? If so, what steps will they take to improve the position?

Both issues hamper legitimate business. There is concern that the delays are preventing us from dealing accurately with MTIC and from taking well-targeted action, but there is broader anxiety that the legitimate needs of legitimate business have not been facilitated by HMRC. New clause 4 highlights and attempts to address those concerns. For 12 months, professional bodies and members of the Conservative party have sought to improve something that HMRC has recognised is a serious problem. I hope that the Financial Secretary accepts that there is a problem, and will provide reassurance that those concerns will be addressed.

Mr. Philip Dunne (Ludlow) (Con): I support the powerful case made by my hon. Friend the Member for South-West Hertfordshire (Mr. Gauke) for new clause 4, particularly on the repayment of VAT. Some 1.8 million businesses are VAT- registered, and they submit 7.6 million assessments each year. In the year ending March 2006, 85 per cent. of those assessments were paid on time, which means that a substantial number were not. The new clause would assist the Revenue in sharpening up its act, and would both help it to catch up with those who have not paid their VAT bill on time and ease the burden on businesses that have not received their repayments on time. In the absence of such a provision, the Revenue has paid insufficient attention to the efficiency improvements that are needed following its combination with Customs and Excise.

The Revenue is quick to fine businesses that do not submit their returns on time. Indeed, if a business is two weeks or more late in filing its return, a default fine is automatically imposed. In the year ending March 2006—the latest year for which figures are available—the Revenue issued 250,000 late filing penalties, which is an increase of 10,000 on the previous year. The total value of VAT-related penalties earned by the Revenue that year was £270 million. That is a significant source of tax revenue, which HMRC could clearly increase, given the proportion of fines that have not been paid. However, there is an imbalance, as HMRC's performance in refunding overpayment is not subject to anything like such rapid equivalency. Indeed, businesses can apply for compensation only once an inquiry launched by HMRC into VAT irregularities is completed. As we heard from several hon. Members in Committee, that may take a very long time indeed, even for businesses that trade legitimately and supply the information requested by HMRC. They do not receive such payments as a result of HMRC's inefficiencies.

I am dealing with a constituency case that involves a company whose VAT payment for March 2006 is under investigation. It was not notified of the investigation until six and a half months later, in mid-October. An overpayment had been made, so the Revenue may have suspected MTIC fraud—indeed, it transpires that that was the case—and it launched an inquiry. Fourteen months later, the company is still waiting for the inquiry to conclude. There is a catalogue of errors in HMRC's systems, with which I will not bore the House—but to illustrate the challenges facing companies I should explain that that business, having failed to receive a refund of the significant overpayments in its March return and its subsequent May return, received a demand from the Revenue regarding the non-payment of corporation tax. The Revenue decided to pursue the company through the courts for the tax, which amounted to roughly 20 per cent. of the VAT overpayment due to the company. The company got into cash flow difficulties as a result of the Revenue retaining its funding, and business more or less ceased. It was only as a result of my intervention with Mr. Gray at HMRC that the Revenue backed down from its demand for corporation tax and stopped pursuing the company into liquidation through the courts. Fourteen months later, however, despite repeated correspondence with Mr. Gray on the company's behalf, there is no resolution in sight.

If the Government accepted the new clause, the Revenue would be obliged to report regularly on its performance, so it would have a salutary effect both on the way in which HMRC chases up people who default on payments and on cases in which overpayments have not been refunded. As a final illustration, may I rehearse for the House a point that I made in Committee about online filing and HMRC's woeful performance in meeting its own targets? By March of this financial year, HMRC aims to achieve a target of 50 per cent. of VAT returns filed online. As of March—the end of the last financial year—only 9 per cent. of returns were filed online. The new clause would encourage substantially greater efficiencies in HMRC, so it should be supported.

Julia Goldsworthy: I shall be brief, because the hon. Member for South-West Hertfordshire (Mr. Gauke) outlined very clearly a significant problem in VAT registration and repayment. It is important to underline the impact of such problems on businesses. Hon. Members have given examples of businesses that have ceased trading as a result of delays, so we should not underestimate the problems on the ground. As always, it is difficult to balance the interests of law-abiding businesses with the need to tackle the fraudulent endeavours of people trying to cheat the system. Liberal Democrats have always made it clear that they are sympathetic to the Government's efforts to tackle the issue. MTIC fraud is a significant problem that costs the Treasury billions of pounds a year, so we support the Government's efforts to introduce a reverse charging system to overcome it.

I am sympathetic to the intention behind new clause 4, but I wonder whether it is too bureaucratic. If HMRC officials are already struggling to deal with repayment applications, the provision might make the spiral even worse. If I have any hesitation, it is about the fact that the proposal may be more time consuming for officials who are struggling to cope with the new measures that have been introduced as a result of reverse charging and the verification process. They are trying, too, to cope with restructuring and staff cuts, which have had a wider impact on the system. I should be grateful if the Minister told the House the average time that it takes an HMRC official to process applications for repayment and to deal with verification.

Finally, I do not know whether the Minister will accept the new clause, but businesses are seeking genuine assurances from him that the wider HMRC reforms and efficiency changes will not have a negative impact on their ability to complete the VAT verification process or to seek repayment. Efforts to counter MTIC fraud should not affect law-abiding businesses. Above everything else, with respect to the hon. Member for South-West Hertfordshire, who tabled the new clause, ultimately that is what small businesses seek from today's debate.

6.30 pm

Mr. Redwood: Business is looking for greater speed and greater co-operation from all parts of Government, and I am delighted that my hon. Friend the Member for South-West Hertfordshire (Mr. Gauke) has highlighted the need for improved performance in the important area of VAT refunds and VAT registration. The asymmetry has already been illustrated in one respect. If a business files late, there is an automatic penalty. If the Revenue and Customs is late in returning, that is bad luck on the business concerned.

There is another asymmetry that is relevant and extends more widely across Government: the asymmetry between the standards now expected of a world-class business in terms of error and delay, and the standards that we have grown used to expecting from Government. A world-class business would think it bad to have an error rate as high as 0.1 per cent., and it would expect very little delay in service or product delivery to its customers, yet we are discussing an organisation where 40 per cent. of the initial registrations and 14 per cent. of the refunds are delayed. Those are massively large figures representing millions of cases of late refunds over a reasonable period, which would not be acceptable in the private sector.

It is the Government's job and a Minister's task to engage with senior officials and administrators to try to lift Government standards to something like those that world-class competitive businesses must hit or go out of business. As we have heard, small businesses and some big businesses can be extremely embarrassed if an important refund is much delayed, because they budget their cash flows to very fine tolerances. If a large cheque from Revenue and Customs is missing, that can make a big difference to the business's future and therefore to the jobs represented by that business.

James Duddridge: I thought that I had left VAT returns behind when I moved from business to politics, although as the Financial Secretary knows, I maintain a keen interest in VAT issues as HMRC has three main buildings in the constituency that I represent, two of which deal with VAT issues. With reference to my local VAT office, I have had a number of discussions about job cuts in HMRC, and from the Front Bench my hon. Friend the Member for South-West Hertfordshire (Mr. Gauke) expressed concerns about the impact of job cuts on already worrying performance figures. I support new clause 3 in particular, as it is right that we examine the performance figures in detail.

My second point involves a recent constituency case. A constituent recently visited me who was concerned that an internet-based competitor was selling goods without paying any VAT. I wrote to the Financial Secretary, who took the matter extremely seriously, although for understandable reasons he wrote back to say that he could not correspond about a third company and reveal details. From my investigation of the matter, there seems to be concern in the industry that, because of carousel fraud, the performance figures of HMRC were adversely affected. That was affecting not only repayments and the processing of applications, but other fraud issues relating to VAT. I should appreciate reassurances from the Minister that non-carousel fraud is being investigated equally and that resources are not being sidetracked because of carousel fraud.

Finally, in my discussions with a number of people about the case that I mentioned, concerns were raised that managed service companies are submitting thousands of new companies for VAT registration on a daily basis. Can the Financial Secretary allay my concerns or put a number on the VAT applications coming through daily and monthly? Will he confirm reports that up to 20,000 applications in bulk have been submitted to HMRC in one day? That would explain some of the performance figures and performance concerns.

Mr. Newmark: When the issue of timely VAT repayment was raised in Committee in the context of MTIC fraud, the Financial Secretary commended me for speaking with some passion on the subject—at least, I think it was a commendation. It will come as no surprise to him, then, that I want to return to it.

As my hon. Friend the Member for South-West Hertfordshire (Mr. Gauke) told the Public Bill Committee, the problems with timely VAT registration and repayment have been a matter of some interest to

the Treasury Committee. The acting chairman and the director general of enforcement and compliance at HMRC both admitted to the Treasury Committee that VAT registration was an area in which HMRC was under considerable pressure.

However, my interest, or rather my passion, stems from the fact that I have seen the effect that the pursuit of MTIC fraud can have on a business when it causes significant delay in VAT repayment. I therefore welcome new clauses 3 and 4, because they both improve parliamentary oversight and introduce some form of benchmarking in HMRC's treatment of VAT. However, the first depends on the second if it is to be effective. The value of scrutiny depends, to a large extent, on the existence of benchmarks and standards of reasonable behaviour. That is particularly important in respect of MTIC fraud.

First, there is a consensus that tackling MTIC fraud is necessary and beneficial. However, the unintended consequence of that consensus is that scrutiny becomes more challenging, because we must be careful that an attack on the effectiveness of the repayment system is not construed as an attack on anti-avoidance itself.

Secondly, the Government are fond of telling the House how fiendishly complicated MTIC fraud is and how HMRC is engaged in a running battle to outwit its perpetrators. The reasoning is that complication justifies delay. The logical outcome of the endless race between fraudsters and HMRC is that as complication increases, so must delay. That was the essence of the Financial Secretary's argument in Committee. He told me:

> "Given the complexity involved, it is not surprising that the process of focusing on the trading patterns or traders that we suspect are most at risk can take some time."—[*Official Report, Finance Public Bill Committee*, 7 June 2007; c. 492.]

Nevertheless, there remains a point at which delay becomes unreasonable and unjustifiable, whatever the worthy objective behind it. The Financial Secretary cited a figure of 12 months for the completion of verification checks which had been accepted by the courts. If that is truly a reasonable and justifiable delay, let the Treasury specify it in an order, or let HMRC print it in a glossy brochure so that businesses know what to expect.

Thirdly, the Financial Secretary argued that HMRC's record on MTIC fraud is very good, showing that the Government's strategy on MTIC fraud is well focused. He cited the figure that we heard earlier, that only 1 per cent. of the VAT that had been withheld because of verification was found to be correctly claimed and repayable, but that statistic will be of little comfort to those who are caught up in investigation, and it has no direct bearing on whether HMRC can agree a timetable for verification and then stick to it.

I raised the issue in Committee because I was worried that HMRC might lack the resources that it needed to cope with the scale of MTIC fraud. Publicised time scales for VAT registration and repayment would assist resource management within the organisation. It would also be invaluable to businesses that rely on prompt VAT repayment in order to maintain a healthy cash flow.

One of my constituents was a director of a firm that was caught up in an MTIC fraud investigation. My constituent's company supplied mobile phones, and it had exports totalling £60 million in 2006. It waited some 10 months for a VAT repayment claim of £6.7 million to be met while "extended verification" procedures were carried out on its supply chain. Unfortunately, that wait did not have a happy outcome; on 17 January, the company went into administration due to the significant dent in operating cash flow represented by that £6.7 million, which is a substantial sum for a company with a £60 million turnover.

It is unfortunate to say the least that any company should be driven to the wall in those circumstances. I do not wish to second-guess HMRC's judgment on that particular case, but I do question the process. I suspect that the uncertainty of living month to month while investigations were carried out was the final straw for my constituent. He also told me that he did not think that any investigation was going on for much of those 10 months, as few of his suppliers were even contacted.

Proposed subsection (3) of the new clause would ensure that HMRC had an incentive to get a move on, since running out of time would result in a determination in favour of the application. It is better that HMRC should run out of time than a company should go to the wall or go bust having run out of money. What the new clause does not do is prescribe a reasonable time scale. It is quite right that HMRC should, informed by all the relevant operational considerations, advise the Treasury on an appropriate time scale. Once in place, however, that time scale would introduce some accountability and get companies that are being investigated for MTIC fraud out of limbo.

My final word is a note of scepticism on proposed subsection (5) concerning force majeure. As we heard earlier, Mr. Eland, the director general of enforcement and compliance at HMRC told my hon. Friend the Member for South-West Hertfordshire that HMRC was

> "getting better IT backup to carry out some of the fraud checks so that we can do the checking more quickly."

Given the Government's woeful record on IT projects, I hope that the routine IT failure will not be brought within their ambit under force majeure.

John Healey: We have had yet another good debate on the challenges facing HMRC and the Government in tackling some of the systematic and very serious fraud perpetrated against our VAT system. I welcome the support that hon. Members in all parts of the House have given us in that regard. We have also had a useful debate, as we have done previously during the Bill's passage, on some of the problems that are evident and that senior HMRC officials and I have recognised and are concerned about in relation to delays in VAT registration and repayments. I shall come in a moment to the provisions in new clause 4, which I do not think will help deal with those problems. Nevertheless, given the scale of the work that HMRC does and the intense impact and difficulties that can be caused for individual companies, it is appropriate that we debate these matters on the Floor of the House.

The hon. Members for Ludlow (Mr. Dunne), for Rochford and Southend, East (James Duddridge) and for Braintree (Mr. Newmark) all mentioned particular

[John Healey]

constituency companies. If each of them separately would like to give me the names of those companies, I shall consider the cases. I shall check on the present position of the company raised by the hon. Member for Ludlow and ensure that he receives an update, and I shall do the same for the hon. Member for Rochford and Southend, East, whom I can reassure in passing that carousel fraud in the VAT system is a major concern, although our vigilance on other forms of VAT fraud continues. If the hon. Member for Braintree can let me have the name of the company—we have discussed it before and I have caused inquiries to be undertaken, as I undertook to do—for the purposes of taxpayer confidentiality and to ensure that I have the right company, I can, with that confirmation, get back to him on the current position.

Mr. Newmark: I appreciate the Financial Secretary's comments, but the spirit in which I was trying to make my points was not so much about the case itself as about the process that it had to go through, which lasted rather a long time. That was the thrust of my argument, rather than the rights and wrongs of HMRC's judgment on my particular constituent's case.

6.45 pm

John Healey: I appreciate that, and even where the hon. Gentleman has been very critical of the Government in the thrust of his argument, I accept the manner in which he has put it.

The hon. Member for South-West Hertfordshire (Mr. Gauke) asked me for specific information on certain important aspects. Let me try to deal with them at the outset, after which I shall come on to the proposals set out in the new clause. First, claims that registration applications have not even been opened are simply not true. Post received by the registration units is opened on the day of receipt. The timetable against which HMRC attempts to manage its operations, which it monitors and then is judged against, counts from the point of receipt of the form.

On repayments, the hon. Gentleman said that he had been pressing for more information and a breakdown of some of the figures that he and I have discussed previously. In particular, I refer to the process of verification of repayments that may have been linked to MTIC loss where there are grounds for further investigation. In a third of those cases—or, if he likes, 95 per cent. by value—there was firm evidence of links to such fraud. In two thirds—by number, but not value—there are strong indications of such links, warranting further investigation. I hope that that helps him with his question.

The hon. Gentleman asked about the closure of the Newry office, and indeed about the proposals to close the Carmarthen office as well. That is part of a long-term process of making sure that, as in other parts of government, we can deliver the services that are required—by taxpayers, in this case—better, but do so more efficiently with the resources that we have. That is part of a long-term process of reducing delays and backlogs. Increasing capacity at Wolverhampton and Grimsby will ensure that there is no need in future for four processing sites. Clearly, however, the capacity is not there yet and Newry will not be closed until capacity in the other centres has been increased.

I welcome the hon. Gentleman's response to Government amendment No. 2, which changes the procedure for this House in considering Treasury orders relating to joint and several liability provisions for VAT. In future, both types of order will be subject to the affirmative procedure.

Let me turn now to the new clause and concerns about registration and repayments. I understand the concerns and I recognise that problems have been caused to some legitimate businesses, but I think that hon. Members on both sides of the House have also recognised the necessity of the action that HMRC has to take to try to counter what is a very serious and systematic form of fraud. We already have a good deal of scrutiny of HMRC's performance in these fields, and there are also well-established arrangements for judicial challenge, should that be required. I hope that the hon. Gentleman will accept that his new clause is not necessary and may risk causing complications and further problems.

There must be agreement across the House that, as well as delivering the highest possible quality of service for compliant and legitimate businesses, it is important for HMRC to guard against the threats of fraud and attack. The House is well aware of the scale of that threat; its impact on VAT receipts was estimated at between £2 billion and £3 billion in 2005-06. The House is also well aware of the range of measures that the Government have taken to stem those losses. I am confident that the combination of those measures, together with the work of HMRC officers in tackling the fraudsters, is beginning to have a significant impact on the scale of MTIC fraud losses.

In 2006-07, 7,100 applications for registration were refused on the grounds that they were suspect, and 2,500 applications were registered with specific conditions such as financial security. It remains the case, however, that the two key components of HMRC's MTIC strategy must be, first, to prevent bogus businesses from obtaining a VAT registration, because without that it is not possible to operate that form of fraud, and, secondly, to verify that VAT repayment claims suspected of arising from the supply chains affected by that type of fraud are properly checked and verified.

VAT-registered businesses submit about 2 million applications for repayment every year, which is worth between £50 billion and £55 billion. The House will accept that it is only right that those returns are subject to certain credibility checks before payment is made. Just 10 per cent. of all repayment returns fail those credibility checks and are therefore selected for further checking—in other words, nine out of 10 returns are not selected for further checking. A tiny fraction of those claims is suspected to be linked to MTIC fraud and is therefore subject to a highly targeted process of extended or in-depth verification.

The verification of suspect repayments that may be connected to MTIC fraud can be complex and time-consuming, not least because such organisations deliberately make it time-consuming to check their complex supply chains. I am glad that Opposition Members accept that only 1 per cent. by value of the VAT withheld under that programme has been found to be correctly claimed and properly payable. In 19 out

of 20 cases in which traders have been subject to extended verification, HMRC has found either evidence that traders have participated in or profited from trading linked to MTIC fraud or sufficient grounds for suspicion that further investigation is required to determine the veracity of the claim.

As VAT registration is clearly the entry point to MTIC and other types of serious VAT fraud, it is right that we take stringent action to deny fraudsters the opportunity, where we can. That includes rigorous pre-registration checks, which can cause delay. However, the picture behind the performance of HMRC on VAT registration is rather more complex than that. Historically, the delays in registration have been largely due to incorrect or incomplete applications, and the introduction of a new form in December last year made registrations easier to complete accurately—the number of people who get their applications right first time has increased from 30 per cent. to around 70 per cent. The assessment procedures around registration have become more targeted, and they have also become more flexible as we have detected changing risks. Nineteen out of 20—95 per cent.—of applications are now cleared for registration after an initial check, and for those applicants the average time to process an application is currently 38 days. I acknowledge, however, that there are also some unacceptable delays in the registration service at the moment.

The hon. Member for South-West Hertfordshire cited Mr. Paul Gray, the HMRC chairman, and Mr. Mike Eland conceding that point before the Treasury Committee and asked what steps HMRC is taking to tackle those delays. First, a taskforce has been set up within HMRC further to concentrate on the highest risk applications to minimise the disruption caused to other legitimate applications. Secondly, the maximum resource possible has been committed to introducing the medium-term changes to concentrate registration staff and expertise in two sites rather than four. Thirdly, there has been a concentration on making the necessary improvements to the computer system. I recognise that it may take some time to get those measures precisely right. HMRC has told me that it is confident that by the autumn it will be on track to deliver a sustained improvement in the registration service that serves taxpayers' needs while remaining tough and strong on fraud. On top of the undoubted pressure with which HMRC is dealing, Opposition Members have proposed a new obligation, which could cause further problems.

There is an established series of regularly and properly used procedures in this House for holding HMRC to account and for HMRC to report to this House, and there are a number of judicial safeguards and methods of redress for companies that may require them. In the end, HMRC is, of course, subject to judicial review for its actions, and it is noteworthy that the courts have consistently supported HMRC's verification approach, including checks made in the past 12 months. To date, all cases reaching a full hearing in the courts have been dismissed.

I submit that HMRC has recognised the drop in the proper and rightfully expected performance on registrations and that steps are being taken to rectify the situation. The fact that that is a temporary dip in performance levels and that the Government will implement public service agreements to ensure that the situation is effectively monitored and scrutinised in the future mean that new clause 4, which would give the Treasury the power to propose statutory time limits for processing VAT registration and repayment applications, would be counter-productive. In the context of a VAT registration service that is currently under pressure and that is dealing with temporary problems, new clause 4 is a disproportionate overreaction. As the hon. Member for Falmouth and Camborne (Julia Goldsworthy) has rightly pointed out, it might have the perverse effect of tying up HMRC in unnecessary bureaucracy and litigation at a time when all of us want it operationally to sort out the problems and delays on registration and to maintain the pressure on VAT fraudsters.

I hope that I have been able to give the hon. Member for South-West Hertfordshire and the House the reassurances that they have been looking for. I therefore hope that the hon. Gentleman will not consider it necessary to press new clause 4 and that the House will welcome Government amendment No. 2.

Mr. Gauke: I agree with the Financial Secretary that we have had a good debate this afternoon. My hon. Friends the Members for Ludlow (Mr. Dunne) and for Braintree (Mr. Newmark) and my right hon. Friend the Member for Wokingham (Mr. Redwood) have highlighted some of the issues for business caused by the delays in VAT registrations and repayments. Indeed, the hon. Member for Falmouth and Camborne (Julia Goldsworthy) supported the objectives of new clause 4.

I am grateful to the Financial Secretary for clearly acknowledging the difficulties. He has referred to 95 per cent. of VAT registration cases being determined within 38 days, which is somewhat above the 21-day HMRC target. He has been clear that problems are evident, and he has recognised the difficulties for businesses and that some of the delays are "unacceptable".

The Financial Secretary adopted a slightly different tone than has sometimes been the case for Ministers. On 24 January in evidence to the Treasury Committee, the Paymaster General did not seem to recognise the difficulties. None the less, I appreciate the tone adopted by the hon. Gentleman. He has been clear that he sees this as a temporary dip. Obviously we will watch the situation closely to see whether the steps that he outlined that HMRC is taking to address this succeed in meeting those objectives. If next year improvements have not been achieved, we will look at the matter again. However, I beg to ask leave to withdraw the motion.

Motion and clause, by leave, withdrawn.

New Clause 8

Rural Fuel Discount Scheme

'(1) The Treasury shall by regulations provide for the introduction, by no later than 1st May 2008, of a Rural Fuel Discount Scheme.

(2) The purpose of the Scheme is to provide a rebate on road fuel duty to qualifying persons at qualifying retail outlets.

(3) Qualifying persons under subsection (2) are persons residing in remote rural areas and qualifying retail outlets are outlets located in remote rural areas.

(4) Regulations under subsection (1) may—

(a) specify the amount of the fuel duty rebate;

(b) define "remote rural areas" in such a way that the combined total of the qualifying remote rural areas does not contain more than three per cent. of the total population of the United Kingdom;

(c) specify how the rebate is to be applied, including—

(i) how a person's eligibility for a rebate is to be verified at the point of purchase of road fuel, and

(ii) how any administrative costs are to be defrayed;

(d) provide for it to be an offence for a person fraudulently to claim a rebate to which he is not entitled;

(e) provide for a system of registration of eligible vehicles.'.—*[Danny Alexander.]*

Brought up, and read the First time.

7 pm

Danny Alexander (Inverness, Nairn, Badenoch and Strathspey) (LD): I beg to move, That the clause be read a Second time.

The new clause would reduce the burden of high fuel costs on residents in remote rural areas, such as those in the highlands and islands, including in parts of my constituency and those of other hon. Members. Some hon. Members here were present for a similar debate this time last year, and I welcome the opportunity to return to the subject. I recall that Labour Members chose to vote against the new clause on that occasion, and Conservative Members by and large abstained. I hope to have a little more support this time, although I note—perhaps this is an augury for the future—that the Chancellor of the Exchequer did not vote last time, so perhaps this is an issue on which he wishes to move forward when he becomes Prime Minister in a few days' time. However, as my hon. Friend the Member for West Aberdeenshire and Kincardine (Sir Robert Smith) says from a sedentary position, his track record may suggest that his heart does not warm to this issue.

In bringing forward the new clause, I have tried to address some of the criticisms that were made when the matter was last debated and I have come up with a modest proposal, but one that will make a real difference and help to remedy a real disadvantage. This is a matter that I raised, in writing, with the Chancellor before the last Budget, and I am grateful for the reply that I received from the Financial Secretary, although it was not particularly positive in terms of moving the issue forward.

Mr. Redwood: Will not second home owners and millionaires be eligible for this within the chosen areas?

Danny Alexander: The right hon. Gentleman raises an important question about the definitions, to which I will come, but I should like to outline my argument first and then address his point.

The justification for the new clause is that in those remote areas where a car is most necessary, where public transport is lacking and long distances are the norm, fuel prices are far higher than they are elsewhere. As of yesterday, the average price for a litre of unleaded petrol in the UK was 96.9p. In Aviemore, in my constituency, it was 99.9p. In Stromness, in the constituency of my hon. Friend the Member for Orkney and Shetland (Mr. Carmichael), it was 102.9p. In Lerwick, in Shetland, it was 105.4p, a difference of 10p compared with the UK average. In Dalwhinnie, in my constituency, the average price was 101.1p. In Thurso, the average was 102.3p, showing a range of differences in the sorts of areas that might well be caught within the scope of the new clause, of between 3p and 10p a litre.

Mr. Alan Reid (Argyll and Bute) (LD): If my hon. Friend were to take a example from small islands, he would find a far greater differential. The usual price differential between the isle of Coll and Glasgow is about 30p a litre.

Danny Alexander: My hon. Friend makes an important point about the impact of high fuel prices on island communities.

Two pensioners wrote urging me to point out to the Chancellor that their car was their lifeline and that this proposal does a great deal to take into account the needs of pensioners in remote highland communities.

Not only is the price of fuel important. There is a triple whammy. There are the higher fuel prices, the fact that people in such areas travel much longer distances than in other parts of the country, and the lack of public transport. In many cases, there is either no viable public transport alternative, or a very limited public transport alternative. That all contributes to the fact that in the highlands, fuel costs are a higher proportion of domestic costs than the average across the UK—18 per cent. of disposable income is spent on fuel in the highlands, compared with a UK average of 13 per cent.

James Duddridge: The hon. Gentleman repeatedly refers to the highlands and to Scottish constituencies. Would any English or Welsh constituencies be affected, particularly given his definition of remote rural areas? Was the 3 per cent. figure put in place to include and exclude certain constituencies, and why not 2 or 4 per cent?

Danny Alexander: The hon. Gentleman makes an important point. That figure was not put in to limit the measure to particular constituencies, but to make it clear—this was a criticism made from the Opposition Front Bench last year—that there was no particular limit on the scope of the number of people who might be entitled to this rebate. It is important to make it clear that it is not just Scottish constituencies, but areas within constituencies in England and Wales, that would benefit from this scheme. I intend to explain in more detail the definitions that I propose to use.

Stewart Hosie: The 3 per cent. figure is interesting, because it solves some of the difficulties that we have had previously with the various definitions of remote, rural and sparsely populated areas. The implication of this is that it is the car owner who is liable to get the discount. Is the hon. Gentleman suggesting that it would be a car owner or a vehicle registered in a particular area, which would include the people who lived in that area? Does he intend that this will extend more widely in the remote areas that meet that 3 per cent. definition to take into consideration tourists who travel in such areas?

Danny Alexander: The hon. Gentleman makes an important point. The scheme would not apply to tourists. There is a good case for having a more generally available scheme to answer such points, but one of the major arguments against the proposal last year, which the hon. Gentleman supported, was the potential for leakage outside the target population for the measure. The reason for limiting the scope is to try to find a way to deal with the problem of leakage in an effort, I hope not a vain one, to encourage Treasury Ministers to look more favourably on trying to find a way to move this forward.

As I was saying, fuel prices are a higher proportion of costs and average incomes are lower in the highlands—they are only 85 per cent. of the UK average—and that is important in the context of social justice. I am a member of the Scottish Affairs Committee and we recently visited Bonar Bridge in the highlands, and it was made clear that one of the major barriers to work for people on low incomes was the perception that in addition to all the other calculations that would have to be made in terms of being better off in work, there was the cost of travel to work. That also applies to the long distances that many people who live in remote areas have to travel to access public services.

John Thurso (Caithness, Sutherland and Easter Ross) (LD): While my hon. Friend was visiting Bonar Bridge in my constituency, did he notice that there were no petrol stations there? The nearest one, a mile away in Ardgay, closed because it was not viable. The residents of the area now have the added burden of having to make roughly a 25-mile journey to fill up.

Danny Alexander: I did indeed notice that. I hope that the scheme that I am proposing would benefit not only the people who live in remote rural areas but the filling stations located in those areas, which provide a vital service to their communities.

The scope of the duty rebate would be limited under European law by the energy products directive. Briefings from the House of Commons Library have made it clear that the directive limits the scope of any rebate to 3.54 euro cents per litre. I use the euro cents definition for the benefit of the right hon. Member for Wokingham (Mr. Redwood) and others. At today's exchange rate, that would equate to 2.4p per litre of unleaded petrol. The proposal would not, therefore, go the whole way towards closing the gap that I have described. Indeed, I might choose on another occasion to argue that the amount allowable for the rebate should be greater, because of the differences in prices that I have described, particularly in island communities. However, that argument should be left until the principle behind the measure that I am proposing has been established. I hope that the House will show its support for that principle by supporting new clause 8.

The scheme would be available to people who live in remote rural areas when they purchase fuel in filling stations located in those areas, thereby protecting those valuable services. There would be a need for the scheme to be administered, perhaps using a simple swipe card system. Hon. Members representing Scottish constituencies will know about the Scottish Executive's air discount scheme, which entitles people living in island communities to discounts on their air fares as they travel back and forth from their homes. It is possible to administer schemes of this nature in a simple, cost-effective way, but administration would none the less be needed, not least to protect against the potential for fraud and leakage that Treasury Ministers were concerned about last year. For the same reason, it would be linked both to the individual and to their registered vehicle. I do not believe that there would be leakage or fraud, but having a simple registration scheme for the individual person and their vehicle would address the concerns previously expressed by Ministers.

Stewart Hosie: The hon. Gentleman has referred to both the owner and the vehicle. Will he clarify to which one the rebate would apply? If it would apply to a vehicle that is registered and routinely used in a sparsely populated area, I can appreciate that. If it would apply to an individual who used a number of vehicles in such an area, perhaps for work, I would understand that too, but there needs to be clarity as to whether it is the one or the other.

Danny Alexander: The new clause is clear on that point. The discount would apply to individuals who had their main residence in such areas, but the vehicles that they wished to use while claiming the discount would also have to be registered.

The right hon. Member for Wokingham made a good point when he asked how we could protect against second home owners taking advantage of the discount. There are already schemes in place in which second homes have to be registered for certain purposes, such as the claiming of council tax discounts. Perhaps that information could be used for these purposes. Equally, it could be a requirement that the home that was registered for the purposes of the discount should be the person's principal private residence for tax purposes. That does not wholly answer the right hon. Gentleman's question, but it would at least partly tackle the issue that he has raised.

International comparisons also exist. France, Greece and Portugal already take advantage of the derogation available under EU law, albeit for slightly different purposes.

James Duddridge: Knowing what a hassle it is to register for the congestion charge and to pay it on various days, I wonder what assessment the hon. Gentleman has made of the administration costs and bureaucracy that would be involved in this process, in terms not only of money but of the hassle for our constituents.

7.15 pm

Danny Alexander: I think that this scheme would be a great deal easier to administer than the congestion charge, not least because the eligible registrants would be receiving a benefit rather than paying a cost. That would result in a great deal more enthusiasm for the registration process, which could be made very simple. I gave the example earlier of the air discount scheme, which has a very simple registration process. Adopting something along those lines would ensure that the procedure was neither complicated nor bureaucratic.

[Danny Alexander]

I have also, quite fairly, been asked what exactly constitutes a remote rural area. The 3 per cent. figure has been referred to, and the new clause makes it clear that such an area would be defined by regulation. However, I should like to make some suggestions on that point. There are different definitions of remote rural areas in Scotland, compared with England, Wales and Northern Ireland. I would suggest that, in Scotland, areas classified as remote small towns, very remote small towns, remote rural areas and very remote rural areas under the Scottish Executive's urban and rural classification scheme—with which I know Members will be familiar—should be included. In England and Wales, sparse rural small towns, villages and dispersed areas—as defined by the Countryside Agency's rural and urban area classification scheme of 2004—seem broadly similar to the Scottish definitions that I have described.

On the basis of those definitions, I estimate that 2.71 per cent. of the UK population would be entitled to claim the proposed discount. I do not have an estimate of the number of filling stations in those areas; that information is not available. The 3 per cent. limit would allow for some variability in the definitions if, for example, it became necessary to ensure that there was absolute consistency between the arrangements in Scotland, England, Wales and Northern Ireland. Those definitions are clearly understood by the agencies that promulgated them, and they are already used by the Government for other purposes.

My assumptions on costs may be challenged but, working on the basis of a discount of 2.4p or 3.54 euro cents for that percentage of the population, if everyone spent all the money that they spend on fuel in rural filling stations and consumed fuel on an equal basis, I estimate that the cost would be about £32 million.

Stewart Hosie: The hon. Gentleman has just mentioned people spending money in rural filling stations. The new clause states:

"The purpose of the Scheme is to provide a rebate on road fuel duty to qualifying persons at qualifying retail outlets."

Is it not possible that someone might qualify but choose to buy their petrol in an area that is not considered remote, because that was a sensible thing to do? How would the scheme work in those circumstances?

Danny Alexander: The hon. Gentleman makes an important point. The purpose of the scheme is to level the playing field. In my constituency, for example, the city of Inverness would not qualify for the discount under the scheme because petrol prices there are pretty near to the UK average. We are not seeking to implement the scheme in such a way that it would lead to a cut in prices there. Similarly, if the hon. Gentleman drove to London and bought petrol here, that would not qualify. In the case of Inverness, I shall concentrate on persuading Tesco to cut the price of its fuel to the same level that it charges at its store in Elgin, where it has competition from Asda. It has no such competition in Inverness. That would ensure an additional benefit.

The scheme would bring significant benefits to rural areas and address an obvious injustice. In the longer term, a scheme involving road user pricing would bring the combination of benefits and environmental advantages to remote rural areas that the Liberal Democrats are seeking to achieve. In the meantime, however, given that a car is a necessity in those areas, and the amount of car use will not be reduced or increased, it would be wrong to reject the new clause on an environmental basis. We have other ways to promote the use of fuel-efficient vehicles, for example through vehicle excise duty incentives. The scheme is designed to reduce the additional cost burden on people living in the communities that I have described, and I commend it to the House.

Mr. Paul Goodman: I want to pay two compliments to the hon. Member for Inverness, Nairn, Badenoch and Strathspey (Danny Alexander). First, he undoubtedly spoke from the heart on behalf of his constituents. Secondly, in putting the proposal together, his party has made some attempt to listen to some of the criticisms that were ventilated in relation to last year's proposals, which he mentioned, and to which I will return in a moment.

As was apparent, the new clause is the Liberals' latest attempt to find a workable solution to some of the problems that undoubtedly afflict people living in remote rural areas and rural areas generally. As I said in Committee, it is incontestably true that people living in remote rural areas often do not have access to public transport in the way that people in less remote areas do, nor do their circumstances make walking, or even cycling, practical.

The 2003 national travel survey for England—the hon. Gentleman did not make clear how many people in England and Wales would be covered by the proposal, but we will return to that in a moment—showed that half the residents in rural settlements of fewer than 3,000 people lived within a 30-minute walk of a bus stop. According to the expenditure and food survey for 2002-03, households in such areas spent £70.60 on transport, compared with households in rural areas, which spent £45.50 on transport. Of course, there is less congestion in some areas, which can lead to apparently counter-intuitive results—a bus in a remote area may be less environmentally friendly than a car if that bus carries only a few people. In short, people in such areas often need cars, and the hon. Gentleman's remarks about fuel prices in those areas were entirely apposite.

Sir Robert Smith: To reinforce the hon. Gentleman's bus analysis, not only is a bus with few passengers less environmentally friendly than a car, but a car, because it is used only when a journey is necessary, makes less impact on the environment.

Mr. Goodman: I am sure that the hon. Gentleman is correct, and I think that he made that point in the same debate last year.

Last year, the hon. Member for Inverness, Nairn, Badenoch and Strathspey attempted to alleviate such problems by proposing lower rates of fuel duty in remote areas. The Liberals also tabled an amendment to raise band G vehicle excise duty rates in general, but in some areas to cut all bands, for what were then old cars—including band G cars, which are the most

polluting—and in other areas to cut all bands except band G, for what were then new cars. As Members who were present for last year's debate will recall, those amendments did not stand up to examination in every detail. In effect, that was acknowledged by the hon. Gentleman when he proposed the new scheme. It is perhaps significant that the Liberals have not retabled the VED cut proposal at all this year; they did retable the lower fuel duty rate proposal, but in Committee, not on Report. It was significant that the hon. Member for Falmouth and Camborne (Julia Goldsworthy) said in Committee that she was doing that "to highlight a principle", which suggested to me that she did not have any great confidence in its practicality.

The hon. Member for Inverness, Nairn, Badenoch and Strathspey has proposed, essentially, a coupon scheme, but he described it as a kind of swipe-card scheme. Under the scheme, people who live in remote rural areas and drive eligible vehicles would be entitled to cash in their coupons or swipe their cards at qualified retail outlets for a rebate. That raises several questions.

To return to last year's debate: is there an accepted definition of a remote rural area? The hon. Member for Dundee, East (Stewart Hosie) famously pointed out last year—in Committee, I think—that there are several definitions. Certainly, were the proposal to be progressed, the 3 per cent. figure would have to be considered closely. Once that problem is settled—I shall assume that it is capable of being settled—there is the question of who should qualify, which the new clause as drafted does not make clear. Is it right, for example, that a multimillionaire with a second home in a remote rural area should be able to get a discount, whereas a widow dependent on benefits in an urban area should not? Once that is settled, there is the question of what vehicles should qualify. If band G vehicles, for example, are not to qualify—on paper, there is a case for them not qualifying—will our multimillionaire driving a band F vehicle get a discount, while, say, a farmer on a lower income driving a band G vehicle does not?

Danny Alexander: The hon. Gentleman makes an interesting point. However, in answer to the right hon. Member for Wokingham (Mr. Redwood), who is no longer in his place, I suggested that a requirement that the remote rural area be the individual's primary residence for tax purposes would, except in the case of the small number of multimillionaires who live permanently in such areas, deal with that.

Mr. Goodman: The hon. Gentleman did make that point, but that is not in the proposal that is before us to vote on. He proposes giving the Minister power to define such matters in regulations; I shall return to that point later.

There are further questions. What are the qualifying criteria for retail outlets? How is the identity of the person claiming the rebate to be verified? Should the proposal be met by a commensurate tax rise elsewhere? The debates have already established pretty clearly that the use of the derogation in France has raised fuel rates in some areas, in order to pass on the reduction to others. The hon. Gentleman and his party would have to answer that question. In Committee, the Liberals simply said that they would favour a tax cut. I am simply saying that that is not how the derogation appears to be working in France at present.

John Healey: The hon. Gentleman is right: in France, the derogation is leading to an increase in regional rates. Principally, that is to help defray the costs of responsibilities that used to be carried out by central Government and are now carried out at the regional level, and it is time-limited to three years.

Mr. Goodman: I am grateful to the Financial Secretary for that information.

I am not saying that all these questions are incapable of resolution; plainly they are, or at least might be, capable of resolution. None the less, the terms of the new clause, on which the House will presumably be asked to vote, are, like last year's proposals, not a workable solution. I want to explain why.

Mr. David Heath (Somerton and Frome) (LD): I am listening carefully to the hon. Gentleman's detailed arguments as to why my hon. Friend's proposal does not work. He has acknowledged that those of us in rural areas, where fuel prices are higher and there is no access to public transport, have a problem. What is his solution to that problem?

Mr. Goodman: I am tempted to reply that when we get a workable solution, rather than three unworkable proposals, we will respond with our own; my answer, however, is that I will come to that precise point in a moment, and explain why we might have been able to support the new clause had it been formed in a slightly different way.

A Bill is amendable, but regulations are not. Under the new clause, before the next Finance Bill completes its passage—we must presume that it will not have done so by 1 May—Ministers would introduce the scheme by unamendable regulation. That cannot possibly be right. Were it right to propose such a scheme, surely Members would want to be able to amend the proposal. However, we have not had any proposal that is capable of being amended, only a vague outline proposal.

We would have been pretty sceptical had the Liberals tabled an amendment calling for a report on the swipe-card scheme, but we would have said that the Treasury should publish an assessment. I am not sure why the hon. Member for Inverness, Nairn, Badenoch and Strathspey did not table an amendment calling for a report, because plenty of amendments do. Perhaps he felt that there were already a lot of those. Whatever his reason, he has essentially proposed an outline scheme, which the Minister would be required to rush through before the next Finance Bill is complete and which the House could not amend. On that basis, no one should support it in the Lobby.

Several hon. Members *rose—*

Mr. Deputy Speaker: Order. I am looking for the hon. Member for Falmouth and Camborne (Julia Goldsworthy) among a forest of her colleagues. I think that I should give the Liberal Front-Bench spokesman the opportunity to speak first.

7.30 pm

Julia Goldsworthy: The hon. Member for Wycombe (Mr. Goodman) finished slightly more abruptly than I expected him to, Mr. Deputy Speaker.

I welcome the opportunity to discuss the proposal further, not least because it has been interesting to have a little more light cast on the absence of any constructive proposals from the Conservatives. The hon. Gentleman said that the problem could have been resolved had the new clause been phrased slightly differently, but we see no alternative.

Mr. Goodman: In so far as is practicable, can the hon. Lady explain why her vehicle excise duty proposal, about which her hon. Friends spoke so passionately last year, has not been retabled?

Julia Goldsworthy: I am sure that you would call me out of order, Mr. Deputy Speaker, if I suddenly disappeared down a side alley to discuss the vehicle excise duty when we are talking about a fuel duty rebate. It might be worth pointing out in passing, however, that proposals similar to those made by the Liberal Democrats have been accepted to increase vehicle excise duty. The principles, therefore, have been adopted.

Mr. Alistair Carmichael (Orkney and Shetland) (LD): If those on the Conservative Front Bench accept that there is a problem but choose not to propose a solution, surely the only conclusion we can draw is that they simply do not care.

Julia Goldsworthy: I am afraid that my hon. Friend has drawn a rather depressing, although wholly accurate, conclusion.

In the Committee of the whole House, the hon. Member for Wolverhampton, South-West (Rob Marris) commented on the need to have carrots and sticks for environmental measures to try to change behaviour. We discussed those issues, including this one, at great length. I am pleased that my hon. Friend the Member for Inverness, Nairn, Badenoch and Strathspey (Danny Alexander) has developed the argument further since we had the opportunity to raise it in Committee a few weeks ago.

In terms of the carrot and the stick, my hon. Friend was trying to make the point that in areas of his constituency—and, for that matter, in areas in my neighbouring constituencies, although I suspect not in mine because it is urban—where there is no alternative to the car, the increase in fuel duty proposed by the Chancellor in the Budget, a measure that the Liberal Democrats welcomed, will not have an impact on people's behaviour because it is impossible for them to change it, as there is no alternative. On that basis, it is sensible for the Government to consider seriously the idea of taking up the derogation from article 19 of the EU energy products directive, as other countries have done, and recognising the difficulties that people in rural areas face.

As my hon. Friend said, those people are facing a triple whammy. They have lower wages than average and no access to public transport, and they pay higher fuel prices at the pump. His solution is not that they should have cheaper fuel, but that they should pay a price comparable with that paid by others. It is important not to underestimate the effect that that triple whammy has not just on those individuals, but on the local economy. If people have to drive elsewhere to get fuel for their car, the chances are that they will spend their money in other places as well. It will undermine their local community and leave people who do not have access to a car with less access to other resources, because—

Mr. Deputy Speaker: Order. I am sorry to interrupt the hon. Lady, but her voice fades away if she turns to her colleagues and does not address the Chair. That is most distressing for those who are trying to report our debate.

Julia Goldsworthy: I am sorry, Mr. Deputy Speaker.

We have a practical remedy. One reason why we have the differential in fuel prices is market failure. Prices are higher not just because the cost of transporting the fuel is higher, but because there is no competition. It has been argued that the proposal could be abused, but if people have to drive a 25-mile round trip simply to get to their nearest petrol pump, the idea of their doing a 100-mile round trip to get 1p off a litre of fuel is highly unlikely.

We would have welcomed amendments from the Conservatives.

Rob Marris (Wolverhampton, South-West) (Lab): Can the hon. Lady indicate whether she thinks that if the price of fuel went down in rural areas as a result of the new clause, fuel usage would be likely to remain the same or go up, first by existing residents of remote rural areas, and secondly in terms of encouraging commuting by people who currently do not live in those areas but who would go there to get cheaper fuel, and therefore commute longer distances? She talks about local shopping. If fuel becomes cheaper for people in remote rural areas, it strikes me, as someone who represents people who live in an urban constituency, that lower fuel prices would make them more likely to drive a distance for their shopping than to support the local shopping facilities that she and I wish to see.

Julia Goldsworthy: Had the hon. Gentleman been in the Chamber when my hon. Friend laid out his argument, perhaps he would have understood that such individuals would not qualify for the scheme set out in the new clause.

Mr. Heath: Some hon. Members who represent urban areas should get out into the country more and see what life is like there. There is not a local shop to go to, because it is closed. There will not be a local garage to go to either, unless we have this proposal or something similar.

Julia Goldsworthy: My hon. Friend's comments are self-explanatory.

Listening to the debate, and thinking about the impact that higher fuel prices are having in many rural constituencies, draws my mind back to comments made by the current Chancellor—the Prime Minister of the

very near future—on the need for child poverty to be recognised and for action to be taken across Departments to tackle it. Fuel poverty is recognised more widely, and the Government have acted to address that problem. We have raised the specific example of people on low incomes who spend a relatively high proportion of their income on fuel to get around, and to get to their jobs. I am interested to hear how the Treasury thinks that not having proposals to tackle that problem is having an impact on fuel poverty. When the new Prime Minister is in his place, perhaps the Government will need to think again about taking action if they are to hit their poverty targets.

Stewart Hosie: I have some sympathy with the new clause, not least because I tabled similar amendments in the past few years, in particular in what was new clause 6 on the Floor of the House on 28 June last year. Proposed new subsection (1AB)(b) of that new clause provided for

"specific fuel duty reductions targeted at fuel sold in sparsely populated areas".

I hope that the hon. Member for Inverness, Nairn, Badenoch and Strathspey (Danny Alexander) recognises that, as the hon. Member for Caithness, Sutherland and Easter Ross (John Thurso) did not in last year's debate.

The hon. Member for Inverness, Nairn, Badenoch and Strathspey has at least sought to answer some of the legitimate questions posed about similar amendments over the past few years. He has, however, left other questions unanswered, and I shall touch on those in turn. Subsection (2) of new clause 8 says:

"The purpose of the Scheme is to provide a rebate on road fuel duty to qualifying persons at qualifying retail outlets."

At that point, the hon. Gentleman should have mentioned qualifying vehicles.

The hon. Gentleman has tried to use regulations to define remote rural areas. In a sensible attempt to bypass the definitions already in place—which, off the top of my head, I think may cover 95 per cent. of the land mass or 30 per cent. of the people—he has limited the definition to the land mass that contains no more than 3 per cent. of the population. It may be arbitrary and need to be defined a little more, but that approach is sensible.

The hon. Gentleman said that regulations would provide for a system of eligible vehicles. A great deal more work is required to be done on that, especially if we are not simply taking account of the cost of living issues in remote rural and sparsely populated areas, but considering economic development in those areas as well, particularly in relation to a very short seasonal tourist trade. I am not making a special pitch for that tonight, but work should be done on that issue in conjunction with the rest of this area.

The hon. Gentleman did not define the primary residence qualification, which would have been useful in defining who and what was eligible, but work could be done on that. He did say that the regulation would look at how administrative costs would be defrayed. The difficulty is that that would cover only the administrative costs of a system that might be cumbersome and slightly bureaucratic—although it would not necessarily be so. There is no attempt to specify how the real cost of the reduction might be funded, as we did previously with the VAT offset.

Having said all that, I would not normally support an amendment with so many weaknesses, but the hon. Gentleman said that he would seek a derogation and he hoped that the principle of what he was proposing—that the high costs faced by those living in sparsely populated areas should be defrayed—would be accepted. With that heavy caveat on the record, we would be prepared to support the new clause, should he push it to a vote.

More importantly, the hon. Member for Wycombe (Mr. Goodman) said that he believed that some of the issues were resolvable. In previous debates, the Financial Secretary has expressed some sympathy for people who live in remote and rural areas and suffer from what are, in some cases, 10, 15 and 20 per cent. increases in the cost of a litre of fuel compared with the average price in the nearest modest county town or city. With the good will that exists, and the persistence shown by many hon. Members on this issue, I hope that a solution to the problem might be found for a subsequent Budget or Finance Bill. I look forward to hearing what the Financial Secretary has to say on this

John Thurso: I rise to support my hon. Friend the Member for Inverness, Nairn, Badenoch and Strathspey (Danny Alexander) and to congratulate him on having taken on board the criticisms that have been made in the past and coming up with a workable and sensible scheme. If I had a criticism of it, it would be that it shows too much restraint and not enough generosity, but I would rather have some crumbs than none at all, so I am happy to support him. If there is an element of "Groundhog Day" about this debate, I make no apology for entering the fray again. As a great Scottish king once said, if at first you do not succeed, try, try and try again. My hon. Friend is certainly doing his best.

The issue is simple. As I drove down the A9 this morning, in Brora, petrol was 102.9p a litre, so it is at a premium compared with the figures that my hon. Friend gave for Inverness, Edinburgh and London. That is a regular occurrence. Over the years that I have spoken about this issue, I have looked at the premium on many occasions and it ranges from a minimum of 6p up to a maximum in my constituency of 12p. The reason is straightforward—it has been investigated repeatedly by the relevant competition authorities—and it is because there are too few vehicles crossing the forecourt to provide sufficient cash income to cover the fixed costs of running that forecourt. Therefore, the extra price is necessary. My hon. Friend spoke of the triple whammy, and I will not labour that point, but I will point out some of the facts about the location of petrol stations.

If one is at the western end of the north coast at Durness and one drives for an hour or so to Tongue, which is about halfway across, there are no petrol stations in between. It is some 50 miles, but much of the road is single track and it is mostly empty and straight, so one drives at an average 50 to 55 mph. Between Tongue and Thurso there are two petrol stations, one in Caithness, near Thurso, and one that is about halfway. If one goes south from Durness to

[John Thurso]

Kinlochbervie, which is the best part of two hours to drive, there is one filling station on the main road at Scourie. The residents of those areas therefore have to drive up to 20 miles and back just to fill up. Part of the problem is that rural filling stations have closed because they have been unable to keep going for the commercial reasons that I have mentioned.

7.45 pm

We all accept that in the 21st century transport in such areas is not a luxury but a necessity. If one wishes to access a hospital from the north of Sutherland, one has a 200-mile plus round trip, with no public transport that can get one there. The NHS Highlands is good about providing taxis for those who cannot access private cars, but the vast bulk of people have to use a private car. Many services that people throughout the country take for granted as readily accessible are, as a matter of course in the far north, a 20, 30, 40 or 50 mile journey.

My hon. Friend's scheme of a 2.4p rebate, based on the tight criteria he has drawn and using the experience of the Scottish Executive's air discount scheme, which applies to Caithness and most of Sutherland as well as the islands, is a good one. He has given the figures for the cost to the Exchequer, but he has worked them out on the basis that 100 per cent. of those eligible will take up the scheme. As we know from questions asked in the Treasury Committee, the take-up rates of almost every benefit offered are 50 per cent. or lower. It is therefore highly unlikely that that cost would be the effective cost. I have one small suggestion that might help, which is to devolve the issue to the Scottish Government and let them pay for it out of the block grant. That would remove the cost from the Treasury entirely and please the hon. Member for Dundee, East (Stewart Hosie).

The burden carried by my constituents is very real and I have sought to bring it before the House on several occasions, as have my hon. Friends who represent similar constituencies. It is a genuinely practical scheme, which would allow Ministers to put something in place that would alleviate that burden without giving any advantage. I was heartened to hear the hon. Member for Wycombe (Mr. Goodman), speaking for the Unionists, talk about his agreement with the principle, which is a great step forward from last year. I only hope that the occupants of the Treasury Bench will have undergone a Damascene conversion from their somewhat uncaring attitude and that we may look forward to some encouragement at least from the Financial Secretary.

Mr. Alan Reid: We all know that fuel that is sold in remote areas is sold at a much higher price than in urban areas. The purpose of new clause 8 is to achieve a level playing field to work against the triple whammy of higher fuel prices, no public transport alternatives and the need to drive longer distances. I shall give some examples from my constituency that will show how large the differentials can be. On the large islands of Mull and Islay, a litre of unleaded is usually some 15p to 20p more than in Glasgow. On the smaller islands, the differential is much greater. On Coll and Colonsay, it is usually some 30p a litre extra.

The additional cost works its way through the whole economy. We all know that the price of fuel adds to the price of all other goods. High fuel prices make it more difficult to run and sustain a business in those remote areas. The remote communities in the highlands and islands have suffered years of population decline, which unfortunately shows no sign of stopping. High fuel prices are clearly part of the problem, as they discourage people from starting up the businesses that would create the jobs that would allow young people to stay.

The environmental justification for high fuel taxes is that they can be used to encourage people to change behaviour, but that does not apply in remote rural areas with no public transport alternative. It would make no sense for councils in such areas to subsidise bus services, because most of the time the buses would run empty, or with only one or two passengers. There is no alternative to car travel in such areas, and no environmental argument in favour of higher fuel taxes there.

Cutting the price of fuel by a few pence a litre would not encourage more people to drive more. People do not drive dozens of miles along twisting, single-track roads just because they enjoy it; they make such journeys because they have to. The car is not a luxury; it is an essential.

Rob Marris: I think that I understand what the hon. Gentleman is saying about car usage. I realise that the elasticity of demand for fuel is not great in remote areas, but one would normally expect usage to increase if the price went down. However, if he is saying that that is not the case, is he also saying, conversely, that it is not Liberal Democrat policy to raise car fuel duty across the board, in line with the party's green tax commitment, to discourage usage? The hon. Gentleman does not think that a higher price would do that, just as he does not think that a lower price would encourage usage.

Mr. Reid: In the vast bulk of the country, putting up the price of fuel would encourage people to use more environmentally friendly alternatives, but that argument does not apply in remote rural areas where there is no alternative.

Mr. Carmichael: I have explored this very question with one of the local filling station owners in a village near my own in Orkney. He has told me that when the price of petrol falls, as it does from time to time in response to reductions in the wholesale price, he sees absolutely no change in demand. Does my hon. Friend agree that we may be able to use that evidence to offer some reassurance to the hon. Member for Wolverhampton, South-West (Rob Marris)?

Mr. Reid: I thank my hon. Friend. His intervention is very helpful to the argument and demonstrates the point that I am making.

New clause 8 would help reduce the burden on people living in remote rural areas. It restricts the definition of such areas so that the combined total of qualifying areas would not cover more than 3 per cent. of the UK's total population. Therefore, its cost to the Treasury would be very small. The maximum

differentiation of duties allowed under the EU energy products directive is 3.54 eurocents per litre for unleaded petrol. At current exchange rates, that amounts to 2.4p a litre, or roughly 5 per cent. of the duty. For diesel fuel, the maximum differentiation is 2.3 eurocents, or 1.56p.

I would like the Government to negotiate in Europe for a higher differential, but 2.4p is the maximum currently allowed. As my hon. Friend the Member for Inverness, Nairn, Badenoch and Strathspey (Danny Alexander) explained, reducing fuel duty by that amount for dwellers in remote rural areas would cost the Treasury about £32 million a year. I think that the Treasury can well afford that sum, and the new clause would mean that extra money would be available for people in remote rural areas. If it were spent in those areas, it would go a long way towards regenerating the rural economy.

I and my hon. Friends raise this matter every year, because it is a severe problem in our constituencies. The members of the Conservative Front-Bench team have accepted that a problem exists, but they do not appear to have a solution. I hope that the Government will accept today that there is a problem and, even if they feel that they cannot accept this new clause, come up with a solution of their own. In terms of fairness and social justice, such a solution would be of great benefit to rural areas.

John Healey: It is the Report stage of the Finance Bill, so it comes as no surprise to hear the Liberals plead for special tax breaks for motorists in rural areas—and especially in Scottish rural areas. We on this side of the House have quite enjoyed the bickering between the two main Opposition parties, as we have the fact that the consensus between the Scottish nationalists and the Liberals about this new clause shows that coalition politics is clearly breaking out.

Mr. Goodman: In all honesty, should not the Financial Secretary thank the Liberals for proposing that he have the power to bring forward, within a year, regulations that they would not be able to amend?

John Healey: I do not know about thanking the Liberals, but I should thank the hon. Gentleman for his detailed demolition of some of the most obvious practicability problems, as he called them, with the new clause.

I express again the sympathy that I have expressed before for some of the problems caused by higher pump prices in rural areas than elsewhere in the country. However, they are high not because of tax rates but because of high distribution costs and the typically low-volume throughput of rural petrol stations. The problem is not one of market failure, as the hon. Member for Falmouth and Camborne (Julia Goldsworthy) contended, but of low market demand. That is at the root of the problem, and I have not heard a strong enough case to justify using tax to interfere with, and in some way direct, the commercial process of price setting.

Other, more environmentally friendly ways exist to help people facing additional costs. We have debated on other occasions the Scottish Executive's rural transport fund, which has helped more than 150 rural community transport schemes since 1998. Moreover, the Commission for Rural Communities has found that Government policies on transport in rural areas have made a significant difference in the fight against disadvantage there.

There are problems with how to define "rural" or "remote rural" areas, with whether eligibility should depend on the registration of the vehicle or on the driver's residency, and with the fact that the cost of fuel is part of the overall cost of living. In fact, housing is more expensive in many urban areas than it is in most rural areas but, leaving all that aside, we must be really clear about what the new clause would not achieve.

The new clause would not guarantee any reduction in the prices that people pay for their petrol or diesel at the pumps. That is because it would be impossible to guarantee that a fuel supplier who would benefit from any duty reduction under the proposed arrangements would pass it on to his customers—especially in areas with little competition, such as those that the Liberal Democrats are concerned about.

Mr. Carmichael: I am intrigued by the way that the Financial Secretary compared the cost of fuel in rural areas with the cost of housing in urban areas. Is there a hint, underlying that thesis, that the Chancellor of the Exchequer, who represents Kirkcaldy and Cowdenbeath, was wrong yesterday to suggest that there should be an increase in the availability of social housing in urban areas?

John Healey: No, my right hon. Friend was absolutely right to do so. A renewed Labour Government will deal with the real concerns about the availability and affordability of housing, but my point was that the cost of fuel is part of the overall cost of living. Prices for some of the commodities that people need and use happen to be lower in rural areas than they are in urban areas.

Danny Alexander *indicated dissent.*

John Healey: Does the hon. Member for Inverness, Nairn and the rest of his constituency wish to intervene?

Danny Alexander: No.

Julia Goldsworthy *rose—*

John Healey: I will give way to the hon. Lady instead.

8 pm

Julia Goldsworthy: In some areas of my constituency and the neighbouring constituency average house prices are 30 times average income, so the hon. Gentleman may be wrong to say that rural areas have lower housing costs.

John Healey: I shall move on.

It is important to be clear about what would not be guaranteed under the proposals and about their practical impact. Trying to implement such proposals would involve complex and expensive changes to the tax system. The hon. Member for Inverness, Nairn, Badenoch and Strathspey (Danny Alexander) knows

[John Healey]

that the duty point for hydrocarbon oils is either when the oil is imported into the UK or when it leaves a refinery. At present there is no mechanism—as would be required under his proposals—to account for duty where the fuel is used. Moving the point at which the duty becomes payable down the consumer chain would mean that instead of hundreds of companies being liable to pay fuel duty, thousands would have to pay it. Such an exercise would self-evidently be complex, expensive and burdensome.

This is the Report stage of the Finance Bill, so this is the Liberal proposal to benefit motorists, but I am afraid that this is me from the Treasury Bench saying that the case has not been made in principle or in practice. If the hon. Gentleman wants to push the new clause to a vote, I urge my hon. Friends to resist it.

Danny Alexander: I am grateful for the contributions that have been made in the debate. We have heard some positive remarks from the Liberal Democrat Benches and a grudgingly positive remark from the hon. Member for Dundee, East (Stewart Hosie).

The hon. Gentleman referred to the costs of the proposal. My estimate of £32 million is not a spending commitment, because we would seek to ensure that those funds were provided through the rest of the fuel duty system, which would result in only a minuscule change overall in a system that currently yields £23 billion. Only a tiny adjustment would be necessary to make the rebate financially possible.

The contribution of the hon. Member for Wycombe (Mr. Goodman) was astonishing. He expressed sympathy for the plight of rural people, but did not propose to lift a finger to do anything about it.

Mr. Carmichael: Does my hon. Friend agree that the true magnificence of the Conservatives' position becomes apparent when one considers their view about a national road user pricing scheme, which in the long term is the obvious way to reduce the costs of motoring in remote and rural areas? The Conservatives are not even promising us jam tomorrow.

Danny Alexander: My hon. Friend is correct.

Mr. Goodman: Will the hon. Gentleman state for the record that he would be happy for the Financial Secretary to come to the House next year with a scheme whose regulations the hon. Gentleman and his colleagues will not have an opportunity to amend?

Danny Alexander: The hon. Gentleman hangs his argument on that constitutional point, but on several occasions, in relation to different measures, he has proposed amendments allowing regulations, to which the same point would apply. It is a characteristic of legislation that primary legislation makes things clear at one level, while regulations do so at another, which is entirely appropriate in this case and would be a pathetic reason not to vote for this important new clause. The Conservatives' position is characteristic of their approach to the highlands and islands over the years.

The Minister referred to the impact of the new clause on the market. It has been demonstrated, not least by the comments of my hon. Friends, that the market operates quite differently in the areas we have been talking about. The provision will not obstruct the more general operation of the fuel market across the country; it will deliver a small but important and significant rebate to hard-pressed communities.

The Minister misunderstood the proposal in one respect. He said that there was no way to ensure that the benefit was actually passed on. However, ensuring that the discount was available only to qualifying persons at qualifying filling stations would mean that on presenting their swipe card the eligible person would receive a discount on the advertised price at the filling station, which would undoubtedly be selling petrol to other individuals at that advertised price. There would clearly be a difference, from which the qualifying person would gain. The Minister may have misunderstood that important point.

I was sorry to hear that the Minister could not understand how the proposal could be made to work, especially as our proposal is a great deal simpler than the extensive administration of the tax credit system over which his Department presides—although I would not use that as an example. The scheme is simple and modest, and would deliver real benefits to the people of remote rural areas. For that reason I shall press the new clause to a Division.

Question put, That the clause be read a Second time:—

The House divided: Ayes 55, Noes 268.

Division No. 150] **[8.5 pm**

AYES

Alexander, Danny
Beith, rh Mr. Alan
Brake, Tom
Brooke, Annette
Browne, Mr. Jeremy
Burstow, Mr. Paul
Burt, Lorely
Cable, Dr. Vincent
Campbell, rh Sir Menzies
Carmichael, Mr. Alistair
Clegg, Mr. Nick
Davey, Mr. Edward
Featherstone, Lynne
Foster, Mr. Don
Gidley, Sandra
Goldsworthy, Julia
Harvey, Nick
Heath, Mr. David
Hemming, John
Hosie, Stewart
Howarth, David
Hughes, Simon
Huhne, Chris
Keetch, Mr. Paul
Kennedy, rh Mr. Charles
Kramer, Susan
Lamb, Norman
Leech, Mr. John
Llwyd, Mr. Elfyn
McCrea, Dr. William
Moore, Mr. Michael
Mulholland, Greg
Öpik, Lembit
Price, Adam
Pugh, Dr. John
Reid, Mr. Alan
Robertson, Angus
Rogerson, Dan
Russell, Bob
Smith, Sir Robert
Stunell, Andrew
Swinson, Jo
Taylor, Matthew
Taylor, Dr. Richard
Teather, Sarah
Thurso, John
Webb, Steve
Williams, Hywel
Williams, Mark
Williams, Mr. Roger
Williams, Stephen
Willis, Mr. Phil
Willott, Jenny
Wishart, Pete
Younger-Ross, Richard

Tellers for the Ayes:
Mr. Adrian Sanders and Paul Rowen

NOES

Abbott, Ms Diane
Ainger, Nick
Ainsworth, rh Mr. Bob
Alexander, rh Mr. Douglas

Allen, Mr. Graham
Anderson, Mr. David
Anderson, Janet
Armstrong, rh Hilary
Atkins, Charlotte
Baird, Vera
Balls, Ed
Banks, Gordon
Barlow, Ms Celia
Barron, rh Mr. Kevin
Bayley, Hugh
Begg, Miss Anne
Bell, Sir Stuart
Benton, Mr. Joe
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Blunkett, rh Mr. David
Bradshaw, Mr. Ben
Brennan, Kevin
Brown, Lyn
Brown, Mr. Russell
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burnham, Andy
Butler, Ms Dawn
Byrne, Mr. Liam
Caborn, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Ronnie
Caton, Mr. Martin
Cawsey, Mr. Ian
Challen, Colin
Chapman, Ben
Chaytor, Mr. David
Clapham, Mr. Michael
Clark, Ms Katy
Clark, Paul
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Connarty, Michael
Cook, Frank
Cooper, Yvette
Cousins, Jim
Crausby, Mr. David
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Curtis-Thomas, Mrs. Claire
Darling, rh Mr. Alistair
David, Mr. Wayne
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobbin, Jim
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Dunwoody, Mrs. Gwyneth
Eagle, Angela
Efford, Clive
Ellman, Mrs. Louise
Engel, Natascha
Ennis, Jeff
Farrelly, Paul
Field, rh Mr. Frank
Flint, Caroline
Follett, Barbara
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gapes, Mike
Gardiner, Barry
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gilroy, Linda
Godsiff, Mr. Roger
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hanson, rh Mr. David
Harris, Mr. Tom
Havard, Mr. Dai
Healey, John
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hillier, Meg
Hodge, rh Margaret
Hoey, Kate
Hood, Mr. Jim
Hope, Phil
Hopkins, Kelvin
Howarth, rh Mr. George
Hoyle, Mr. Lindsay
Humble, Mrs. Joan
Hutton, rh Mr. John
Iddon, Dr. Brian
Ingram, rh Mr. Adam
Irranca-Davies, Huw
Jackson, Glenda
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Lynne
Jones, Mr. Martyn
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Keen, Ann
Kemp, Mr. Fraser
Kennedy, rh Jane
Khan, Mr. Sadiq
Kidney, Mr. David
Killoyle, Mr. Peter
Knight, Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, Mr. David
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Love, Mr. Andrew
Lucas, Ian
Mackinlay, Andrew
Mactaggart, Fiona
Malik, Mr. Shahid
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Marshall-Andrews, Mr. Robert
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCarthy, Kerry
McCarthy-Fry, Sarah
McDonagh, Siobhain
McDonnell, John
McFadden, Mr. Pat
McFall, rh John
McGovern, Mr. Jim
McGuire, Mrs. Anne
McKechin, Ann
McKenna, Rosemary
McNulty, Mr. Tony
Meacher, rh Mr. Michael
Merron, Gillian
Michael, rh Alun
Milburn, rh Mr. Alan
Miliband, rh David
Miller, Andrew
Mitchell, Mr. Austin
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Morgan, Julie
Morley, rh Mr. Elliot
Mountford, Kali
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
O'Brien, Mr. Mike
Olner, Mr. Bill
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Rammell, Bill
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Roy, Mr. Frank
Ruane, Chris
Ruddock, Joan
Russell, Christine
Ryan, Joan
Salter, Martin
Seabeck, Alison
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Simpson, Alan
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, rh Jacqui
Smith, John
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Starkey, Dr. Phyllis
Strang, rh Dr. Gavin
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Taylor, David
Thomas, Mr. Gareth
Timms, rh Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, rh Mr. Don
Turner, Dr. Desmond
Turner, Mr. Neil
Walley, Joan
Waltho, Lynda
Wareing, Mr. Robert N.
Watson, Mr. Tom
Watts, Mr. Dave
Whitehead, Dr. Alan
Williams, rh Mr. Alan
Winnick, Mr. David
Winterton, rh Ms Rosie
Woodward, Mr. Shaun
Woolas, Mr. Phil
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Noes:
Steve McCabe and Mr. Michael Foster

Question accordingly negatived.

New Clause 11

PRIVATE EQUITY

'It shall be the duty of the Treasury to prepare and lay before the House of Commons a report setting out the annual and

cumulative cost to the Exchequer of—

(a) implementing the Memorandum of Understanding between the British Venture Capital Association and the Inland Revenue dated 25th July 2003 on the tax treatment of carried interest; and

(b) the deductibility of interest payable on loans for the purposes of calculating corporation tax liability.'.—*[Mr. Hoban.]*

Brought up, and read the First time.

Mr. Hoban: I beg to move, That the clause be read a Second time.

Judging from the number of Members present, this is going to be quite a short debate, but I hope that it will achieve something. I hope that we will move the debate on so that we are all able to take a view about private equity based on the facts, rather than supposition.

By way of background to the debate, it is worth highlighting some of the benefits of private equity to the economy as a whole. Companies backed by private equity firms have increased their work force by an average of 9 per cent. each year for the past five years, whereas FTSE 100 companies increased their work force by an average of only 1 per cent. a year over the same period. Companies backed by private equity firms have increased their sales by 9 per cent. per year—almost double the average for FTSE mid-cap companies. The private equity industry has invested more than £60 billion in 24,000 UK companies over the course of the past 20 years. So, the record is impressive. The value that is created is one of the reasons why many pension funds choose to invest in private equity funds. The returns that they offer help millions of people across the country to receive a decent income in retirement.

It is important that we put the current debate in that context. Over the course of the past few months that debate has been in two stages. In the earlier part of the year, there were concerns about the transparency of private equity—

Madam Deputy Speaker: Order. I remind the hon. Gentleman that this cannot be a general debate about private equity, despite the debates that have taken place here and elsewhere.

Mr. Hoban: Indeed, Madam Deputy Speaker. I thought that it was important, for the sake of those taking an interest in the debate, to set the context in terms of some of the remarks that have been made in recent weeks. Against that clear background, there have been a number of calls from different sources for reviews of private equity and the way in which some of the tax structures work.

Let me quote one example. I hope that the new Prime Minister—as of Wednesday afternoon—has read the remarks about private equity made by the new deputy leader of the Labour party, the right hon. and learned Member for Camberwell and Peckham (Ms Harman). I am sure that she is looking forward to working closely with him. She said—

Madam Deputy Speaker: Order. I have already ruled that this is not a general debate about private equity. The hon. Gentleman's remarks must be related to the new clause.

Mr. Hoban: Indeed, Madam Deputy Speaker. The right hon. and learned Member for Camberwell and Peckham called for action on taxation, which is the point that I am coming to. Several people have called for action on taxation over the past few weeks. Indeed, members of the Treasury Committee have made that a feature of their inquiry on private equity.

New clause 11 would give the Treasury the opportunity to produce information to help to bring clarity to the debate on private equity. It is important to know the Treasury's estimate of the cost of the tax relief granted to private equity companies and venture capital funds through the application of taper relief on carried interest. The matter is not straightforward, which is why we have asked the European School of Management to examine carefully not only the broad question of private equity, but some of the tax issues. We realise that taper relief is an incentive for people to make long-term investment decisions and to be rewarded for the risk that they have taken.

The treatment of carried interest stems from a memorandum of understanding between the British Private Equity and Venture Capital Association and the Government. The MOU is referred to in the first part of the new clause. That treatment is applied to the carried interest, which is described in the MOU as

"an interest in a partnership which provides that the holder is entitled to participate in the super profit made by the fund".

Super-profit occurs when the return from a fund exceeds various thresholds. In effect, the MOU disapplies income tax rules under the Income Tax (Earnings and Pensions) Act 2003 that usually apply to securities that are acquired as part of employment.

We have a problem understanding the amounts involved. For example, during last week's Prime Minister's questions, the right hon. and learned Member for North-East Fife (Sir Menzies Campbell) said

"we are giving a tax break of £6 billion per annum to some of the wealthiest people in the United Kingdom."—[*Official Report*, 20 June 2007; Vol. 461, c. 1372.]

I was not quite sure what he meant by that. While the Red Book gives that figure as the value of taper relief, that relief applies to a wide range of transactions and people. Last week, the managing director of Gala Bingo highlighted the fact that all his employees who invest in shares in the business benefit from that taper relief. As part of the debate on private equity, it is important that we get information about the value of tax relief, which would be the purpose of the first part of new clause 11.

I would be keen for the Treasury to publish how much it has raised through private equity in capital gains tax in each year since 1997 and the impact that the MOU has had on the amount taken. Given that the Treasury is conducting a review on carried interest, I assume that it has such information at its fingertips. It would be beneficial to the entire debate on private equity if that information was published so that people could gain an understanding of the true extent of the problem. It would also be helpful if there was a way of analysing from the Government's figures the time that the carried interest had been held to determine whether private equity investors hold for the long term. At the moment, the taper relief kicks in after two years. The period for which private equity holders are holding

carried interest beyond that cut-off point is a matter of contention. Will the Economic Secretary share with us the terms of reference of the Treasury's review of the matter?

The other aspect of tax relief that has recently caused concern, which has been cited by the Transport and General Workers Union in the context of the acquisition of Boots by Kohlberg Kravis Roberts, is the fact that interest paid on money used to fund an acquisition is subject to tax relief, as is any money borrowed by companies. It is important that we know the extent to which private equity is using a relief that is available to all businesses that are owed money. Such information would bring clarity to the debate that is taking place not only in the House, but elsewhere. While the Red Book tells us the value of the taper relief, it does not give information about the general tax relief or the extent to which the private equity industry takes advantage of that. However, earlier this year, the Economic Secretary announced a Treasury review on the interest treatment of certain loans, so perhaps he will be able to share information with the House to inform the broader debate on that tax relief.

As you indicated, Madam Deputy Speaker, this is a narrow debate. However, it is important that we have such information so that the wider debate, which has been characterised by generating more heat than light, can take place in the context of that information.

Dr. Vincent Cable (Twickenham) (LD): I support new clause 12, which seems helpful. It cannot be wrong to request information about a matter that is a little obscure and not especially transparent. I thus welcome the search for entitlement.

The measure is brave, in a Sir Humphrey way, given that the Conservative shadow Chancellor gave a pretty robust defence of the tax privileges of private equity firms at their annual dinner. Some Conservative Members really know about the business. The hon. Member for Hammersmith and Fulham (Mr. Hands) wrote a toughly worded letter to the *Financial Times* last week in which he defended the status quo. I do not know whether the purpose of the new clause is to row back from that. However, as I understand it, the starting point of the Conservative party is that it wishes to defend the existing regime.

On the other hand, there is some consensus that things are happening that need to be looked at again. I certainly interpreted the Economic Secretary's comments, when he spoke at the London School of Economics at the beginning at March, as showing a willingness to consider at least the second issue raised in the new clause—interest relief. I am sure that the Economic Secretary will not mind me quoting what he said—in fact, I am sure that he will say it again:

> "Today, I can announce that the Government will review the current rules that apply to the use of shareholder debt where it replaces the equity element in highly leveraged deals".

That is half of the problem that is described in the new clause, and I am sure that we would all agree about that. The meat of the problem, and the area that I think that we are debating, is the bit of the tax-privileged status of private equity that relates to taper relief.

8.30 pm

Of course, as the hon. Member for Fareham (Mr. Hoban) acknowledged, those concerned with private equity are merely one group of people who currently benefit from that relief, and I am inclined to ask, "Why pick on them?" After all, there are other groups who benefit from the relief in a similar way, and no more or less reputably. I read in the *Evening Standard* today that Madonna has just bought her sixth £1 million-plus house. I do not know what her tax status is; if she is a British taxpayer, she will presumably be able to benefit from taper relief, if she holds that property as an investment for a period of years. It is not just those with private equity who benefit from taper relief.

To understand the nature of the problem that the hon. Member for Fareham raised, we need to go back to Parliament's decision, in 1998, to introduce such an approach to capital gains tax. I think that I have the advantage of being the only person in the Chamber who took part in that debate; it was opened by the hon. Member for Coventry, North-West (Mr. Robinson), and the reply was given by the Conservative spokesman, the then Member for Arundel and South Downs, who left the House in unfortunate circumstances, and the right hon. Member for Wells (Mr. Heathcoat-Amory). As I remember it, I said pretty much the same as the Conservatives at the time, which was that we had a good system of capital gains tax, which was introduced by the noble Lord Lawson. It was simple and clear, and it applied the same rate for capital gains tax and for income tax. It was straightforward, so why introduce complicated taper provisions that could eventually be taken advantage of by the group that we are discussing and others?

Several arguments were advanced. The first was that if we create a differential, and if there is a 40 per cent. rate on one hand and a 10 per cent. rate on the other—that is roughly the magnitude of the difference between income tax and capital gains tax—of course people will look for ways of exploiting that, and that is exactly what the British Private Equity and Venture Capital Association sought to do in its memorandum. If it had not done it, other groups would have done it in a different way. Moreover, the Conservatives and my party argued that there was no justification for the suggestion that the measure would change business behaviour. Indeed, what was forecast by the Opposition parties is exactly what has happened. Groups of people have taken advantage of that very generous provision, which, as the hon. Member for Fareham says, has cost more than £6 billion, and there is not a great deal of evidence that it has changed business behaviour in any way that has contributed to national economic welfare.

It is absolutely right that we look afresh at the relief, not simply in relation to private equity, but in relation to the whole, large-scale, far-reaching and extremely generous tax concession. In my view, we should go back to the regime that applied in 1997, which was perfectly satisfactory. That is the basis on which we have argued for getting rid of the whole taper relief arrangement, rather than simply singling out the part of it that applies to private equity. I suspect that I would go a great deal further in reforming the system than the Conservative Front-Benchers would, but none

the less, their new clause, which I understand to be probing and a pursuit of information, seems entirely sensible and worth supporting.

The Economic Secretary to the Treasury (Ed Balls): I am happy to respond to the debate on the new clause, and on proposals for a report to Parliament on the costs to the taxpayer of the tax treatment of carried interest and the deductibility of interest payable on loans. I am happy to respond in the spirit in which the hon. Member for Fareham (Mr. Hoban) spoke to his new clause. I think that he was seeking to probe our thinking on some tax issues in advance of the pre-Budget report, while trying to avoid being drawn into too wide a discussion on the merits or otherwise of private equity, and the views of deputy leadership candidates—or victors—on the subject. I am happy to respond in that spirit.

The hon. Member for Twickenham (Dr. Cable) quoted from a speech that I gave in March, in which I set out in detail our views at the time on the private equity debate. Since then, there has been a great deal of further debate in the newspapers, and there looks set to be a very interesting report from the Treasury Committee, which held its evidence-gathering sessions in recent weeks. I will read just one quote from that speech, as it will set the context, and show that I accept and agree with many of the points that the hon. Member for Fareham made. I said:

"Private equity, like any other form of ownership, has good and bad aspects—and it has features of both long-termism and short-termism. But the evidence does not suggest that Government has any intrinsic reason either to "favour" private equity or to do the opposite.

Our aim should be to support economic dynamism and long-term investment and job creation. And the Government's objectives in the field of private equity should be no different from its objectives in relation to any other form of ownership: to promote an environment of long-term, sustainable business success, underpinned by a strong culture of clear disclosure to, and engagement with, understanding investors. This is the way to ensure that "good" long-term investment propositions prosper."

Everything that we are doing in the field of private equity is in the context of that overall objective.

The hon. Member for Fareham will not be surprised that I am not going to support his proposals for a further report. That is not because I am averse to reports but because rather a lot of reports on this issue are already on the table or being prepared. I have already referred to the forthcoming report by the Treasury. In my speech in March, I mentioned a report already provided by the Financial Services Authority into private equity's potential systemic implications for the stability of financial markets. On disclosure and transparency, Sir David Walker is chairing an independent working party to develop a voluntary "comply or explain" code to improve private equity's transparency and levels of disclosure. The hon. Gentleman mentioned a review that I have promised for the pre-Budget report of the rules that apply to the use of shareholder debt where it replaces the equity element in highly leveraged deals. There is also the forthcoming report on improving the UK environment for enterprise and venture capital commissioned by the shadow Chancellor from the European School of Management, which is to report by early autumn before the Treasury taxation reviews conclude.

In other words, there are a rather a lot of reports coming up. Before the pre-Budget report and following the shadow Chancellor's review, we will want to take stock across the piece and respond properly to recommendations by the Treasury Committee, as we always have in other policy areas. I am not sure that another report is necessary.

The hon. Member for Fareham tried to draw out some of our thinking on these tax issues. Both aspects of the new clause relate to the tax treatment of the private equity industry. As I have already said, the Government do not believe that one form of ownership should be inherently preferred over another. Rather, our aim should be to support economic dynamism and long-term investment and job creation. That is also the objective of our tax system. We do not believe that private equity should be favoured in a particular way, including in tax terms. Therefore, the capital gains tax treatment available for gains arising from carried interest and corporate tax deductions for interest—the two aspects mentioned in the new clause—is available to all taxpayers, not only to private equity investors in any preferential way compared with any other investor.

Let me deal first with carried interest. The hon. Member for Fareham referred to a memorandum of understanding published in 2003. To set that properly in context, a previous memorandum of understanding had been produced in 1987 by the Inland Revenue and the British Private Equity and Venture Capital Association, which made it clear that carried interest would continue to be taxed to capital gains, not income. During the 2003 Finance Bill debate on this issue, which neither I nor the hon. Member for Fareham will remember—I am sure that my hon. Friend the Member for Wolverhampton, South-West (Rob Marris) was not only there but commented on the explanatory notes—concern was expressed, particularly by the former Member for Arundel and South Downs, that changes being introduced to schedule 22, covering the whole range of employment-related securities, might have a negative impact on the capital gains tax treatment of venture capital.

As a result of those debates, the memorandum of understanding that had been agreed in 1987 was re-examined and a new one, again agreed between the Revenue and the British Private Equity and Venture Capital Association was published. It provided guidance to the industry, but, importantly, did not affect the operation of the law in the Finance Act 2003.

That memorandum of understanding confirms that returns received through carried interest should, in law, in the circumstances that it sets out—in plain vanilla form, which is a technical tax term that means "in a simple and straightforward way"—be taxed as capital gains. No concessions were made to the private equity industry at the time, but the memorandum of understanding clearly set out how the underlying legislation applied in the case of carried interest. It set that out in a way that would apply to any taxpayer who received such employment-related securities.

Rob Marris: Is my hon. Friend saying that the memorandum of understanding of 25 July 2003 was instigated or drawn up at the behest of Howard Flight, who was then the hon. Member for Arundel and South Downs?

Ed Balls: Yes. There is no controversy about that. In those Finance Bill debates, concern was expressed that the schedule might have an adverse impact on the venture capital industry. Consequently, a memorandum of understanding was drawn up to give guidance to make it clear that, on the basis of the proper application of the law to all taxpayers and investors, including the private equity industry, some of the fears expressed would not be realised.

Clearly, since then the salience of and media interest in such issues have increased. That applies especially to the way in which business asset taper relief is available to taxpayers who make gains on business assets. The hon. Member for Twickenham explained the genesis of the business taper relief and his principled position on opposing it. I could describe his position as almost Lawsonesque in its consistency—the former Chancellor of the Exchequer Nigel Lawson strongly believed that capital gains should be taxed at 40 per cent., not a lower rate. He believed that any lower rate between the top rate of income tax and capital gains tax would lead inevitably to avoidance. I understand the Lawsonian views that the hon. Member for Twickenham expressed. I take them at face value, not simply because he needs the £5 billion or so to pay for the tax cuts that he wants to promise others.

We have always perceived the purpose of the business taper relief as an important means of encouraging investment and rewarding serial entrepreneurs, business angels and venture capitalists, who are prepared to take risks in growing companies. We probably agree with Conservative Members about that.

There are no special rules for private equity fund managers and we do not collect information on the specific tax reliefs that private equity fund managers receive. It is therefore not possible to identify the particular gains that are made on carried interest or to disaggregate the proportion of the cost of the overall relief, which is approximately £4.78 billion in 2006-07. If we produced the report that the hon. Member for Fareham requested, it would make less interesting reading than he might like.

However, I believe that the hon. Gentleman raised the matter because he wants to know the direction of the review. As he knows, although an effective capital gains regime is vital to encourage enterprise and stimulate investment and entrepreneurship, it must also distinguish between employment reward and capital gains and ensure that a proper balance is struck. Indeed, the shadow Chancellor made the same point when announcing his review last week. He said:

> "As leading members of the private equity industry acknowledge, if it looks like income then it would be peculiar not to tax it like income... But if it looks like genuine risk-taking and entrepreneurship then we should do everything to encourage it."

I agree with that sentiment.

That is why we are currently reviewing the taxation of a range of employment-related securities, which private equity and non-private equity companies alike use to ensure that the distinction is correctly drawn. If it reassures the hon. Member for Fareham and makes it easier for him to withdraw the motion, I assure him that we will provide an update on that review, too, at the time of the pre-Budget report. I shall make sure that, while avoiding excessive bureaucratic duplication and even more reports, we provide such an update on those issues at the time of the pre-Budget report.

8.45 pm

On the issue of corporate tax deductions for interest payments, I can confirm that the goal of the Treasury review that I announced earlier this year is to determine whether the rules that apply to private and non-private equity investments alike are working as intended. That review is looking at the way in which the rules are working in the light of market developments but, as I said in my March speech, the deductibility of interest as a business expense for tax purposes is a fundamental principle of our tax system. We are not reviewing the basic principle that interest should in general be treated as a business expense and is deductible for taxable profits for companies in any form of ownership. However, we aim to ensure that where shareholder debt replaces the equity element in high-leverage deals, it does so consistent with our intention that interest on debt should be tax deductible. Equity, however, is treated differently, to make sure that we are as consistent as possible in our aim of providing a level playing field. As I said, the review will be published at the time of the pre-Budget report.

The hon. Member for Fareham wondered whether or not Government Members were sending mixed messages about private equity. From the Treasury's point of view, we have sent a clear message: we believe that private equity can play an important role in the economy by driving change, and by promoting employment and investment. There are some bad private equity deals, however, in exactly the same way that there are some poorly performing public companies. It is much better to look at the conditions to support long-term investment than take a particular view on private equity. I responded to an Adjournment debate introduced by a potential leadership candidate—that candidacy did not last very long—on those matters, so we have debated those issues fully in the House. I do not think that Ministers or the Treasury have sent mixed messages, but the same could not be said of Opposition Members. The shadow Chancellor's review was reported by the *Financial Times* on 22 June under the headline, "Tories back higher taxes for private equity". The article continued:

> "The Conservatives have signalled they would support higher taxes for private equity executives, increasing the political momentum for a clampdown this autumn."

The BBC website reported:

> "Mr. Osborne's inquiry appears to blur the traditional left-right political divisions, with the Tories appearing to be tougher on the super-rich than Labour."

In his speech earlier this year to the British Private Equity And Venture Capital Association—I think that that the hon. Member for Twickenham referred to that—the shadow Chancellor said:

> "Listen to the critics and you would think that the only winners were a secretive bunch of millionaires. But the real winners are the millions of people with pensions invested in the funds that invest in you...The importance of your contribution to our economy is, I believe, rightly reflected in the tax treatment that you receive...I will speak up for your industry and the wealth it creates. I will not make any moves that discriminate against the private equity industry."

Perhaps we should reconsider our position—perhaps a report should be published, although the shadow Chancellor's report will be issued before the pre-Budget report, so there will be plenty of time to reflect on its findings. It is often said that the Opposition parties

are good these days at spin, but either they have contradicted the shadow Chancellor's speech in March or the FT misunderstood the story. In any case, given the number of reports that have been published, I do not think that we will gain enlightenment from a further report. Instead, I encourage hon. Members to look forward to the report by the Treasury Committee with interest. We will respond on all those matters at the time of the pre-Budget report. On that basis, I suggest that the House reject the new clause.

Mr. Hoban: I will take no lessons from the Economic Secretary on spin. We have seen quite enough of his handiwork in the past few weeks. He ought to stick to his job as Economic Secretary, rather than engaging in media management or trying to give lessons to others.

The hon. Gentleman was a little disappointing in his remarks. We share some common ground. We both recognise that the reliefs specified in my new clause are available to all, not exclusively to private equity. However, we are in danger of having a debate in an information vacuum. Questions are being asked about how much the reliefs are worth. There were questions in the Treasury Committee last week, when the people from private equity firms were asked how much capital gains tax was being paid. It would have been helpful if that information were available. Without it, it is difficult for that debate to take place in a rational and well reasoned fashion. The information would provide a context or framework. There is no point in pushing for a report which would consist of a series of blank pages.

In the debate about private equity, we should be careful about drawing the wrong conclusions, reading headlines, not substance, or being distracted by other issues. It is regrettable that the information is not available. The Treasury Ministers may be sending out a clear message but I am not sure it is the same message as is being given out by their colleagues on the Back Benches or in other positions in Government. No doubt that will all change after Wednesday, in its own inimitable style.

We need to make sure that a proper debate takes place. The fact that the information is not available should be made clear to all the participants. I hope members of the Treasury Committee will read this brief debate and understand the constraints under which everyone is working in the debate. The Minister rightly pointed out the continuation of the memorandum of understanding from a treatment agreed in 1987, and he spoke about the Lawsonian purposefulness of the hon. Member for Twickenham (Dr. Cable).

Of course, the distinction between income and capital has become more important as the capital gains tax reforms made by the Chancellor have unfolded, so it has become a much more important issue when one can be taxed at 10 per cent. and one at 40 per cent. Although the MOU has been around for 40 years, it has been brought into sharper focus as a consequence of those changes. It therefore behoves us all to think carefully about it.

Given that there is nothing to be said in the report, I beg to ask leave to withdraw the motion.

Motion and clause, by leave, withdrawn.

New Clause 14

ASSESSMENT OF EFFECTS OF TAXATION CHANGES ON DIFFERENT EARNINGS GROUPS

'(1) It is the duty of a Minister of the Crown, when proposing changes to personal taxation (whether or not taking effect in a future financial year), to prepare and lay before the House of Commons an assessment of the effects of the proposed changes on different earnings groups.

(2) For the purposes of subsection (1) "different earnings groups" means groups representing each earnings decile; and "effects" includes changes in net disposable income and changes in the relative share of national wealth accounted for by each earnings decile.

(3) If the proposed changes mentioned in subsection (1) appear likely to have an adverse effect on groups in the lowest quintile of earnings, the changes shall not take effect unless they are accompanied by transitional relief measures.

(4) "Transitional relief measures" in subsection (3) means measures designed to ensure that any adverse effects of a kind mentioned in that subsection are phased over such a reasonable period as will avoid abrupt changes in the net disposable income of the relevant earnings group.'.—*[Mr. Frank Field.]*

Brought up, and read the First time.

Mr. Frank Field (Birkenhead) (Lab): I beg to move, That the clause be read a Second time.

I was a few minutes late because I went to check the letter board, hoping that I would have an answer to the question that I first tabled on 16 April and retabled on 30 April. On three occasions on the Floor of the House, I have asked why I had not received a reply. Perhaps, by leave of the House, I may be able to respond at the end of the debate, by which time I may be able to read the parliamentary answer giving us the information that we require. That information is by what amount our constituents will lose out by the abolition of the 10p standard rate of tax, and how many of them and which groups will be affected.

Let me declare an interest: I favour the abolition of the 10p rate of tax. I believe that most of our constituents think about a headline rate, and that is the standard rate. Any move that brings the standard rate down is welcome to me. Indeed, long before I came to the House, I was advocating the abolition of tax allowances so that we could get the standard rate down even further than it has fallen today and is proposed in the Budget.

It is clear from our postbags around the country that three groups stand to lose from the change, and they may not be covered by the tax credits changes that have already been announced and the child benefit changes that might be announced next year. The first group is lower-income households that will see their tax burden increase as a result of the abolition of the 10p rate, while those on higher incomes see their tax take fall. One person put it in powerful terms in their letter to me by saying that they never thought that they would see a Labour Chancellor of the Exchequer redistributing from poorer to richer households. As to the numbers that are affected, I hope, as I said, to read the parliamentary answer in a moment.

Secondly, a number of voters around the country have said that, although their husbands will benefit from cuts in the standard rate, they will lose income through the abolition of the 10p rate because they are viewed in traditional terms as the minor earners in the

household, although most such households would not survive without their two earners. My hon. Friend the Member for Wolverhampton, South-West (Rob Marris) mentioned the third group—this is the first time we have raised the matter in the House—which is people who have retired early, largely because of ill health, and who do not gain the advantages of the additional tax allowances that people gain once they reach the standard retirement age. It could be argued that the change in the tax rates will be offset in that way.

The new clause therefore says that, before the House of Commons considers measures that affect our constituents' living standards, particularly where we are decreasing them, the Government should give us the information as part of the Budget, so that we know the numbers and the extent to which that cut in income is taking place. We know that the measures before us will affect some people who will lose out in relation to the 10p rate. I am not sure how many, but I am hoping that that will be revealed.

Stewart Hosie: I know that the right hon. Gentleman is expecting a formal answer from the Minister, and I hope that he gets one. The calculations that we have say that 836,000 people in Scotland will suffer because of the change. He might like to consider the UK figure as somewhere between 8 million and 9 million people, which is a huge number. Specifically, 52 per cent. of the workers in Kirkcaldy and Cowdenbeath, who earn less than £17,000 would be worse off. I am sure that that figure may be replicated in similar constituencies around the country.

Mr. Field: That contribution was valuable not only because of the point that was made, but because it gave me a chance to read the parliamentary answer, so I shall read the heart of the mystery into the record before I sit down.

The next part of the new clause is supported on other Benches. Some people try to get ex-leaders of the Liberal party to join their cause; my attempts were more modest, but I hope more effective in engaging the two Liberal Democrats on the Front Bench, the hon. Members for Falmouth and Camborne (Julia Goldsworthy) and for Twickenham (Dr. Cable). We should have a guarantee that, before the proposed measures came into effect with the next Finance Bill, some transitional form of relief would be announced for people who were going to lose money.

After a first reading of the parliamentary answer—I am well aware of what the question was—we know that 31 million taxpayers have benefited from the 10p standard rate of tax, and that some 28 million of them stand to gain as a result of the 20p rate. That means that 3 million people will lose out—31 million minus 28 million—but the written answer may contain further details.

Rob Marris *rose—*

Mr. Field: I will happily give way to my hon. Friend, which will allow me to read the next paragraph.

9 pm

Rob Marris: First, I think that my right hon. Friend must deduct pensioners who would gain through increases in personal allowances for pensions from that 3 million. Secondly, a fourth category in addition to the three that he delineated is women aged between 60 and 65 on modest incomes, who will lose out through the abolition of the 10p rate, but who will not gain through the rise in personal tax allowances, because they are not yet 65.

Mr. Field: I willingly add that fourth group who will lose out because of the measure.

The second paragraph of the written answer states that

"four in five households will be better off or see no change in household income".

That means that one in five households will lose out. The person who kindly gave me this answer is right to say that the final number will depend on whether people are claiming tax credits, whether there are changes in the national minimum wage and whether there are changes to child benefits.

The truth is that, as we allow the Finance Bill to proceed tonight, four out of five households will benefit, but one in five will not, and the one in five are among our poorest constituents who work. I think it shameful that the Government have run away from giving us that information since the middle of April. Unless I am wrong and the Chief Secretary has some different news, we are not prepared to introduce transitional relief to protect a group who are doing everything that the Government have asked them to do, which is to work, to work harder and to maintain their families. Those households are the backbone of this country, and I do not believe that we should kick them.

Mrs. Theresa Villiers (Chipping Barnet) (Con): The Opposition welcome the opportunity to debate the impact of tax changes on different income decile groups. New clause 14 is a constructive contribution to that important debate and we sympathise with the sentiment that underlies it. It is, of course, vital for any Chancellor to carry out a proper and effective empirical assessment of the impact of proposed tax changes, and I shall explain why I believe that that is particularly important in relation to those on low incomes—the right hon. Member for Birkenhead (Mr. Field) has already stated many of the reasons.

We understand the arguments in favour of using transitional measures, where appropriate, to ease the hardship that tax rises can cause. However, it is with regret that I say that, although we will not vote against new clause 14, we cannot support it this evening, because we are concerned how it would work in practice were it actually to be written into legislation. For example, we have some concerns about how feasible it is always to assess the changes in the relative share of national wealth. That assessment would not be easy, because it would be difficult to find the data. Unlike the case of income, there is no obligation to report one's wealth to the Inland Revenue.

We also have some concerns about the idea that all tax measures that fall within the scope of the new clause must be phased over a reasonable period, because importing that obligation into statute as a general rule might be too inflexible. As I will discuss—no doubt the Chief Secretary will discuss this, too—the Government could take a number of different measures to mitigate the impact of a tax change, which might involve phasing in a measure or using the

[Mrs. Theresa Villiers]

benefits system. Indeed, it is important that we debate the use of tax credits in that context.

Furthermore, I fear that the new clause might mean that almost all tax changes would have to be subjected to phased implementation, and while such measures would certainly be justifiable and welcome in some contexts, we hesitate to impose a blanket obligation in all cases. We also believe that the underlying issues raised by the new clause—the importance of moving to greater transparency and objectivity in tax policy—are so important as to merit further detailed consideration before we could make a commitment to a proposal such as this. That is one reason why the shadow Chancellor asked my noble Friend Lord Howe a few months ago to investigate how we might implement some of our independent tax reform commission's proposals for improving the way in which we make and scrutinise tax law.

Mr. Field: At Easter, the hon. Lady could be cast in the role of Pontius Pilate without any difficulties given the hand-washing that is being done. For those of our constituents—she will have some—who will be made worse off by this measure, what changes do the Opposition propose to protect their very modest standard of living?

Mrs. Villiers: One of the best changes would be a change of Government. I emphasise that we believe that putting pressure on the Treasury to carry out the sort of analysis referred to in the new clause would make a significant contribution not only to improving the quality of our tax law but to enhancing and improving the fairness of future Budgets, and dealing with some of the grave concerns that the right hon. Gentleman raises. We believe that the sort of analysis provided for in the clause would help to ground Budget decisions on empirical evidence and reduce the opportunity to use them for cynical political tricks.

As we have stated repeatedly in the Budget debate, on Second Reading and in Committee, we are concerned about the impact of the Chancellor's Budget on those on low incomes. As the right hon. Member for Birkenhead pointed out today, and as the shadow Chancellor pointed out in his speech in the Budget debate, the abolition of the 10p band amounts to a shift in the tax burden from those on middle incomes to those on low incomes.

We have heard that one in five households will be worse off as a result of the Budget—5.3 million families—and many of those will be people on low incomes hit hard by the loss of the 10p band. Some of the people worst hit by the changes will be those on wages of between £5,225 and £18,000. The right hon. Gentleman is right that I have many of those in my constituency who are concerned about the changes—cleaners, nurses, shop assistants and catering workers, not millionaire executives.

In giving evidence to the Treasury Committee in March, Robert Chote of the Institute for Fiscal Studies set out a number of groups of people who will lose out, several of which have been mentioned this evening, but it is worth going through them in turn. According to Mr. Chote, 2.2 million of those losing out are single working people with no children who are not getting the working tax credit because they earn more than £12,500 but less than £18,000, or because they work fewer than 30 hours, or because they are too young. He states that 1.2 million are two-earner couples with no children. They may not qualify for the working tax credit or they may fail to take it up. They may also be in the position where the two earners both lose under the income tax and national insurance changes, but there is only one gain from the tax credit, which is assessed per household. A couple both earning £7,445 would suffer the maximum loss of £446.

Mr. Chote states that 400,000 are one-earner couples without children, most of them because they will be in an income range of about £17,000 to £18,5000 where they are not compensated by tax credits. There are 700,000 two-earner couples with children who lose twice from the income tax and national insurance changes, but gain only once from child tax credit or working tax credit.

The hon. Member for Wolverhampton, South-West (Rob Marris) adverted to the point that 300,000 of these people are tax-paying women between the ages of 60 and 64 who do not get tax credits and are too young to be compensated by the rise in the pensioner tax allowance. A further 500,000 are non-workers who are early retirees or who are on incapacity benefit.

In making an effective assessment of the impact of tax changes on different income decile groups as provided for by new clause 14, it is critical that the Chancellor take into account the wider economic picture. The hardship caused by tax increases is clearly more keenly felt when families feel that their household budget is already under strain. With inflation hitting a 16-year high earlier this year, many families on lower incomes are struggling to make ends meet. Last year, inflation was almost double the EU average, and disposable incomes rose at the slowest rate for nearly a quarter of a century. Two weeks ago, the Office for National Statistics announced that, for the sixth month in a row, regular pay failed to keep pace with inflation and real living standards fell again.

The Council of Mortgage Lenders also recently reported that home owners are suffering the highest mortgage burden for 15 years and that further rate rises could be on the cards. Personal debt now stands at a staggering £1.3 trillion in Britain, and problem debt is worsening by the day. All these factors should be taken into account before the Chancellor imposes tax increases on Britain's hard-working families.

Stewart Hosie: I thank the hon. Lady for reading into the record the entire list of categories of people who are suffering, and for her subsequent comments. I believe that one of the worst factors in this is the fact that the unclaimed working tax credit for those who are entitled to it amounted to about £5 billion last year. She will correct me if I am wrong. Does she agree that that merely exacerbates the problem and makes it far worse than it ought to be, and that it is a failure that is purely in the hands of the Government?

Mrs. Villiers: The hon. Gentleman makes a strong point, and I shall come to that issue. If the Government are relying on tax credits to soften the blow of the abolition of the 10p band, they must do something to improve the way in which the system works and to raise take-up rates. That is critical if we

are not to see the hardship caused by the Budget becoming really significant.

In making changes to tax rates and assessing their impact on different income groups, the Chancellor should bear in mind the pattern of poverty in 21st century Britain. According to the Institute for Fiscal Studies, poverty among adults without dependent children—a group significantly affected by the tax changes in the Budget—is now at its highest point since records began in 1961. That group now makes up one third of the total of Britain's poor.

A number of deeply worrying points emerged from the most recent Department for Work and Pensions figures on poverty, covering the period between 2004-05 and 2005-06. These were analysed by the IFS and show that relative poverty and income inequality actually got worse last year. The number of people in relative poverty rose from 12.1 million to 12.8 million.

A range of measures demonstrates the recent increase in inequality of income. The most commonly used measurement, the Gini coefficient, tells us that income inequality has increased in total during the Chancellor's 10 years at No. 11 Downing street. The DWP figures also show that the number of people living in absolute poverty rose by 400,000 to 7.4 million—12.6 per cent. of the population—last year. There are more people in deep poverty now than when the Chancellor entered Downing street. There are 600,000 more people on less than 40 per cent. of median income now than there were in 1997, and the poor are getting poorer. Recent Government data show that the real incomes of the poorest 20 per cent. actually fell last year.

Many people—not just those on this side of the House—have expressed concern about this state of affairs and about the impact of the Budget on tackling poverty. The right hon. Member for Birkenhead today repeated his concerns about the impact of the Budget on those on low incomes, but he was not alone among his Labour colleagues in expressing anxiety. As the hon. Member for Birmingham, Selly Oak (Lynne Jones) acknowledged, the Budget neglected poorer people who have no children. The hon. Member for Coventry, North-West (Mr. Robinson) has pointed out that the Budget is hurting many people whom the Government never set out to hurt, and the right hon. Member for Darlington (Mr. Milburn) admitted in the Budget debate last year that, under Labour,

"poverty has become more entrenched."—[*Official Report*, 28 March 2006; Vol. 444, c. 710.]

Turning to the point raised by the hon. Member for Dundee, East (Stewart Hosie), in assessing the impact of tax changes on different decile groups, it is critical to look at the marginal rates of taxation that they face, as they have a significant impact on incentives to work and to emerge from benefit dependency. Mike Warburton of Grant Thornton said after the Budget:

"Families on low incomes will really lose out because they will pay a marginal rate of tax at 70 per cent. starting from an earlier point."

With the abolition of the 10p band and the increase in the tax credit withdrawal rate, the Budget leaves many low-income families with marginal tax rates of even more than 70 per cent., as their benefits are withdrawn with each extra pound they earn. Of course, such rates make it much harder to escape the poverty trap.

9.15 pm

In conducting an assessment of this issue in relation to different income groups, the Chancellor must take into account the interaction with the tax credit system. To return to the point made in an intervention by the right hon. Member for Birkenhead, one of the ways in which we can help those who are hit hard by the Budget is to get the tax credit system to work effectively, and to reform it so that we grapple with the chaos that has characterised it over the past couple of years. As Francesca Largerberg of the Institute of Chartered Accountants said after the Budget:

"It is now seemingly necessary for those with incomes between £5,225 and £18,605 to get to grips with the tax credit system and claim in order to negate their losses."

Both the Chancellor and the Chief Secretary have defended the abolition of the 10p band on the ground that tax credits will compensate some of the families affected. As I have set out, however, not everyone qualifies for tax credits, and as we heard from the hon. Member for Dundee, East, not everyone claims them. As Ms Largerberg went on to explain:

"Tax credits may in some cases claw back lost income but they are often difficult to claim and some lower earners may not be eligible".

The figures for the uptake of working tax credit among childless households—as we have established, a group significantly affected by the loss of the 10p band—are as low as 25 per cent. of the total entitlement and only 19 per cent. of eligible claimants. If the effect of a tax increase is to push more people into the tax credit system, one must assess the way in which the system is working to analyse properly the impact of the change proposed. The latest available figures show a depressing picture. Of 5 million payments made, more than 2 million were overpaid and almost 1 million were underpaid, which means that more than half the payments in the system were wrong. At least £200 million has been lost through fraud. The tax credit website had to be taken offline because of wholesale attack by fraudsters.

As the Chief Secretary will be well aware, every MP has had constituents coming to advice surgeries to explain their desperate problems with huge bills for overpayment that they simply cannot afford to meet. The former Secretary of State for Work and Pensions, the right hon. Member for Sheffield, Brightside (Mr. Blunkett) said:

"The tax credit system is a shambles—such a shambles that I've had to help out one of my constituents financially, only the second time that I ever have done this, and the first was for a child. I don't know if I will get the money back. I suppose it is a foolish thing to do, and it has to be on the pain of death that they don't tell people. But what else can you do when the tax credit system is such a total mess?"

Sir John Bourn, the Comptroller and Auditor General, said:

"People have been helped, but why do that in a way which causes such misery? And we've spent far more than necessary because we've had to write off the hundreds of millions of pounds we simply can't get back."

The right hon. Member for Birkenhead has said:

"Tax credits are clearly the bluntest of anti-poverty weapons and are the equivalent of attempting delicate key hole surgery with a hacksaw."

To conclude, it is regrettable that the Chancellor has taken so long to answer the questions tabled by the right hon. Member for Birkenhead regarding how his Budget has impacted on different groups. That is further proof that the kind of serious and thoughtful assessment of the impact of tax rises on different income deciles envisaged by new clause 14 was very far from the Chancellor's mind in preparing his Budget. He was so desperate to grab the headlines with his basic rate tax cut con that he was prepared to do anything to achieve it, even if that meant hardship for people grappling with poverty, low incomes, falling living standards, problem debt and rising interest rates. Because he wanted to pull a fast one during the Budget debate, the 10p band had to go.

Of all the critical comment that followed the Budget debate, that of a former Member of this House, Michael Portillo, writing in *The Sunday Times* about the closing seconds of the Chancellor's Budget speech, summed up the position most effectively:

"30 seconds of theatre...had made poorer all those on low incomes who pay tax only or mainly at 10 per cent. Some will be compensated with tax credits, but not all. The chancellor cannot explain why he once thought that the lowest earners needed protection...but now has changed his mind. Those at the bottom of the pile have been sacrificed for the sake of a quick laugh. Politics, it seems, is but a game played with people's lives. It is astonishing that a chancellor who has worked with some success to redistribute income has, in his last budget, penalised the poorest but rewarded higher rate taxpayers."

Rob Marris: We need to put this very important debate in context. The hon. Member for Chipping Barnet (Mrs. Villiers) did that a bit, although somewhat grudgingly, and she gave some useful figures. However, it needs to be put in the context of what the Government have done in 10 years to address poverty. On pensioner poverty, they have introduced the winter fuel allowance, the minimum income guarantee and the pension credit. Pensioner poverty has come down a lot. There are problems with take-up and so on, but the Government have addressed the situation of older people.

David Taylor (North-West Leicestershire) (Lab/Co-op): Has my hon. Friend seen the report by the Chartered Institute of Taxation which calls for tax reform for older people on low incomes, not least because face-to-face advice in tax offices and inquiry centres is being withdrawn, home visits to the elderly and disabled are disappearing, and paper forms are disappearing in favour of the telephone and the internet, which many older people find difficult to use? How can they get their tax right in the fluid situation that we are discussing? Does he accept that there is a problem?

Rob Marris: While I do not want to go too far down that path, I agree that there may be difficulties for some pensioners, although one has to be careful not to aggregate all pensioners together. For example, almost 90 per cent. of pensioners over the age of 85 have a bank account, despite all the talk about the Department for Work and Pensions and the Post Office card account. However, one has to make special arrangements for vulnerable pensioners, and the Government have tried to do that.

In terms of family poverty, we have had tax credits, and child benefit has gone up substantially, especially for the first child. The minimum wage has done a lot to address poverty and family poverty in particular. Above all, we have 2.5 million more jobs.

The point that has not been made about new clause 14 is that the proposals would take effect from April 2008. They are not in this Finance Bill. That gives us a chance to pause for reflection and to consider the figures that have been mentioned. It is vital that we get more clarity from the Government on those. According to table A1 on page 208 of the Red Book, the drop from 22 to 20 per cent. in the basic rate of income tax will cost the Treasury £8 billion in 2008-09, the first year it is due to come in. However, the cost to the taxpayer of abolishing the starting rate of 10p in the £1 in tax year 2008-09 will be £7.3 billion.

I am not an accountant, but my reckoning is that every hon. Member will benefit from that. We are all higher-rate taxpayers, and they are much less than 10 per cent. of the working population in this country. We can all declare an interest in the 10, 20 and 22 per cent. rate, but intuitively the change says to me that there is a shift in the wrong direction, which is why I want more figures. Depending on those figures, my right hon. Friend the Member for Birkenhead (Mr. Field) may have a point about transitional relief, but it is difficult for him—he has not suggested otherwise—and the rest of us to know about transitional relief until we know what we are transitioning from. We have not yet got clarity on the figures.

I happen to think that we will get those figures well before next April, which is when the transition is due to take place, and we can have a look at them then. For that reason, I would not support my right hon. Friend were he to press the new clause to a vote, although I understand the spirit of it. I am confident—perhaps naively—that we will get the figures. I urge the Government to produce more figures, and I hope that my right hon. Friend the Chief Secretary will do so. Depending on those, the Government might need to reconsider the matter. That is my initial reaction to the debate in the press, the Chamber and Parliament on the effect of abolishing the starting rate and the corresponding cut in the basic rate of income tax.

It may well be that when the Government have had another look at the issue and we have fuller figures, those of us—I count myself as one of them—who are loyal Back-Bench MPs by and large, but who are uneasy about the direction of the change, may have our fears stilled. At the moment, however, without that information, we still have those fears.

Julia Goldsworthy: The loyalty of the hon. Member for Wolverhampton, South-West (Rob Marris) is being stretched so far that he is having to justify his intention to vote against the new clause on the basis that we need more information and we have another nine months in which to get it, but that is a weak argument. These tax changes were the centrepiece of the Chancellor's last Budget. Does it matter when they will be implemented? In the closing sentence of the Budget, the Chancellor said that

"to reward work, to ensure working families are better off and to make the tax system fairer, I will from next April cut the basic rate of income tax from 22p to 20p".

From the debates on Second Reading, in Committee and now on Report, it is clear that, for many people in work and families, the Budget will not make the tax system fairer. People paying a higher rate of tax will benefit, and we are not sure why that will make the tax system fairer.

If the information had been made available at the point at which the Chancellor made that announcement—in the Red Book, which also gave details of how the decisions would interact with each other—everyone would have been able to make a fair assessment. The reality is that after the Chancellor sat down no one had any idea how the cut in the basic rate of taxation would be funded until, after leafing as rapidly as they could through the Red Book, they discovered that it was through the abolition of the 10p rate, a decision referred to by the Chancellor with the words:

"With the other decisions I have made today, we are able to hold to our pledge made at the election not to raise the basic rate of income tax."—[*Official Report*, 21 March 2007; Vol. 458, c. 828.]

It is ludicrous that such comments can be made, but it is so difficult to find the information about how that will be funded, let alone the impact that it will have on many households.

Other hon. Members have spoken about the groups of people who will be affected. In particular, they have mentioned those on very low incomes, those who work part time—perhaps many of them will be women—couples with no children and a particular group of pensioners. Another group is those aged under 25 who are on low incomes, because they do not qualify for working tax credits. For those people, the tax system will not reward their work, ensure that they are better off or become fairer for them. On the surface the changes look attractive, but there is a lot going on underneath and it is not clear how it will all interact.

The hon. Member for Chipping Barnet (Mrs. Villiers) made some good points about the statistics and bombarded the House with useful information. This is outrageous, and the right hon. Member for Birkenhead (Mr. Field) is being very reasonable in his new clause. All he is saying is that we should be upfront about matters. The differential impact on different groups of taxpayers should be made clear at the point at which the announcements are made. Tribute must be paid to the right hon. Gentleman for teasing out much of the information in the Budget debate and during the progress of the Bill.

If the Minister is not prepared to accept the new clause, I wonder whether he would consider an alternative way of pursuing the matter. The Statistics and Registration Service Bill will come back before us in the near future, and perhaps the national statistician might be able to call in the issue and for the information to be made available as a national statistic.

We have a sense of the impact that the changes will have, and much of that is thanks to the work of the Institute for Fiscal Studies, whose response to the Budget provided a lot of information. I do not see any reason why the Treasury could not undertake that work in advance and publish at the same time as the Budget. Some very compelling arguments have been made. It is crucial that the information is made available at the time that the changes are announced, instead of when they are implemented.

9.30 pm

The Chief Secretary to the Treasury (Mr. Stephen Timms): I welcome this debate, and all hon. Members will understand the motivation and thinking behind the new clause moved with characteristic conviction by my right hon. Friend the Member for Birkenhead (Mr. Field). However, I hope that I can persuade the House that the proposal is impractical and that, if we are to assess the impact of personal tax changes on a group of taxpayers, we need to do so over a period longer than that covered by a single Budget.

It is worth reflecting on what this year's Budget package will achieve. There will be a significant simplification of the income tax system, which my right hon. Friend has welcomed, and the reduction in the basic rate to 20p. A further 200,000 children will be taken out of poverty, on top of the 600,000 helped in that way by previous measures. More than 500,000 pensioners will be taken out of tax entirely, and the biggest proportionate gains from the Budget tax package will go to those in the lowest two deciles of income.

That latter fact is something that I want to emphasise, especially in light of the observations made by my hon. Friend the Member for Wolverhampton, South-West (Rob Marris), and it is made clear in the analysis presented by the Institute for Fiscal Studies to which a number of speakers have referred. That analysis is still available on the IFS website, and I was checking it out earlier today. It is a very striking attribute of the Budget that the biggest proportionate gains go to the households on the lowest incomes.

Julia Goldsworthy: Does that take into account people claiming their entitlement to tax credits? One problem is that some people are too young to claim tax credits, and another is that many people simply do not do so.

Mr. Timms: In fact, the analysis does take that into account. I refer the hon. Lady to the slide in the Budget analysis on the IFS website that sets out the relevant figures. The slide shows two bars for each decile—one on the assumption of 100 per cent. take-up, and the other on the assumption of 33 per cent. take-up of tax credits by childless families. The statement that I have made about where the biggest proportionate gains fall applies in both those cases.

Mrs. Villiers: I understand that Treasury officials acknowledged to the Treasury Committee that their figures were based on the assumption that the take-up of working tax credits would amount to only 25 per cent. That does not give one a lot of confidence in the system's effectiveness.

Mr. Timms: That depends on the figures to which the hon. Lady is referring. I am not sure which they are, but later in my remarks I will deal with the take-up of tax credits. That is an important matter, but the take-up of tax credit for family income support is much greater than under any previous system that we have had in the UK.

Stewart Hosie: At this early stage in his remarks, will the Chief Secretary confirm that the take-up of family tax credits is at around 80 per cent. but that, according to the most recent report, unclaimed working tax credits amounted to £5 billion last year? Does he agree that the take-up rate for working tax credits was about 60 per cent?

Mr. Timms: I can confirm that the take-up of tax credits among the lowest-income families is well above 90 per cent. I do not know the basis for the figure quoted by the hon. Gentleman, but the take-up is very high among those who need the greatest support. It is certainly much higher than that achieved under any previous system of family income support.

Overall, the fiscally neutral Budget represents a £2.5 billion reduction in personal tax—that is, tax plus tax credits. The director of the IFS said:

"To reform the system in a useful way within tight financial constraints and with only modest gains and losses should be a cause for congratulation."

It is important that the House recognise the significance of the achievements secured by the Budget package.

This Budget builds on the progress made in earlier Budgets. There has been some discussion, rightly and fairly, of the position of pensioners. This year, the Government are spending in real terms about £11.5 billion more on pensioners than if we had left the system as it was in 1997, and nearly half that extra spending—more than £5 billion—is going to the least well-off third of pensioners. On average, they are £2,300 a year or £44 a week better off. Other groups in the taxpayer population referred to in the debate have benefited from other changes. We need to make a full assessment of the effects on people of changes introduced over a period rather than insisting on the basis of one year's tax changes that there should be transitional protection.

The Budget package forms the next stage in a programme to offer more support for work, for families and for pensioners. It includes eight separate reforms and the House will have the opportunity to debate each as they are put into legislation over the next two years. When the package is fully implemented, 6 million families with children will be better off and the gain to work will rise by £50 a year for many, up to £350 a year for some, helping to work make pay. The package reduces and simplifies personal taxation within a fiscally neutral Budget, protecting and boosting the incomes of vulnerable groups, with the number of losers minimised. I am not saying that there are none, but the number has effectively been minimised.

The new clause would require transitional relief measures so that any adverse effects of personal tax measures are phased in over a period. That would not be the right thing to do for two reasons. The first is complexity—I know that my right hon. Friend the Member for Birkenhead is sensitive about that point. Income tax is paid by more than 30 million people —I think my right hon. Friend said 31 million. Transitional, and thus temporary, changes would add significant complexity to a system that is central to Government finances and to the maintenance of strong public services.

The impact of the proposal would depend on the form taken by the transitional measures. My right hon. Friend and I had a brief conversation about one model, which is, if I understood it rightly, that taxpayers could choose whether they were taxed on the basis of the new system or the old. I think he realised that would be an extremely complex system to administer and that it would impose a large burden on employers as well as on Revenue and Customs. In debating the new clause, I am in some difficulty, because I am not sure what kind of transitional measures we are talking about. The only ones I can think of, which my right hon. Friend and I briefly discussed, would be impractical. Indeed, it would be impossible to implement such a dual system in time for next year.

Mr. Frank Field: My right hon. Friend says that he is in some difficulty because he does not understand the nature of transitional relief, but we are still waiting for him to give us a proper breakdown of who benefits and who loses. His difficulties are nowhere near as great as ours in trying to understand the Government's position.

Mr. Timms: The point I was making is that I do not think that there are any practical transitional measures that we could adopt. If the House were to legislate, there would have to be transitional relief measures. We would need to have some idea that a practical package were available for us to implement and I do not think there is one.

I apologise to my right hon. Friend for the fact that it has taken so long to answer his question about numbers. I am pleased and relieved that he has the information, which I hope is helpful. Other analysis is available, including that undertaken by the Institute for Fiscal Studies, to which reference has been made.

My right hon. Friend is particularly well informed about pensions, so he will recognise that one of the major reasons why the UK has such a complex pension system is that it contains so many transitional measures to maintain old arrangements phased out in the past. It would be a mistake to introduce similar arrangements in the tax system.

The elements of the personal tax package in the Budget were designed to ensure that, overall, low income groups were effectively protected, and the IFS analysis confirms that they have been. For example, a single-earner couple without children—to pick up on one of the points that was made earlier—on half median earnings receiving working tax credit will be £175 a year better off as a result of the Budget. That is right in the middle of the band that was mentioned. A lone parent, with one child, working full time at the minimum wage will be £335 a year better off. If we all agree—I think that on the whole we do—that it is right to prioritise the reduction and ultimately the eradication of child poverty, we need to prioritise households with children in Budget measures. That is what the package in the Budget does.

I hope that I have managed to persuade the House that it would not be right automatically to require transitional measures for any changes that left a particular group of taxpayers disadvantaged, however slightly—which is what the new clause would do. As far as I can see, where losses accrue to some as a result of the changes, they are small.

Julia Goldsworthy: I am listening carefully to what the right hon. Gentleman is saying about transitional arrangements, but is he able to say whether the Treasury will undertake to publish information at the time of the Budget on the effect of the measures on individuals, as well as information on how their incomes may have changed over time? That would enable us to see clearly, in one place, the impact of Budget measures on different income groups.

Mr. Timms: Information has already been published. I point the hon. Lady to the IFS analysis for the sort of detail that she is asking for. That shows that the biggest proportionate gains from the package will be enjoyed by households in the lowest two income deciles. That is an important feature of the package.

I hope that I have persuaded the House that it would not be right to agree to the new clause. I understand the concerns expressed by my right hon. Friend the Member for Birkenhead and others across the House, but they are effectively addressed by the tax credit changes that are part of the package as well. I hope that he feels that it would not be right to press the new clause to a vote, but, if he does press it, I will certainly ask my hon. Friends not to support it.

Mr. Frank Field: I thank my right hon. Friend for those comments. The thrust of his remarks was that we have not put forward a workable scheme for transitional relief, but it was only seconds before I came into the Chamber that we got the crudest information on the numbers, who would be gainers and the numbers—the 3 million—who would be losers, so it is a bit rich of him to say that we might have persuaded him had we come up with a workable scheme. For some reason or other, the information was not available. We could have looked at those data and come up with a workable scheme.

I want to make two comments: one to my side and one to the Opposition. What the Chief Secretary said was significant. He said that households in the lowest two deciles are the big gainers from the Budget. Since Lord Lawson introduced personal taxation, we have never been primarily concerned with household income; we have been concerned with individual income. On this side of the House, we were particularly keen on that, because we wished to see a transfer from wallet to purse wherever possible. If the Bill goes through as it stands, it will reverse the tradition that we started. It will move moneys from low-paid women's purses into the wallets of higher-paid husbands. For that reason alone, people on this side of the House ought to be disturbed. I am sorry that there are not more women Members present to support that group in the debate and then in the Lobby.

Had it not been for the speech made by the hon. Member for Chipping Barnet (Mrs. Villiers), I would have said that my right hon. Friend the Chief Secretary took the biscuit. We were told by the official Opposition that while the new clause addressed a serious problem, they would not vote on the matter. The hon. Lady said that we could rely on the tax credit system to compensate people who will lose out—we do not know who they are, but we know that there will be 3 million of them. The official Opposition have rightly secured debates and asked questions on tax credits. This evening, the hon. Lady said that one in two payments were wrong. However, although the tax credit system works so badly, she thinks that the lowest paid of our tax-paying constituents will be protected.

9.45 pm

Mrs. Villiers: The right hon. Gentleman must have misunderstood the point that I made. As I made clear in my speech, I strongly believe that the tax credit system will not solve all the problems produced by the Budget changes. However, a range of measures could be used to relieve hardship resulting from tax changes. We should not just phase in changes because there are other options to be considered.

Mr. Field: There clearly are. People will draw their own conclusions from the contributions made in the debate.

I did not think that the answers given from the Treasury Bench were adequate. My right hon. Friend the Chief Secretary is probably the most gifted member of the Treasury team and he knows that his performance was below par. I hope that many hon. Members will join us in the Lobby.

Question put, That the clause be read a Second time:—

The House divided: Ayes 67, Noes 269.

Division No. 151] **[9.46 pm**

AYES

Alexander, Danny
Beith, rh Mr. Alan
Brake, Tom
Brooke, Annette
Browne, Mr. Jeremy
Burstow, Mr. Paul
Burt, Lorely
Cable, Dr. Vincent
Campbell, rh Sir Menzies
Carmichael, Mr. Alistair
Clegg, Mr. Nick
Corbyn, Jeremy
Davey, Mr. Edward
Davies, Mr. Dai
Farron, Tim
Featherstone, Lynne
Field, rh Mr. Frank
Foster, Mr. Don
Gidley, Sandra
Goldsworthy, Julia
Harvey, Nick
Heath, Mr. David
Hemming, John
Hoey, Kate
Hopkins, Kelvin
Hosie, Stewart
Howarth, David
Hughes, Simon
Huhne, Chris
Jones, Lynne
Keetch, Mr. Paul
Kennedy, rh Mr. Charles
Kramer, Susan
Lamb, Norman
Laws, Mr. David
Leech, Mr. John
Llwyd, Mr. Elfyn
McCrea, Dr. William
McDonnell, John
Moore, Mr. Michael
Mulholland, Greg
Öpik, Lembit
Price, Adam
Pugh, Dr. John
Reid, Mr. Alan
Rennie, Willie
Robertson, Angus
Rowen, Paul
Russell, Bob
Sanders, Mr. Adrian
Simpson, Alan
Smith, Sir Robert
Spink, Bob
Stunell, Andrew
Swinson, Jo
Taylor, Matthew
Taylor, Dr. Richard
Teather, Sarah
Thurso, John
Webb, Steve
Williams, Hywel
Williams, Mark
Williams, Stephen
Willis, Mr. Phil
Willott, Jenny
Wishart, Pete
Younger-Ross, Richard

Tellers for the Ayes:
Mr. Roger Williams and Dan Rogerson

NOES

Abbott, Ms Diane
Ainger, Nick
Ainsworth, rh Mr. Bob
Allen, Mr. Graham
Anderson, Mr. David
Anderson, Janet
Armstrong, rh Hilary
Atkins, Charlotte
Baird, Vera
Balls, Ed
Banks, Gordon
Barlow, Ms Celia
Barron, rh Mr. Kevin
Bayley, Hugh
Begg, Miss Anne
Bell, Sir Stuart
Benn, rh Hilary
Benton, Mr. Joe
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blizzard, Mr. Bob
Blunkett, rh Mr. David
Borrow, Mr. David S.
Bradshaw, Mr. Ben
Brennan, Kevin
Brown, Lyn
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, Andy
Butler, Ms Dawn
Byrne, Mr. Liam
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Ronnie
Caton, Mr. Martin
Cawsey, Mr. Ian
Challen, Colin
Chapman, Ben
Chaytor, Mr. David
Clapham, Mr. Michael
Clark, Ms Katy
Clark, Paul
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Connarty, Michael
Cook, Frank
Cooper, Yvette
Cousins, Jim
Crausby, Mr. David
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Darling, rh Mr. Alistair
David, Mr. Wayne
Davidson, Mr. Ian
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobbin, Jim
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Dunwoody, Mrs. Gwyneth
Eagle, Angela
Efford, Clive
Ellman, Mrs. Louise
Ennis, Jeff
Farrelly, Paul
Flint, Caroline
Follett, Barbara
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gapes, Mike
Gardiner, Barry
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gilroy, Linda
Godsiff, Mr. Roger
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hanson, rh Mr. David
Harris, Mr. Tom
Havard, Mr. Dai
Healey, John
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hillier, Meg
Hodge, rh Margaret
Hood, Mr. Jim
Hope, Phil
Howarth, rh Mr. George
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Hutton, rh Mr. John
Iddon, Dr. Brian
Ingram, rh Mr. Adam
Jackson, Glenda
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Mr. Martyn
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Kemp, Mr. Fraser
Kennedy, rh Jane
Khan, Mr. Sadiq
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, Mr. David
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Love, Mr. Andrew
Lucas, Ian
Mactaggart, Fiona
Malik, Mr. Shahid
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCabe, Steve
McCarthy, Kerry
McCarthy-Fry, Sarah
McDonagh, Siobhain
McFadden, Mr. Pat
McFall, rh John
McGovern, Mr. Jim
McGuire, Mrs. Anne
McKechin, Ann
McKenna, Rosemary
McNulty, Mr. Tony
Meacher, rh Mr. Michael
Merron, Gillian
Michael, rh Alun
Milburn, rh Mr. Alan
Miliband, rh David
Miliband, Edward
Miller, Andrew
Mitchell, Mr. Austin
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Morgan, Julie
Morley, rh Mr. Elliot
Mountford, Kali
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
O'Brien, Mr. Mike
Olner, Mr. Bill
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prescott, rh Mr. John
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Rammell, Bill
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, rh John
Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Roy, Mr. Frank
Ruane, Chris
Ruddock, Joan
Russell, Christine
Ryan, Joan
Salter, Martin
Seabeck, Alison
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, rh Jacqui
Smith, John
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Strang, rh Dr. Gavin
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Taylor, David
Thomas, Mr. Gareth
Thornberry, Emily
Timms, rh Mr. Stephen
Tipping, Paddy
Touhig, rh Mr. Don
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Vaz, rh Keith
Walley, Joan
Waltho, Lynda
Wareing, Mr. Robert N.
Watson, Mr. Tom
Watts, Mr. Dave
Whitehead, Dr. Alan
Williams, rh Mr. Alan
Winnick, Mr. David
Winterton, rh Ms Rosie
Woodward, Mr. Shaun
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Noes:
Mr. Michael Foster and Huw Irranca-Davies

Question accordingly negatived.

Clause 3

SMALL COMPANIES' RATES AND FRACTIONS FOR FINANCIAL YEAR 2007

10 pm

Mr. Hoban: I beg to move amendment No. 43, page 2, line 9, leave out clause 3.

Mr. Speaker: With this it will be convenient to discuss the following amendments: No. 41, page 2, line 11, leave out from '20%' to end of line 12 and insert

'for companies with non-ring fenced profits employing fewer than five people, and

(b) 19% for companies with either ring fence profits or five or more employees.'.

No. 42, page 2, line 14, leave out from second 'profits' to 'fraction' in line 17 and insert:

'and companies employing fewer than five people and with non-ring fenced profits ("the smaller company fraction"), and

(b) 11/400ths in relation to ring-fence profits of companies and companies employing five or more people ("the standard".

Mr. Hoban: It is difficult to understate the mess into which the Government have got themselves on the taxation of small companies. After 11 Budgets and multiple rate changes, the Chancellor has almost come full circle on the subject. When the Government came to office, the rate was 23p in the pound. They reduced it to 21p in 1997 and to 20 per cent. in 1998. In 1999, a new 10 per cent. rate was introduced, reduced to zero in 2002, only to be put back up to 19 per cent. for non-corporate distributions in 2004. In this year's Budget, the rate was increased from 19 to 20 per cent.; next year it will increase from 20p to 21p, and the following year, it will go up from 21p to 22p. By the next general election, the small companies rate will be only a penny less than it was in 1997. There have been so many changes, yet so little progress. Eight tax changes have been made, simply for the rate to fall by only 1p in the past 10 years.

That constant meddling in the small companies rate reflects a problem at the heart of the Government's tax policy. Treasury Ministers perceive tax as a means of behavioural change; sometimes it might work and sometimes it does not. However, in 2002 some bright spark at the Treasury decided to stimulate enterprise by reducing the starting rate of corporation tax to zero. We know that that stimulated incorporation; hence the changes in later years to the starting rates, and their effects, until last year's abolition.

In the debate in the Committee of the whole House, the hon. Member for Wolverhampton, South-West (Rob Marris) and I referred to proceedings on Second Reading of the Finance Act 2002. We both admitted that our memory was rather hazy, but I checked the debate and I found a quote, in which I thought that hon. Members might be interested. It is:

"As a result, many small unincorporated businesses, such as plumbers, small builders or shopkeepers, think that they should incorporate because the tax position has become so advantageous for them...The Federation of Small Businesses asked whether that was a deliberate policy of the Government. The Inland Revenue assured the federation that the policy was deliberate and was intended to encourage enterprise. However, I am at a loss to understand how incorporation in itself is an encouragement to enterprise. I should have thought that we should be encouraging small businesses to be set up according to whichever format suited them rather than directing them—as the goal of Government policy—towards incorporation."—[*Official Report*, 30 April 2002; Vol. 384, c. 895.]

Even in 2002, some people identified the potential problem. Hon. Members may wish to know who made that speech; I must confess, with some modesty, that it was me. The Government were, therefore, warned about what might happen if the policy went ahead.

The Government, in trying to remove the incentives, have gone into overdrive by creating the position whereby by the next general election, the small companies rate of taxation will be 2p higher than the basic rate of tax. The measure's impact on companies is crude. It is worth going back to the debate on this Bill in the Committee of the whole House, when the Financial Secretary said:

"In fact, a quarter of large companies—those employing more than 250 staff—pay the small companies or small profits rate; and fully around half of medium-sized companies, which have between 50 and 250 employees, pay that rate."—[*Official Report*, 30 April 2007; Vol. 459, c. 1266.]

A measure that was apparently supposed to deal with unincorporated businesses becoming limited companies will lead to increases in the tax rate paid by 13,000 medium-sized companies and about 1,500 large companies.

In the spirit of consensus, may I offer to help the Government out of the hole they have got themselves into by increasing the tax rate on many businesses employing more than 50 staff? In amendments Nos. 41 and 42, they have an opportunity to focus the measure more effectively on the smallest companies, which they believe responded to their policy in 2002 to incorporate.

What is the Government's justification for the measure? What are they using to defend that change of tax policy? The Budget note on corporation tax reform summarised the argument succinctly by setting out three main objectives of reform: enhancing the international competitiveness of UK-based business; encouraging growth through investment and innovation; and ensuring fairness across the tax system. Those are laudable objectives, but let us look more carefully at what they mean in practice for small business. The cut in mainstream corporation tax, which we support, aims to improve Britain's international competitiveness, but only for companies earning profits of more than £300,000 a year. The Government's attitude is, "If you earn profits lower than that, tough." The Budget has worsened the position of such companies.

I suspect that the Financial Secretary will argue, as he did in the Committee of the whole House, that in the Budget there are changes to the annual investment allowance that will help small companies. However, that depends on businesses making decisions to invest in plant and machinery rather than in human capital. Small businesses that expected to earn the industrial buildings allowance or the agricultural buildings allowance will be hit hard by measures that we will discuss tomorrow.

The Government use the argument of fairness to justify the increase in the small companies tax rate, but I have established that it is a crude, clunking measure that hits companies of all sizes. There is a problem at

[Mr. Hoban]

the heart of the tax change, as the Government do not understand properly how small businesses work and how they are affected by the tax system. If they did, perhaps they would not be in this mess in the first place. It appears from representations made by small business groups that they do not believe that the Government understand them, either. Carol Undy of the Federation of Small Businesses was reported as saying:

"This is the Chancellor's eleventh Budget and this year's offering is no different to the others—he gives with one hand and takes with the other. Corporation tax was cut for large firms but increased for smaller ones."

About the Chancellor's tax changes, the federation said:

"tax cuts aimed at big business will do nothing to ease the burden for the majority of the private sector".

The British Chambers of Commerce spoke out against the small companies corporation tax increase:

"Many of our members feel let down and are dismayed by the measures taken which will hit their competitiveness and increase their tax burden".

Small business organisations clearly understand, as the Treasury does not, the impact of the increase on their members and their ability to invest and grow in future. The Government have sent mixed messages for business in the Budget, and it is time for a consistent approach to company taxation. Cutting one rate but increasing another sends a confused signal to the business world. It is right to encourage businesses to grow and invest, so it is wrong for the Chancellor, who did the right thing for companies earning large profits by cutting the headline rate of corporation tax, to increase the small companies rate. Because of the mistakes that he made in the past, he is penalising all small companies that pay that rate. Why should companies suffer because he got it wrong? The Government owe them an apology, not a tax increase.

Julia Goldsworthy: I shall be brief. We have covered many of these issues on Second Reading, in the Committee of the whole House and in the Public Bill Committee. The only point that I wish to make, in addition to those made by the hon. Member for Fareham (Mr. Hoban), ties in with the previous debate.

It is not yet clear to many businesses how their tax treatment will be affected by the increase in the small business rate of corporation tax, the capital allowances and the research and development tax credits that may be available to them. Again, it would be helpful if, at the time of the Budget, information was published about what the differential impact of all the changes, in the round, will be—over time, as not all the changes occur within the same time frame; over sector, because we have heard that some capital-intensive businesses will benefit disproportionately; and by region, because in my part of the world, down in Cornwall and across the south-west, there are a disproportionate number of very small businesses. If many small businesses encounter a tax hike, areas with the highest proportion of small businesses will see that driver of their economy affected more negatively than other areas that have more big businesses or more capital-intensive businesses.

Businesses are still trying to work out how the changes will affect them, and what advantages and disadvantages there will be for them in the tax changes in the Budget and the Bill. I hope the Minister will give us an assurance that by the end of the debate on the Bill, businesses will have a clearer sense of what it will mean for them.

John Healey: As the hon. Member for Falmouth and Camborne (Julia Goldsworthy) said, we have covered much of the ground before, several times since the Budget, and we have rehearsed many of the general arguments in debates on the Bill and elsewhere. The arguments that I heard this evening from the hon. Member for Fareham (Mr. Hoban) are fundamentally flawed, first in the proposition that there should be a differential in how the small companies rate is charged, and secondly, in the way that he attempted to target those rates.

There are huge practical difficulties with attempting to fix a tax rate based on fairly arbitrary and easily manipulated criteria, such as employment figures. What is the rationale for choosing five employees as representing a real company, rather than, say, six or four? What if employment levels change throughout the year? Would a company wait until after it had filed its tax returns to cut the work force? Would it take on temporary workers in order to get above the magic level of five employees?

On a more serious level, one needs to consider the risk of distorting what should be commercial decisions because of a tax structure. That would create incentives for small companies to merge not for commercial reasons, but for tax reasons. It would also be an incentive to exaggerate employment levels in the company. The proposition is seriously flawed in a number of ways.

The core of the problem is not the practicality of introducing such arbitrary measures, but the rationale for doing so. To encourage investment, as the hon. Member for Fareham recognised, the Government have looked to reduce corporation tax rates successively since 1997, to the extent that even when we reverse that trend and return the small companies rate to 22 per cent., it will be still be lower than when we came into office in 1997. The hon. Gentleman acknowledged that earlier.

The hon. Gentleman criticised us for what he termed constant meddling with the rates, but at each stage what we have done, and the rationale for doing it, have been clearly set out. At each stage we have said that the changes that we are making in the rates were to encourage retention, reinvestment and growth. As with all elements of the tax system, we have made it clear that we would keep those changes under careful and constant review.

As hon. Members have recognised, the earlier changes and their impact were not as we intended. We saw an increase in incorporation taking place, not as a launch pad for growth but as a way of reducing personal tax and national insurance levels, while in many cases those involved were carrying out exactly the same economic activity as before.

10.15 pm

That is why we decided to change the way in which we focus incentives for growth, and we have changed the focus, not for some businesses, or those with fewer

than five employees, but for all businesses—not just companies, but those that are unincorporated as well. The hon. Member for Fareham cited the Federation of Small Businesses, and I shall do so too, as I have in previous debates. It has welcomed the proposal for the annual investment allowance, which will benefit the direct activity of investment. By providing an allowance of up to £50,000 for all businesses, the arrangement will cover all the yearly expenditure of about 19 out of 20 small businesses, effectively providing them with 100 per cent. first-year allowances, moving toward a cash-flow tax system, dealing with what many small businesses constantly say is their biggest problem—their tax-flow levels. Even modest levels of investment in plant and machinery will bring significant benefits.

We recognise that there are many sound reasons for incorporation. We do not want to stop or discourage genuine commercial incorporations. We are proud of our record in encouraging the start-up and growth of small firms, not least with the stability that we have been able to bring to the general economy. The changes that we are making in the Bill build on that success. They reduce the unfair tax advantages that can distort competition between incorporated and unincorporated businesses, and they ensure that the incentives in the tax system that are designed to promote growth will do just that.

For that reason, I hope that the hon. Member for Fareham will not press amendment No. 43. Amendments Nos. 41 and 42 go directly against what businesses say to us that they want—a simple and fair tax system—so I hope that he will not press those amendments, either. If he does, I shall ask my hon. Friends to resist.

Mr. Hoban: This has been a brief debate, which is probably to the advantage of all hon. Members; as the Financial Secretary said, we have rehearsed these arguments before.

I accept that amendments Nos. 41 and 42 are quite crude amendments. In a sense, they mirror what the Government have sought to do by increasing the small companies rate, because the Government's increase has been a very crude way of tackling a problem of their own making. Perhaps the Financial Secretary should take his own advice about measures that could end up distorting commercial decisions. Tax can distort commercial decisions, as the 2002 tax changes clearly did. He needs to reflect on that when considering future changes.

It is clear that, despite the package that the Financial Secretary described, as we established in the Committee of the whole House, the average gain for businesses from the introduction of the annual investment allowance is about £60 or £70 a business. The loss for small companies as a consequence of the increase in the tax rate is about £1,000 a company. I think that many small businesses and companies will find that a burden, and will find that they cannot invest as much as they would want to invest in developing their staff.

That sends out mixed and confused messages to companies that hear the Chancellor praising large companies and cutting their corporation tax, while small companies are penalised by this increase. That is why I wish to press amendment No. 43 to a vote—to send out a clear signal that at least on the Opposition Benches, we back small companies and want to see them grow.

Question put, That the amendment be made:—

The House divided: Ayes 191, Noes 268.

Division No. 152] **[10.19 pm**

AYES

Afriyie, Adam
Ainsworth, Mr. Peter
Alexander, Danny
Amess, Mr. David
Ancram, rh Mr. Michael
Arbuthnot, rh Mr. James
Atkinson, Mr. Peter
Bacon, Mr. Richard
Baldry, Tony
Barker, Gregory
Baron, Mr. John
Beith, rh Mr. Alan
Bellingham, Mr. Henry
Benyon, Mr. Richard
Bercow, John
Beresford, Sir Paul
Blunt, Mr. Crispin
Bone, Mr. Peter
Bottomley, Peter
Brazier, Mr. Julian
Brokenshire, James
Browne, Mr. Jeremy
Browning, Angela
Burns, Mr. Simon
Burt, Alistair
Burt, Lorely
Butterfill, Sir John
Cable, Dr. Vincent
Campbell, rh Sir Menzies
Carmichael, Mr. Alistair
Carswell, Mr. Douglas
Cash, Mr. William
Chope, Mr. Christopher
Clark, Greg
Clarke, rh Mr. Kenneth
Clegg, Mr. Nick
Clifton-Brown, Mr. Geoffrey
Conway, Derek
Crabb, Mr. Stephen
Davey, Mr. Edward
Davies, David T.C. *(Monmouth)*
Djanogly, Mr. Jonathan
Dorries, Mrs. Nadine
Duddridge, James
Duncan, Alan
Duncan Smith, rh Mr. Iain
Dunne, Mr. Philip
Ellwood, Mr. Tobias
Evennett, Mr. David
Fabricant, Michael
Fallon, Mr. Michael
Farron, Tim
Field, Mr. Mark
Fox, Dr. Liam
Francois, Mr. Mark
Fraser, Mr. Christopher
Garnier, Mr. Edward
Gauke, Mr. David
Gibb, Mr. Nick
Gidley, Sandra
Gillan, Mrs. Cheryl
Goldsworthy, Julia
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gove, Michael
Grayling, Chris
Green, Damian
Greening, Justine
Grieve, Mr. Dominic
Gummer, rh Mr. John
Hague, rh Mr. William
Hammond, Stephen
Harper, Mr. Mark
Harvey, Nick
Hayes, Mr. John
Heald, Mr. Oliver
Heath, Mr. David
Hemming, John
Hendry, Charles
Herbert, Nick
Hoban, Mr. Mark
Hogg, rh Mr. Douglas
Hollobone, Mr. Philip
Holloway, Mr. Adam
Hosie, Stewart
Howard, rh Mr. Michael
Howarth, Mr. Gerald
Hughes, Simon
Huhne, Chris
Hunt, Mr. Jeremy
Hurd, Mr. Nick
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Johnson, Mr. Boris
Jones, Mr. David
Kawczynski, Daniel
Keetch, Mr. Paul
Key, Robert
Kirkbride, Miss Julie
Kramer, Susan
Laing, Mrs. Eleanor
Lamb, Norman
Lancaster, Mr. Mark
Lansley, Mr. Andrew
Leech, Mr. John
Leigh, Mr. Edward
Letwin, rh Mr. Oliver
Liddell-Grainger, Mr. Ian
Llwyd, Mr. Elfyn
Loughton, Tim
Mackay, rh Mr. Andrew
Maples, Mr. John
Mates, rh Mr. Michael
May, rh Mrs. Theresa
McCrea, Dr. William
McIntosh, Miss Anne
Mercer, Patrick
Miller, Mrs. Maria
Milton, Anne
Moore, Mr. Michael
Moss, Mr. Malcolm
Mulholland, Greg
Murrison, Dr. Andrew

Neill, Robert
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Öpik, Lembit
Paice, Mr. James
Paterson, Mr. Owen
Pelling, Mr. Andrew
Penning, Mike
Penrose, John
Pickles, Mr. Eric
Price, Adam
Prisk, Mr. Mark
Pritchard, Mark
Pugh, Dr. John
Randall, Mr. John
Reid, Mr. Alan
Rennie, Willie
Robathan, Mr. Andrew
Robertson, Angus
Robertson, Hugh
Robertson, Mr. Laurence
Rogerson, Dan
Rowen, Paul
Russell, Bob
Sanders, Mr. Adrian
Scott, Mr. Lee
Selous, Andrew
Simmonds, Mark
Simpson, Mr. Keith
Smith, Sir Robert
Soames, Mr. Nicholas
Spelman, Mrs. Caroline
Spink, Bob
Spring, Mr. Richard
Stanley, rh Sir John
Steen, Mr. Anthony
Stuart, Mr. Graham
Stunell, Andrew
Swinson, Jo
Swire, Mr. Hugo
Syms, Mr. Robert
Taylor, Mr. Ian
Taylor, Matthew
Teather, Sarah
Thurso, John
Tredinnick, David
Tyrie, Mr. Andrew
Vara, Mr. Shailesh
Viggers, Peter
Villiers, Mrs. Theresa
Walker, Mr. Charles
Wallace, Mr. Ben
Waterson, Mr. Nigel
Widdecombe, rh Miss Ann
Wiggin, Bill
Willetts, Mr. David
Williams, Hywel
Williams, Mark
Williams, Mr. Roger
Williams, Stephen
Willott, Jenny
Wilson, Mr. Rob
Winterton, Ann
Winterton, Sir Nicholas
Wishart, Pete
Wright, Jeremy
Young, rh Sir George
Younger-Ross, Richard

Tellers for the Ayes:
Angela Watkinson and Andrew Rosindell

NOES

Abbott, Ms Diane
Ainger, Nick
Ainsworth, rh Mr. Bob
Alexander, rh Mr. Douglas
Allen, Mr. Graham
Anderson, Mr. David
Anderson, Janet
Armstrong, rh Hilary
Atkins, Charlotte
Baird, Vera
Balls, Ed
Banks, Gordon
Barlow, Ms Celia
Barron, rh Mr. Kevin
Bayley, Hugh
Begg, Miss Anne
Bell, Sir Stuart
Benn, rh Hilary
Benton, Mr. Joe
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blizzard, Mr. Bob
Borrow, Mr. David S.
Bradshaw, Mr. Ben
Brennan, Kevin
Brown, Lyn
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, Andy
Butler, Ms Dawn
Byrne, Mr. Liam
Campbell, Mr. Alan
Campbell, Mr. Ronnie
Caton, Mr. Martin
Cawsey, Mr. Ian
Challen, Colin
Chapman, Ben
Chaytor, Mr. David
Clapham, Mr. Michael
Clark, Ms Katy
Clark, Paul
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Connarty, Michael
Cook, Frank
Cooper, Yvette
Corbyn, Jeremy
Cousins, Jim
Crausby, Mr. David
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Dai
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobbin, Jim
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Eagle, Angela
Efford, Clive
Ellman, Mrs. Louise
Ennis, Jeff
Farrelly, Paul
Field, rh Mr. Frank
Flint, Caroline
Follett, Barbara
Francis, Dr. Hywel
Gapes, Mike
Gardiner, Barry
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gilroy, Linda
Godsiff, Mr. Roger
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hanson, rh Mr. David
Harris, Mr. Tom
Havard, Mr. Dai
Healey, John
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hillier, Meg
Hodge, rh Margaret
Hoey, Kate
Hood, Mr. Jim
Hope, Phil
Hopkins, Kelvin
Howarth, rh Mr. George
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Hutton, rh Mr. John
Iddon, Dr. Brian
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Lynne
Jones, Mr. Martyn
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Kemp, Mr. Fraser
Kennedy, rh Jane
Khan, Mr. Sadiq
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, Mr. David
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Love, Mr. Andrew
Lucas, Ian
Mactaggart, Fiona
Malik, Mr. Shahid
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Marshall-Andrews, Mr. Robert
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCabe, Steve
McCarthy, Kerry
McCarthy-Fry, Sarah
McDonagh, Siobhain
McDonnell, John
McFadden, Mr. Pat
McGovern, Mr. Jim
McGuire, Mrs. Anne
McKechin, Ann
McNulty, Mr. Tony
Meacher, rh Mr. Michael
Merron, Gillian
Michael, rh Alun
Milburn, rh Mr. Alan
Miliband, rh David
Miliband, Edward
Miller, Andrew
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Morgan, Julie
Morley, rh Mr. Elliot
Mountford, Kali
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
O'Brien, Mr. Mike
Olner, Mr. Bill
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prescott, rh Mr. John
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Rammell, Bill
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie

Reid, rh John
Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Roy, Mr. Frank
Ruane, Chris
Ruddock, Joan
Russell, Christine
Ryan, Joan
Salter, Martin
Seabeck, Alison
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Simpson, Alan
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, rh Jacqui
Smith, John
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Strang, rh Dr. Gavin
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Taylor, David
Thomas, Mr. Gareth
Thornberry, Emily
Timms, rh Mr. Stephen
Tipping, Paddy
Touhig, rh Mr. Don
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Walley, Joan
Waltho, Lynda
Wareing, Mr. Robert N.
Watson, Mr. Tom
Watts, Mr. Dave
Whitehead, Dr. Alan
Williams, rh Mr. Alan
Winnick, Mr. David
Winterton, rh Ms Rosie
Woodward, Mr. Shaun
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Noes:
Huw Irranca-Davies and Mr. Michael Foster

Question accordingly negatived.

Further consideration adjourned.—*[Mr. Watts.]*

To be further considered tomorrow.

BUSINESS OF THE HOUSE

Ordered,

That, notwithstanding the practice of the House as to the intervals between stages of Bills brought in upon Ways and Means Resolutions, more than one stage of the Finance Bill may be taken at any sitting of the House.—*[Mr. Watts]*

DELEGATED LEGISLATION

Mr. Deputy Speaker (Sir Alan Haselhurst): I propose to take motions 4 and 5 together.

Motion made, and Question put forthwith, pursuant to Standing Order No. 118(6) (Delegated Legislation Committees),

Trade Marks

That the draft Trade Marks (Relative Grounds) Order 2007, which was laid before this House on 8th May, be approved.

Public Health

That the draft Vaccine Damage Payments Act 1979 Statutory Sum Order 2007, which was laid before this House on 16th May, be approved.—*[Mr. Watts.]*

Question agreed to.

REGULATORY REFORM

Motion made, and Question put forthwith, pursuant to Standing Order No. 18(1)(a) (Consideration of draft regulatory reform orders)

Game

That the draft Regulatory Reform (Game) Order 2007, which was laid before this House on 4th June, be approved.—*[Mr. Watts.]*

Question agreed to.

EUROPEAN UNION DOCUMENTS

Motion made, and Question put forthwith, pursuant to Standing Order No. 119(9) (European Standing Committees),

European Research Area

That this House takes note of European Union Document No. 8322/07, Commission Green Paper, The European Research Area: New Perspectives; encourages UK stakeholders to participate in the consultation process which the Commission has inaugurated; and agrees that the issues identified in the document are of vital importance to ensuring the effective development of the European Research Area.—*[Mr. Watts.]*

Question agreed to.

PETITIONS

Toxic Material (Ffos-y-frân)

10.34 pm

Mr. Elfyn Llwyd (Meirionnydd Nant Conwy) (PC): I wish to present a petition from the constituents of Merthyr Tydfil regarding the toxic effect of the open-cast site at Ffos-y-frân, near Merthyr Tydfil. Previous petitions have had 25,000 signatories. This petition contains six signatures of the people worst affected.

The petition states:

The Petitioners therefore request that the House of Commons urges the Secretary of State for Environment, Food and Rural Affairs...to use his powers to either reverse this planning decision affecting the Ffos-y-frân site at Merthyr Tyfdil, which has failed to take sufficient note of public concern and outrage over toxic material being disturbed on this said site, and to ensure that any revised application would be bound by law to include a 500 metre buffer zone protection provision; or at this stage retrospectively, using his extensive discretionary powers, award the inclusion of a 500 metre buffer zone distance between this site specifically and homes and schools to prevent the disturbance of toxic waste; or insist, using his station, that the Welsh Assembly, with its devolved power, implements either of the above measures.

And the Petitioners remain, etc.

To lie upon the Table.

Inappropriate Development (Benfleet)

10.36 pm

Bob Spink (Castle Point) (Con): I am pleased to present a petition against inappropriate development next to one of the most important and beautiful conservation areas in Essex, opposite St. Mary's church in Benfleet. It is remarkable that Brian Keeler, a campaigner who is held in high public esteem, was able to gather almost 1,000 signatures in a very short space of time. I am grateful to other excellent campaigners from our community, such as the president of the friends of St. Mary's church, Chris Findlay. The petition explains why the development is totally unacceptable, and I urge local councillors to listen to

[Bob Spink]

residents and to reject the application. I thank each of the petitioners for caring enough about their community and environment to sign this excellent petition.

The petition states:

To the House of Commons,

The Petition of people living around the St. Mary's Church Conservation Area, declares that we the residents of Benfleet and surrounding areas object to the proposed demolition of the parade of shops opposite the historic St. Mary's Church, in High Road, Benfleet to make way for a new block of four shops with five one bed and eight two bed flats in a two storey development above the shops with underground parking, on the grounds that the access is unacceptable, there are insufficient parking arrangements, particularly for visitors to those new properties and shops, and consequently the shops and public will suffer, because the bulk of the proposed building would be unacceptably detrimental to the street scene in this sensitive position around the Conservation Area and because this would put unacceptable additional stress on the existing infrastructure at a sensitive point on the highway and for many other valid planning reasons as set out by the Member of Parliament and the previous Council members for the ward, in their objections to the earlier applications which were rejected.

The Petitioners therefore call on the House of Commons to implore the Government to impress upon Castle Point Borough Council, and the three Boyce Ward councillors in particular, the imperative that this application is decided by members rather than unelected unaccountable officers, and the need to reject the application on behalf of all residents of Castle Point who are sick to the back teeth of the attempts to overdevelop their community.

And the Petitioners remain, etc.

To lie upon the Table.

Strategic Routes (South-West)

Motion made, and Question proposed, That this House do now adjourn.—*[Mr. Watts.]*

10.38 pm

Mr. David Heath (Somerton and Frome) (LD): I am grateful for the opportunity to raise this issue tonight. I notice that the last time I raised the issue of roads in the south-west on the Adjournment it was at 11.15 pm, so tonight's timing is slightly better.

Although the title of my debate on the Order Paper is "Strategic routes in the South West", I hope to reduce the scope of that a little, as it would be a very large subject. One might have a debate about the rail system in the west country, which is desperately in need of investment to meet the demands on it, or about the motorway system. I want to concentrate my comments, however, on the A303 in my constituency and the strategic routes between the south coast and Bristol and Bath. I will try desperately to put out of my mind the fact that, because of the Glastonbury festival traffic, it took me four hours to drive from my constituency this morning along the said A303. Indeed, it is not capacity or journey times that I want to concentrate on, but rather safety and the quality of life for people who live in my constituency.

The particular stretch of the A303 that most interests me is between Sparkford and Ilchester. It horrifies me to realise that I have been talking at intervals about that stretch of road, which is only 3½ miles long, for the 10 years that I have been in the House and before that as a county councillor. We went through a long process immediately prior to my entering the House in 1997, when the then Government produced plans for safety improvements on that stretch. They were put to local people and went through a public inquiry. The public inquiry satisfied itself that there were no overwhelming environmental problems or problems with local concerns about the plans.

That was different from other parts of the A303. There was considerable concern about the implications of schemes to increase capacity over the Blackdowns, and we have a continuing problem with what can be done at Stonehenge. However, there was a general realisation that there could be significant improvement in the safety of the stretch of road from Sparkford to Ilchester by dualling it, and that that could be done without an excessive take of land and reasonably inexpensively.

The scheme got caught in the moratorium on road building as the new Government took office in 1997. We then entered into what I have learned to call the south-west area multi-modal study—the so-called SWARMMS report—which looked at the whole length of the A303, and there it stayed. I have raised the issue at regular intervals since then. When I did so in 1998, the then Minister, the hon. Member for Hampstead and Highgate (Glenda Jackson), gave me a learned dissertation on Stonehenge and why I should care more about it than about my constituents. I do care about Stonehenge, but I was interested in safety improvements between Sparkford and Podimore.

Every time we have raised the issue since 1997 we have seen an ever-receding prospect of action. Why do we need action? It is a stretch of road where the A303

changes from a dual carriageway to a single carriageway and back to a dual carriageway. There is a pinchpoint. It carries a significant amount of traffic. I have said before that the A303 carries more traffic than many motorways, particularly in the summer season, when there is a great deal of holiday traffic, much of which, for some reason, wants to go to Devon and Cornwall. I cannot understand why entirely, but it does, and it goes through Somerset. There is also a lot of locally induced traffic from the Glastonbury festival, the Yeovilton air show and local events of that kind.

The other critical factor is the distance of the stretch of road from London and the far south-west. It is at the point when drivers start to get tired and lose their concentration. According to information that I have been given by the Highways Agency, the sad consequence of that is that there have been 18 deaths and 68 serious injuries on that short, 3½ mile stretch. That is significant.

Mr. Oliver Letwin (West Dorset) (Con): The hon. Gentleman makes a powerful case. I hope that he agrees that there is another reason for taking the steps that he advocates: the effect lower down on the A35 on the south coast, where my constituents suffer from an excess of through traffic which could be relieved to a considerable extent by dealing with pinchpoints on the A303.

Mr. Heath: I am grateful to the right hon. Gentleman. I do not know the details of the situation that he describes in Dorset, but I am well aware of the case for establishing the A303 as the second strategic route—as I am told I must call it. Sometimes I am told that I must call it policy TR3 of the regional spatial strategy. All those acronyms denote the fact that it is a very important road and something needs to be done.

Apparently, that stretch of road will not be done before 2016 at the earliest. The implication is that if the problems of Stonehenge—which I understand is a difficult conundrum, given that a world heritage site is right next to a trunk road—cannot be satisfactorily resolved, nothing will be done along the entire length of the A303. We have proposals for a single scheme, which should not be included in the whole scheme for the length of the A303 but judged on its merits. Those merits suggest, in safety terms and for the sake of saving lives, that it is justified. It concerns me greatly that it will be held up by circumstances beyond the control of anyone who is making the case for it. Those circumstances include the Stonehenge issues and the problem of investing in the A358 as the other leg that brings the traffic from the A303 back to the M5. I ask the Minister whether we can look again at the safety record of that short stretch of road and how we can improve it. We cannot reasonably and responsibly wait until 2016 for something to be done.

The other outstanding issue on the A303 is the noise-reduction surface, which we were faithfully promised by the Highways Agency would be in place four years ago. For the sake of their quality of life, people who live in close proximity to a road that for all intents and purposes is carrying the traffic of a motorway, in places such as Blackford, Holton, Maperton and Compton Pauncefoot, have been desperately waiting for a change in the surface. They are sadly disappointed that it has not been done yet.

I thought that the subject of the second strategic route was opaque, but BB2SC—as I am told I must call the other route—is even more obscure. BB2SC does not yet exist but will be the road that will connect the south coast ports of Poole and Southampton with Bristol and Bath and, therefore, the motorway network to the north. The difficulty at the moment is that we have not identified that key strategic route. The consequence of that is that heavy goods vehicles leaving those ports—and we are told that both ports will be expanded—take totally unsuitable routes north. They choose different routes, one of which is the A357 through Dorset into the Blackmore vale and, in my constituency, through villages such as Henstridge and Templecombe. I cannot imagine villages that would be less suitable for heavy goods vehicles, given the width of the carriageway, the fact that buildings are very close to the road on each side, and the sharp bends. They are totally unsuitable for lorries of any size.

In addition, Templecombe has a low railway bridge and, every month or so, a lorry gets stuck under it. I was in Templecombe only three or four weeks ago and a lorry got stuck. It got squashed under the bridge about 20 minutes after Abbas and Templecombe primary school had finished its day. Had that happened 20 minutes earlier, the pavement under the bridge would have been full of primary-age children. That is unsatisfactory, dangerous, and could be completely avoided if we had a proper strategic route, with all the necessary signage, to take lorries away. The road is supposed be an A route, but it is incapable of taking that sort of traffic.

Angela Browning (Tiverton and Honiton) (Con): Does the hon. Gentleman think that satellite navigation plays a part with the lorries? My constituency is rural, like his, and I too have seen more problems with lorries. It seems that satnav gives drivers the most direct route, but using some of the most inappropriate roads possible.

Mr. Heath: I am so glad that the hon. Lady has asked that question, as the next word on my notes is "satnav". She is right; in the case that I described, the Slovenian driver was using satnav. As a result, he followed an unsuitable road. Satnav navigation systems are fine, in their place, and they have a value, but far too many heavy goods vehicles—especially those driven by foreign drivers—seem to use inappropriate devices intended for cars rather than heavy goods vehicles. In any case, the HGV satnav programs do not show clearly enough the unsuitability of some roads. For instance, the driver of a delivery lorry tried to make a delivery right next to my office in Frome. He went down a cobbled street in Sheppards Barton in Frome and met a flight of steps—that was where the satnav had sent him, but that is not an entirely satisfactory routing system.

I raised this matter with the Minister in October, in an Adjournment debate held by the hon. Member for High Peak (Tom Levitt). We heard some promising news about what the Government were doing about satnav, so I wonder whether he can update the House about that this evening. He said then that the consultation about the Government's proposals was to end on 9 January this year. We should therefore have some firm proposals about what should be done, but it

[Mr. Heath]

seems to me that we should translate the suitability of roads and the various obstacles on them on to a commonly agreed, pan-European satnav format which HGV drivers must use. In that way, all drivers can use the same basis of information, and lorries can be prevented from using unsuitable roads.

I conclude by saying that I want the upgrade of the A303 linking Sparkford, Ilchester and Podimore recognised as something that can be done soon. It has already gone through public inquiries, so we know the arguments and issues involved and that the upgrade will save lives. I also want to ensure that we identify a proper north-south route from the south coast ports to Bristol and Bath, with the result that lorries do not use grossly unsuitable roads. I also want to know what has happened to the noise-reducing resurfacing of the A303 in my constituency. I was promised that, but the money seems to have been moved elsewhere.

Finally, I want to know what is to be done about satnav. We need a system that is more suitable for users and which stops lorry drivers from finding themselves in absurd positions. Most importantly, a proper satnav system will improve the quality of life of my constituents and the constituents of other hon. Members in the area.

10.53 pm

The Minister of State, Department for Transport (Dr. Stephen Ladyman): I begin by congratulating the hon. Member for Somerton and Frome (Mr. Heath) on securing this debate and making his constituents' concerns so clear to the House. In the next few minutes, I hope to be able to give him the information, if not the comfort, that he seeks.

As the hon. Gentleman said, the A303 is an important trunk road, and part of the strategic route from London to Exeter. Much of it is already dual carriageway, but he was right to say that there remain a number of single-carriageway sections, including the stretch between Sparkford and Ilchester in his constituency. The A303 serves local, regional and longer distance traffic and, as he said, it is a popular holiday route to the south-west. It is also an important route for businesses from Somerset, Devon and Cornwall.

The single carriageway sections are often congested during the summer months as the road provides the most direct route to the south-west for tourists from London and the south-east. The main alternative to the road is the longer M4 and M5 route around Bristol, but as we all know there is increasing pressure and congestion on the M4 and M5, too. It is against that background that we accepted the conclusion of the London to south-west and south Wales multi-modal study that, in transport terms, there is a strong case for the whole of the A303 route to be improved, which would provide a second high quality dual carriageway road from London to the south-west.

However, we have to recognise that dualling the remaining single carriageway sections of the A303, and the necessary upgrading of the A358 from Ilminster to the M5, would involve a number of expensive schemes. In a world of finite resources we must ensure that our transport investment is focused on the most important priorities. That is why in July 2005 we asked the south-west region for advice on transport priorities, within an indicative funding allocation for major schemes in the south-west.

The regional funding allocations process, for the first time, has given regions a say in decision making about transport schemes that affect them. The RFA process is an opportunity for people in the region to work together to develop a realistic, prioritised and affordable transport investment programme, to support the region's high level objectives for jobs, the economy, housing and the environment. It is central to our thinking that regions are better placed than the men and women of Whitehall to advise decision makers on how transport can help make regions into even better places. I hope the hon. Gentleman will welcome that approach.

We are backing the RFA process with massively increased investment funding. We have increased our annual spending on such schemes by 50 per cent. since 2001-02; for example, the Highways Agency has invested £92 million to improve the A30 between Bodmin and Indian Queens—a scheme that, subject to events later this week, I hope to open on 11 July. In addition, £16 million is being spent on improving the Commonhead junction on the A419 in Swindon. The agency is spending £42 million to provide a much needed bypass for Dobwalls on the A38 in Cornwall and £65 million constructing the Blunsdon bypass, also on the A419 near Swindon.

Mr. Heath: I hope the Minister will appreciate that two schemes in Cornwall and two in Swindon are not likely to impress my constituents greatly.

Dr. Ladyman: I shall come on to how the hon. Gentleman's constituents could address that issue in the near future.

We intend to provide almost £865 million over the next 10 years for regionally significant transport schemes in the south-west. I hope that figure might impress the hon. Gentleman's constituents. However, he and others have suggested that we are not making enough money available in the south-west. That was certainly the suggestion made when prioritisation took place; some people claimed that there was no way to prioritise the Ilchester to Sparkford improvement.

As I have told the House on a number of occasions, I hear similar arguments from every region in relation to many other schemes, which makes me think that we have been pretty fair in dividing the pot between regions. It could be argued that the regional pot should be bigger, but then it would have to be made clear where the money would come from—what tax would be raised or what other investment would be cut. We have to be realistic. The Government do not have unlimited funds and sometimes tough choices have to be made. The RFA process helps us to make those choices in the best and most sensible way. Following its advice, the south-west region assigned funding to a total of 31 schemes in the period to 2016. The region advised us that the Ilchester to Sparkford improvement may well prove to be a long-term priority but should not come forward before 2016.

Richard Younger-Ross (Teignbridge) (LD): My hon. Friend the Member for Somerton and Frome (Mr. Heath) makes a good point about the section of

road he is talking about. The Minister talks about other regional needs. I have driven all over the country over a number of years and in the midlands or the north I drive on motorways or dual carriageways. Very rarely do I have to drive on long sections of single carriageway, as I do in the south-west. Does the Minister accept that the south-west has been deprived of funding in the past and that there is a need for the Stonehenge link, the section of road that my hon. Friend mentioned and other links through to the south-west, so that the south-west can improve its economy, as other areas have in the past?

Dr. Ladyman: Of course I can understand why Members from the south-west want these investments. Were I in their position, I would probably be arguing for the same thing. However, I find it a bit rich that when I take part in Adjournment debates with Liberal Democrats they spend the evening telling me that the road scheme in their constituency is a priority and must go ahead. On other occasions, they tell me that we should not build any more roads and that we should concentrate on other initiatives. They really cannot have it both ways.

Richard Younger-Ross: I have not done that.

Dr. Ladyman: I will give the hon. Gentleman a list of Liberal Democrat MPs who are constantly telling me and the newspapers that we are not nearly green enough and that we should not build any more roads—except of course for the roads in their constituency. The fact of the matter is that there was a certain amount of money to be distributed around the country. We asked the regions how we should distribute it. The formula was agreed. It was allocated to those regions and then we asked the regions to do their best to prioritise within that envelope. We have taken their advice. I would have thought that the hon. Gentleman, as a Liberal Democrat, would welcome the fact that we took local advice.

Mr. Jeremy Browne (Taunton) (LD): One of the road projects that has been agreed in principle and that the Minister mentioned earlier is the dualling of the A358 between Ilminster and the M5. Many people in my constituency would welcome that because it would ease congestion and make that stretch of road safer. However, there are real concerns among the residents of Blackbrook in Taunton about the proposed loop design, which would take northbound traffic off the M5 and onto the new A358. They are unhappy about that because it would mean the loss of a playing field, it would be ugly, and it would add to noise pollution and other pollution. Can the Minister update us on whether it is possible to have the new stretch of the A358 dualled without those adverse effects on the residents of Blackbrook in Taunton?

Dr. Ladyman: I cannot give the hon. Gentleman that sort of information this evening. I can certainly investigate the matter and write to him setting out the latest position. I can assure him that we are keen to work with stakeholders and local communities to identify designs for schemes that have the least possible negative impact on local communities. If there is a way of building the scheme that does not add to the cost and is just as effective, but does not have those negative consequences, we will look at it. I will happily write to him about that.

To return to the regional funding allocation process, I understand that hon. Members may be disappointed about the outcome, but, nevertheless, we accepted the region's advice. We have asked those involved in the regional funding allocation to look at their priorities again and come back to us next year to tell us whether those priorities have changed. I put it to the hon. Member for Somerton and Frome, his colleagues on the Back Benches, and hon. Members across the House that if they do not like the priorities that their region has come up with, they have the opportunity over the next year to work within their local region to win over people's hearts and minds to a reprioritisation process. We would be just as delighted to accept that advice as we were to accept the original advice.

Let me deal with the safety concerns that the hon. Gentleman has alluded to, in particular in respect of the Ilchester and Sparkford section. The level of accidents on that stretch is not significantly higher than the average for trunk roads. The national average is 16 personal injury accidents per 100 million vehicle kilometres and the rate for that section of road is 16.72. However, that is not an argument for not taking other opportunities to improve safety when we can do so sensibly. We thus recently invested £450,000 in safety improvements at the Podimore roundabout. Although it is still only a year since the scheme was introduced, the early indications are encouraging. The number of accidents has dropped from an average of 19.25 a year, as measured over a four-year period, to just six in 2006, which was the first year of the scheme's operation.

Let me turn to noise levels. The hon. Gentleman said that he wanted the A303 to be resurfaced. I understand his constituents' distress about the problem, but highways are resurfaced to maintain their safety. We do not have the resources to resurface highways simply to reduce noise. When the highway needs to be resurfaced for purposes of maintenance or safety, quieter materials will be used. However, these days we do not resurface in advance of a need for maintenance.

Concern was expressed about the inappropriate use by heavy goods vehicles of the A37, which provides a link between Dorchester and Bristol, and the A350/A36, which provides a link between Poole and Bath. Somerset county council is responsible for those roads. It says that it aims to discourage the use of those unsuitable routes through dialogue and publicity, and, when necessary, by introducing weight restrictions. If the hon. Gentleman does not think that those measures are working, I am afraid that he needs to take up the matter with Somerset county council, rather than with me.

The hon. Gentleman and the hon. Member for Tiverton and Honiton (Angela Browning) raised an important point about satellite navigation. I am not in a position to update the information that I gave in the Adjournment debate to which the hon. Member for Somerton and Frome referred. However, we are determined to do something about the inappropriate use of satellite navigation. It is ridiculous that the drivers of lorries and heavy goods vehicles are using car-based satellite navigation systems and ending up with the sort of problems that he identified. We are

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analysing the results of our consultation and we will come forward with proposals on how to deal with the situation as soon as we can.

I am sure that I have not given the hon. Gentleman the comfort that he was seeking. However, I hope that he will re-engage with the regional prioritisation process over the next 12 months to find out whether he can influence the local area's priorities. I will certainly let the House know that we are in a position to say what we will do about satellite navigation and the use of inappropriate roads by heavy goods vehicles as soon as the information is available.

Question put and agreed to.

Adjourned accordingly at seven minutes past Eleven o'clock.

House of Commons

Tuesday 26 June 2007

The House met at half-past Two o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

PRIVATE BUSINESS

WHITEHAVEN HARBOUR BILL *[LORDS]*

Considered; to be read the Third time.

Oral Answers to Questions

HEALTH

The Secretary of State was asked—

Smoking Ban

1. **Mr. Jim Devine** (Livingston) (Lab): What progress has been made on preparations for the implementation of the ban on smoking in enclosed public places. [145310]

13. **Lyn Brown** (West Ham) (Lab): What preparations her Department is making for the implementation of the ban on smoking in enclosed public places in England. [145322]

The Secretary of State for Health (Ms Patricia Hewitt): Since the Health Act received Royal Assent last year, my hon. Friend the Minister with responsibility for public health and officials have worked tirelessly, with local authorities, businesses and others, to prepare for implementation. As a result, I believe that going smoke-free in England next Sunday will be just as successful as it has already been in the rest of the United Kingdom.

Mr. Devine: I thank my right hon. Friend for that answer. I am sure that history will be kind not only to her but to her Front-Bench colleagues, and, dare I say it, to her Parliamentary Private Secretaries and formers PPSs, for this bold and imaginative move. Lives will be saved, lung function among staff will be improved, and it will be possible to enjoy lovely meals in a restaurant or pub. Does she agree that the initiative will be as successful in England as it has been in Scotland, Ireland and Wales?

Ms Hewitt: I strongly agree with my hon. Friend. I pay particular tribute to my hon. Friend the Minister with responsibility for public health and to my hon. Friend for their contribution. Researchers in Scotland have already found that going smoke-free has had an immediate and positive impact on the health of bar workers. We will see similar effects in England, and over time thousands of people's lives will be saved, reinforcing the fact that smoke-free legislation will be the biggest step forward for public health in our generation.

Lyn Brown: Does the Secretary of State agree that Newham council and primary care trust should be congratulated on their work in preparation for this legislation? They have engaged with over 250 businesses and have so far encouraged 2,000 people to quit, in the "Big Quit" campaign.

Ms Hewitt: I readily congratulate Newham borough council on the excellent work that it and local authorities up and down the country have done to prepare for the smoking ban. As a result, not only does almost every business know that it needs to make preparations for going smoke-free on Sunday, but almost every member of the public is aware of the change to come. I am delighted that thousands of people have already taken advantage of the excellent stop smoking services provided by the NHS. Thanks to the efforts of the NHS, local councils and many others, we will go on reducing the single biggest cause of illness and premature death in our country.

Dr. Richard Taylor (Wyre Forest) (Ind): I am sure that the Secretary of State is aware of recent reports from Italy that the occurrence of heart attacks has dropped significantly since its ban on smoking in public places. Does she agree that that would be an excellent way of publicising the benefits of the ban in this country?

Ms Hewitt: The hon. Gentleman makes an extremely important point. One of the compelling pieces of evidence from the chief medical officer was that even second-hand smoke, over quite a short space of time, can have a disastrous effect on people's heart health. Conversely, going smoke-free will save thousands of people's lives and save thousands of families from the grief of the premature death of a beloved family member.

Sir Patrick Cormack (South Staffordshire) (Con): Has the absurd and misguided proposition that no smoking signs be erected outside churches and cathedrals been withdrawn?

Ms Hewitt: I have to say that the whole issue of signage was fully debated in Committee, both in the House and another place, before the Health Bill received Royal Assent last year. None of the hon. Gentleman's Conservative party colleagues raised any complaint or proposed any amendment at the time. The signage regulations introduced in England are less onerous than those in Scotland, which have not given rise to any problems. In Southwark cathedral, for instance, there are already public signs saying, "No mobile phones", "No drinking", and even, I am told, "We accept Visa".

Mr. Kevin Barron (Rother Valley) (Lab): The World Health Organisation framework convention on tobacco control meets in Bangkok next week to agree best practice guidelines for protection from second-hand

smoke. Given that all parts of the UK will have legal protection from second-hand smoke from Sunday, will the Government be supporting the guidelines next week?

Ms Hewitt: I thank my right hon. Friend for that question. I also thank him for, and congratulate him on, the superb work that he and his Select Committee did in securing such a large cross-party majority for going smoke-free. I am happy to assure him that we not only endorse the draft guidelines for the WHO framework convention, but have played an active role in developing them. We will support the adoption of the guidelines as they stand at the conference of the convention parties which is being held next month.

Dr. Andrew Murrison (Westbury) (Con): On 1 July, prison cells will be one of the very few enclosed public places where people can smoke, yet the health of the prison population is appalling and half of those who enter prison as non-smokers leave as smokers. When the Secretary of State has gone, she will best be remembered for her spectacular U-turn on smoke-free pubs. In the very short time remaining to her, will she assess the health consequences for convicts and prison officers of the exceptional smoking rights that she has granted to prisoners?

Ms Hewitt: I am sorry that at a time when, thanks to a stunningly large majority in the House, to which the hon. Gentleman contributed, England is about to go smoke-free, he takes the tone that he does. We have taken the view, and Parliament took the view, that given that prison is akin to an individual's own home, it was right to take the approach that we did, but it is also right, and absolutely essential, that we go on working with the prison authorities to reduce smoking in prison and to help more prisoners to give up smoking. I very much hope that the hon. Gentleman and his colleagues in the Conservative party will take the view, which I am sure all my hon. Friends do, that those who are Members of this House or who seek to be Members of this House should support and respect the laws that are made in this place. Otherwise, they might find themselves in prison.

Julie Morgan (Cardiff, North) (Lab): Is my right hon. Friend aware that since the introduction of the smoking ban in Wales on 2 April, there has been a huge increase in the number of smokers who want to give up and, I think, a 30 per cent. rise in the number of calls to the helpline? Does she agree that it is very important that extra resources are made available to respond to the needs of people who want to give up smoking?

Ms Hewitt: My hon. Friend is absolutely right. I am glad to say that the NHS in England is already seeing an increase in the number of people who are coming forward and asking for support from stop smoking services. With more than £8 billion of additional funding going into the NHS this year, I have no doubt at all that primary care trusts all over the country will be ensuring that stop smoking services, nicotine replacement therapy on prescription and so on will all be available to support the growing number of people who want to give up smoking.

Respite Care

2. **Kitty Ussher** (Burnley) (Lab): What guidance her Department has issued on the introduction of emergency respite care for carers. [145311]

3. **Martin Salter** (Reading, West) (Lab): What guidance her Department has issued on the introduction of emergency respite care for carers. [145312]

The Parliamentary Under-Secretary of State for Health (Mr. Ivan Lewis): Next month we plan to issue guidance on the introduction of emergency short breaks to councils, and £25 million will be made available to support implementation of the guidance from October of this year.

Kitty Ussher: I am grateful to the Minister for that response. Some of the most impressive people that I have met in my constituency are the young people, sometimes still at school or in other full-time education, who for whatever reason are also the sole carers for parents, grandparents or other family members. Obviously, times are tough for them on a number of occasions, particularly when they try to balance their aspirations with their caring responsibilities. What are the Government doing to ensure that, when times are tough, emergency respite care is available for those young carers?

Mr. Lewis: I entirely agree with my hon. Friend. There is no doubt that young carers do a tremendous job and in many ways are the hidden heroes. On the other hand, their caring responsibilities often undermine their education and have a negative impact on their life chances. Therefore, we have a duty—a responsibility—to give the needs of young carers a much greater priority than we have in the past. They will be able to access the new emergency respite care funding that we are announcing, which will be available from October. They will be central to the consultation that we are undertaking on a new national strategy for carers. We want to hear the voice and the real-life experiences of young carers as we develop a new deal for carers in every part of this country.

Martin Salter: The Minister will be aware that the recent national carers week had as its objective widening access to support services for carers. Will the recently announced review of the national carers strategy include an expansion of emergency respite care for carers who need it, and if not, why not?

Mr. Lewis: My hon. Friend raises an important point. It is essential that the review of the future new deal for carers takes account of every element that affects carers' responsibilities and life. Carers want a system that is on their side, in terms of the NHS and social care, but they also want a life of their own and access to employment, lifelong learning and leisure opportunities. Therefore it is essential that our new deal for carers expands emergency respite care, but also touches on every single aspect that affects a carer's caring responsibilities and their right to a life of their own.

Tim Farron (Westmorland and Lonsdale) (LD): Help the Aged estimates that 500,000 people in this country are victims of elder abuse, many of whom live in care homes. Given that, does the Minister feel that the current inspection and regulation arrangements are adequate to ensure that we identify and eradicate elder abuse in our care homes?

Mr. Lewis: The hon. Gentleman raises an important issue. The demographics of our society are changing. People are living longer and longer, but in doing so they have more and more challenging conditions, such as Alzheimer's and dementia. As a consequence, we face new questions as a Government, as politicians and as a society. One of those questions is the abuse of older people. A shocking report last week talked of the abuse that takes place in people's homes, mainly—it has to be said—by relatives. However, there is also the issue of the abuse of older people in care establishments of one kind or another. Of course the existing regulatory system for the protection of vulnerable adults seeks to address that, but as people live longer we need new solutions to tackle one of the great challenges that our society now faces.

Mark Pritchard (The Wrekin) (Con): Would the Minister like to join me in paying tribute to Leonard Cheshire, which provides excellent respite care facilities in Wellington in my constituency? Does he agree that that charity does an excellent job across the country?

Mr. Lewis: I thank the hon. Gentleman for a simple question. Leonard Cheshire does an entirely appropriate job. The bigger point is the relationship between statutory organisations and the voluntary sector, and their capacity to work together to improve dignity, respect and support for older people and their families. We need a new understanding that those responsibilities are shared, that some are the responsibility properly of Government and the state, and others of families and carers, but that the voluntary sector has a unique and important role to play in offering people innovative and responsive services.

Charlotte Atkins (Staffordshire, Moorlands) (Lab): Does my hon. Friend recognise the vital role of day care for the elderly in providing respite for carers? If so, will he ask Staffordshire county council to reconsider its over-hasty plans to close day care facilities for elderly people, because that would put an impossible burden on their carers?

Mr. Lewis: I am sure that my hon. Friend will accept that it is not for me to intervene directly in the decisions that are taken by local authorities where people are democratically elected to serve their local community—*[Interruption.]* I thought that the Conservatives believed in localism and local decision making. Let us be consistent about that position. Having said that, in a society in which the demographics are changing and people are living longer, we need the full range of provision—domiciliary care, respite care, day care and support for carers—to be available so that older people who, rightly, want to remain in their own homes with maximum dignity, respect and quality of life, can do so. Therefore, in every locality, that full range of services must be provided by the NHS, local government and the voluntary sector, working in a far more integrated way than they have done historically.

Mr. Stephen O'Brien (Eddisbury) (Con): In response to our call, the £25 million for emergency respite care may go some way to mitigate the cuts in planned respite care. Given the enormous disparity in care provision across the country, how many people stand to lose £38 a week towards their long-term care by next year from the reductions, which have just been announced in today's national framework for continuing care, in the high-band registered nursing care contribution? How will the Minister justify that to the new Secretary of State?

Mr. Lewis: I have to say that that is complete nonsense. Today, we announced an ending of the postcode lottery for the funding of continuing care. That has been demanded by the Opposition, charities, relatives and residents' groups through the years. As a result of decisions by the ombudsman and rulings by the courts, we have today issued national guidance that will end the postcode lottery. That means that people in different parts of the country with the same needs will have access to the same level of NHS funding for their continuing care.

With respect to nursing care, the existing three bands have been swept into one. More than 80 per cent. of people who were on the lower or middle band will benefit significantly as a consequence of the £101 a week. A significant proportion of the remaining 20 per cent. will fall into the continuing care category and be entitled to full funding for that care. The burden will not fall on the remaining individuals in that 20 per cent, but will be borne by the care homes, 80 per cent. of whose residents overall will benefit.

Barbara Keeley (Worsley) (Lab): My hon. Friend the Member for Burnley (Kitty Ussher) mentioned young carers. As a group, they are very difficult to reach, but we know that thousands of them care for 50 hours a week, which puts a great strain on them. Will my hon. Friend the Minister talk to colleagues in the Department for Education and Skills to see whether we can get schools to do more to identify young carers, so that more of them can have access to the help that he has talked about?

Mr. Lewis: I agree entirely with my hon. Friend. Raising educational standards and performance is, of course, related to teaching and learning, but also to good leadership. The content of the curriculum is also relevant, but so are the factors that impact on the lives of children and young people before they arrive at the school door every morning. The fact that young people have to fulfil the responsibilities of the young carer, or suffer bullying or antisocial behaviour inside or outside school, has a direct impact on our ability to raise standards and ensure that every child fulfils their potential. A core part of a school's responsibility should be to identify the problems of students and pupils. For me, young caring is a fundamental part of a school's responsibility in the modern world.

Mental Health

4. **Mr. Graham Brady** (Altrincham and Sale, West) (Con): What guidance she has issued on maximum waiting times for primary care psychological services. [145313]

The Secretary of State for Health (Ms Patricia Hewitt): Currently, there are no national waiting times targets for access to psychological therapies in primary care. Waiting times standards are being developed and will be tested in the 10 new pathfinder sites in 2007-08. They will include appropriate access times for the different stages of treatment set out in the National Institute for Health and Clinical Excellence guidelines.

Mr. Brady: When I tabled a question asking the Secretary of State how long my constituents had to wait for these services, she did not know. However, the Bolton, Salford and Trafford mental health trust tells me that, whereas patients in Salford have to wait only eight weeks for a first appointment, my constituents in Timperley have to wait a staggering 22 months. Does she agree that that is entirely unacceptable, and will she advise her successor to deal with the problem as a matter of urgency?

Ms Hewitt: The hon. Gentleman is quite right: waiting times for psychological therapies are too long in many places, including his constituency. However, I hope he welcomes the work being done by his local mental health trust to cut those waiting times, for example by reducing the levels of non-attendance. The trust is introducing new ways of working that are based on best practice elsewhere, and it expects to see improvements by September of this year. In addition, it would appear that the hon. Gentleman is asking for a new national target, even though the Opposition recently said that they intend to scrap all targets. I am grateful that he at least recognises—

Mr. Speaker: Order.

Lynne Jones (Birmingham, Selly Oak) (Lab): Does my right hon. Friend keep records of cases in which people are treated with medication compulsorily because access to psychological therapies is not available? Does she agree that, in the 21st century, such a practice is unacceptable?

Ms Hewitt: My hon. Friend raises an important point. The NHS keeps detailed records on every patient who is subjected to compulsory treatment of whatever kind, but she is absolutely right to say that, as we give patients access to psychological therapies often at a much earlier stage in the development of mental health problems, it is likely—this would be of great benefit to those patients and their families—that we can avoid the need for more acute treatment, and particularly compulsory treatment, further down the line.

John Bercow (Buckingham) (Con): What estimate has the right hon. Lady made of the level of the shortfall in the number of trained and qualified psychologists?

Ms Hewitt: It is already clear that we will need to continue to increase the number of clinical psychologists, psychiatrists and other mental health care professionals, as we have done over the past 10 years. We have already established demonstration sites in Newham and Doncaster, and the early results in Newham show that one in three patients are improving their employment prospects as a result of psychological therapies. That gives us real heart that continuing to build up the service—as we have promised to do and as we will do—will bring enormous benefits to patients, their families and the wider community.

Meg Hillier (Hackney, South and Shoreditch) (Lab/Co-op): In my constituency, we have a high incidence of mental health problems, and we have good organisations, including, among others, the Psychiatric Rehabilitation Association, which provides psychological services. What can my right hon. Friend say about improving access to those services, particularly out of hours, so that people's whole lives are not disrupted because they have to take time off work to go to quite difficult sessions? Perhaps more sessions could be provided in the evenings and at weekends.

Ms Hewitt: My hon. Friend raises an extremely important point. One of the great advances that the NHS has made in recent years has been the establishment of more than 700 new community mental health teams, whose services are available to patients when they need them. I have talked to mental health staff who meet the users of their services in the community: in a local café or in their own homes. In particular, the crisis resolution team is available at all hours to meet the needs of the patient, rather than expecting the patient to go on suffering until the service is ready to meet their needs.

Tim Loughton (East Worthing and Shoreham) (Con): Why did the clinical director of the Leicestershire Partnership NHS Trust, in the Secretary of State's constituency, find it necessary earlier this month to write to the GPs in her constituency encouraging them to get their patients to stump up their own money for private treatment for cognitive behavioural therapy? The letter stated:

"If you have any patients who would like to pursue private treatment for CBT we would be grateful if you could mention our service...We offer a fixed cost service at £110 per session".

That is private treatment using NHS facilities and staff. The clinical director was subsequently forced to withdraw that letter in a hurry. What advice would the Secretary of State give her successor on how to reduce the alarming waiting times for talking therapies without sacrificing the guiding principle of the NHS—that treatment should be free at the point of delivery?

Ms Hewitt: As the hon. Gentleman indicated, that letter was withdrawn almost as soon as it was issued. If he were more aware of the situation in Leicester and Leicestershire, he would know very well that there have been some significant difficulties in that trust in recent years. There is now a new chief executive in place, and I have no doubt at all that the trust will move rapidly to improve its services and will certainly not depart from

the principle that is absolutely central to the national health service—at least as long as there is a Labour Government—that care will be provided on the basis of clinical need and not the ability to pay.

North Yorkshire Trust Deficit

5. **Hugh Bayley** (City of York) (Lab): What assessment she has made of the impact the North Yorkshire and York primary care trust deficit is having on care for patients in York. [145314]

The Parliamentary Under-Secretary of State for Health (Mr. Ivan Lewis): Although the NHS overall delivered a net surplus of £510 million in 2006-07, we recognise that a number of organisations—North Yorkshire and York PCT among them—continue to face significant financial challenges. Despite financial difficulties, all parts of the NHS are consistently delivering for patients against national priorities.

Hugh Bayley: I am informed by the strategic health authority that the budget of the NHS trust in York will rise by £6 million, despite the deficit in North Yorkshire. York hospital will, however, be closing beds because a greater number of patients are being treated in the new £8 million day unit at the hospital. Will the Minister therefore reassure me and my constituents that the same full range of NHS treatments will be available to patients in York as are available elsewhere in the country?

Mr. Lewis: I congratulate my hon. Friend both on how he has championed the needs of patients in his constituency and the surrounding area and on his frankness about the need for financial discipline and budget control in the NHS—a responsible balance. Of course he is right to demand an appropriate balance of treatment, from social care and community health services to acute NHS provision, to ensure that patients in his constituency receive appropriate, high-quality and responsive health care. I give my hon. Friend that assurance today.

NHS Dentistry

6. **Lorely Burt** (Solihull) (LD): What recent assessment she has made of the level of access to NHS dentistry. [145315]

7. **Tom Brake** (Carshalton and Wallington) (LD): What recent assessment she has made of the level of access to NHS dentistry. [145316]

The Minister of State, Department of Health (Ms Rosie Winterton): Since April last year, primary care trusts have commissioned a growing volume of new dental services. Once those services are fully up and running, approximately 500,000 patients will gain access to NHS dentistry.

Lorely Burt: In the past 12 months, the number of adults seen by an NHS dentist has fallen by 63,000. The latest figures show that 45 per cent. of the population have not seen a dentist in the past 24 months—a figure that has remained stable over time. How can the Secretary of State claim that the new contract has increased access to NHS dentistry, and when will she implement an urgent review of the system?

Ms Winterton: In the hon. Lady's constituency, some 14 of the 33 practices in the PCT are accepting new patients. We know that the number of units of dental activity commissioned has increased from 77 million last April to 78 million; some of them are yet to be provided, but they have been commissioned. We know that NHS dentistry is expanding, and that new contract is working. We have a review group to ensure that we continue to discuss the implementation of the contract with the profession and representatives of patients. The hon. Lady is quite wrong to say that the new contract is not making a difference. It is.

Tom Brake: In the past couple of months, I have had 7,000 health survey responses returned to me, and 70 per cent. of respondents said that getting access to an NHS dentist was extremely difficult. Furthermore, according to an orthodontist I met yesterday, the situation will get worse when the contracts expire in 2009. What discussions has the Minister had with PCTs about provision after 2009? At what point would she expect PCTs to inform the dentists of their plans, so that dentists can prepare their own investment plans and budgets for post-2009?

Ms Winterton: I am not saying that the situation has been fully resolved—far from it. What I am saying is that the new dental contract is proving that we can increase access to NHS dentistry. As I said, already approximately 500,000 more people are able to get access to an NHS dentist. One thing is absolutely clear: if an NHS dentist leaves the NHS, we now have the money at local level to recommission NHS dentistry. That is the difference between the old contract and the new one—now, local people have power to recommission at local level.

Mr. Lindsay Hoyle (Chorley) (Lab): My right hon. Friend needs to stop making excuses for the primary care trusts. She has given them the money and they have it, but they are not providing the dentists. We do not have NHS dentists. The waiting lists are growing and there are no vacancies for the people in Chorley. Please get a grip: make the PCTs spend the money and make them provide NHS dentists. They are letting her down.

Ms Winterton: The PCTs are not allowed to spend the money allocated to dentistry on anything else; they cannot switch it to other services. We work closely with the PCTs, through the strategic health authorities, to make sure that if an NHS dentist leaves the NHS, the PCT recommissions at the local level. If my hon. Friend knows of examples in which that is not happening, I am more than happy to meet him to discuss the issue.

Laura Moffatt (Crawley) (Lab): Does my right hon. Friend agree that denturists, the highly skilled people who make dentures, particularly for older people who may not have been able to look after their teeth as well as people can now, are an important facet of dental services? I am deeply grateful to her for the many

letters that we have exchanged, and she is to see me and one of my constituents, a denturist, about the issue. Will she say whether there might be any changes to the rules to allow people direct access to denturists, or any other changes that might be helpful to many thousands of people?

Ms Winterton: Obviously, the issue of denturists being able to treat patients directly has been discussed. It is difficult, because the regulations insist that proper training be undertaken. If people who had not undertaken that training practised directly on patients, it would be illegal. We have had to consider that carefully. It is important that proper training be available to people performing that health care task.

Sir Paul Beresford (Mole Valley) (Con): I clearly have an interest in the subject. People outside the House in NHS dentistry do not quite recognise the glorious oil painting that the Minister just painted. Will she tell the House what changes she has introduced through the implementation group that she set up at the beginning of the contract—or was that just a sop to keep the dentists quiet?

Ms Winterton: The issues that we are considering, particularly as we come to the end of the first year, have to do with the banding system and units of dental activity. We are looking carefully at whether dentists are able to meet the targets that have been set relating to units of dental activity. The evidence is that the vast majority have been able to meet the requirements of the contract. The group is a way of keeping an open dialogue about any difficulties that occur. I will write to the hon. Gentleman. On a number of occasions, we have been able to issue further guidance to PCTs about some of the issues raised through the review group.

Dr. Phyllis Starkey (Milton Keynes, South-West) (Lab): Milton Keynes primary care trust has used the new system very effectively to open new dental surgeries and completely clear the waiting list. Will the Minister take steps to make sure that that good practice is spread to those PCTs which do not seem to be performing as well as that PCT does?

Ms Winterton: My hon. Friend is absolutely right. There have been good instances of PCTs taking real action to recommission services and really prioritise dentistry. Lincolnshire, which is represented by the hon. Member for Grantham and Stamford (Mr. Davies), has taken real steps forward in recommissioning dentistry, and I am sure that he appreciates the works of the Labour Government.

John Penrose (Weston-super-Mare) (Con): The Minister may not be aware that the incidence of tooth decay among under-fives in my constituency is above the national average. What specific measures is she taking to ensure that some of the resources that she has described this afternoon will be targeted on the dental health of that important group?

Ms Winterton: We have introduced a number of initiatives, such as Brushing for Life, which works through schools. It is about teaching young children how important it is for them to keep brushing their teeth, using fluoride toothpaste. There are a number of public health initiatives that have been very successful. Obviously, local authorities and PCTs can now consult on the issue of fluoridation, which can in itself be very helpful in improving dental health.

Mr. Kevan Jones (North Durham) (Lab): Will my right hon. Friend congratulate County Durham PCT on the opening of the new Pelton Lane Ends NHS surgery in my constituency, as it not only offers provision for existing NHS patients but extends NHS provision to those of my constituents who were abandoned by the private sector?

Ms Winterton: My hon. Friend is quite right. At our meeting yesterday it was encouraging to look at the steps that the PCT has taken to deal with an area with poor access to NHS dentistry. The majority of people are on quite low incomes, so they could not purchase private sector dentistry. That is therefore a very good example of the way in which PCTs that prioritise dentistry can provide for many thousands of people care that has been severely lacking for some years.

NHS Trust Deficits

8. **Mr. Henry Bellingham** (North-West Norfolk) (Con): When she next expects to meet representatives of NHS trusts in East Anglia to discuss deficits. [145317].

The Minister of State, Department of Health (Andy Burnham): I meet the chief executive of the East of England strategic health authority on a quarterly basis to discuss finance and other topics. For 2007-08, all PCTs in East Anglia and the east of England are forecasting financial balance.

Mr. Bellingham: Can the Minister explain why he and his ministerial colleagues allowed the new Norfolk PCT to start operating with a £50 million deficit? Is he aware of the widespread concern in East Anglia that a number of accident and emergency units are under threat, and can he confirm that there will be no linkage between strategic health authority deficits and the closure of A and E units?

Andy Burnham: As I said a moment ago, the health economy of which the hon. Gentleman's PCT is a part is forecasting financial balance this year. In addition, it will make progress on our 18-week target, effectively bringing an end to waiting and to waiting lists. All PCTs in the country have to plan for their own local services and get services in the right places that are convenient for the population. I wish that the hon. Gentleman and his colleagues would stop trying to perpetuate the myth that financial pressures are causing cuts to services such as A and E, because it is simply not true.

Mr. Bob Blizzard (Waveney) (Lab): The East of England strategic health authority figures show that even though Cambridgeshire PCT has the highest funding allocation per head, it was the biggest overspender in the eastern region. My own PCT has successfully managed down its own modest deficit, but the strategic health authority took some of our money to bail out Cambridgeshire. Will my hon. Friend tell me when we will get it back?

Andy Burnham: My hon. Friend has just put his finger on the unfairness of a health funding system that allowed overspending to continue, thereby taking money from other parts of the country that needed the resources to improve the health of the population. I pay tribute to his PCT, which moved from an in-year deficit in 2005-06 to a surplus last year. If his PCT has got its house in order, others can do so too.

Norman Lamb (North Norfolk) (LD): As the Minister reflects on how those trusts are struggling to cope with deficits and to deal with a substantial programme of reform at the same time, is he minded to agree with the chief executive of the NHS, who said:

"How can you drive through this degree and nature of change from the centre? The answer is that you can't"?

Does he agree that the current structure is hopelessly over-centralised and that independence, as proposed by the Conservatives, will not change that at all? What we need is local, democratic accountability for local health services.

Andy Burnham: If I can decode what the hon. Gentleman said, he wants to retreat to a comfort zone where we tolerate practices that allow overspending to continue. Parts of the reform programme, however, have shone a spotlight on areas where inefficiency has been tolerated for far too long, and the tariff system has made people ask questions of their own operation so that they can achieve more efficiency. Our 18-week target is hammering out unnecessary delays in the patient journey, and making sure that there is better and more productive use of resources. The reform measures that we have put in place therefore do not contradict at all the goal of financial balance. In fact, they help trusts to achieve it.

Complementary and Alternative Medicine

9. **David Tredinnick** (Bosworth) (Con): What guidance her Department has produced for primary care trusts on the role of complementary and alternative medicine in innovative service redesign. [145318]

The Minister of State, Department of Health (Caroline Flint): The Department has published guidance on practice-based commissioning which enables the delegation of indicative budgets for services including complementary and alternative health therapies. "Our health, our care, our say" states that primary care trusts will be expected to support practices that are innovative and provide services that promote patient choice—for example, complementary medicine.

David Tredinnick: That sounds fine. The trouble is that there is no specific direction that there should be guidance, although 75 per cent. of the population want those services on the health service. What, for instance, does the Minister intend to do now that the scientific survey on Echinacea has been published, which shows that that remedy can cut colds by 50 per cent., as well as the duration of a cold? Is not that the sort of guidance that should be offered through the primary care trust? Will she revisit the subject and see what she can do?

Caroline Flint: I am sure the hon. Gentleman agrees that it is very important that clinicians are on the front line in deciding what is required for patient care. Clearly, doctors are accountable for any treatment that they give their patients, both conventional and complementary. The National Institute for Health and Clinical Excellence has produced guidance in certain areas—in relation to multiple sclerosis and on supporting care for patients who have cancer. We are working with the foundation established by the Prince of Wales for integrated health to look at ways in which we can encourage voluntary self-regulation in certain areas. We also have some outstanding work on which we hope to report by the end of the year; it concerns bringing aspects of acupuncture and herbal medicine under statutory regulation. No doubt the hon. Gentleman would agree that, like medicine, politics has alternatives. I am so pleased to see that the hon. Member for Grantham and Stamford (Mr. Davies) has chosen an alternative called Labour.

Mr. Andy Reed (Loughborough) (Lab/Co-op): As my hon. Friend knows, the rise in obesity and type 2 diabetes is causing enormous problems, particularly among young children and those growing into adulthood. What is she doing to ensure that part of the health budget is used for physical activity and sport, rather then relying on the Department for Culture, Media and Sport and others to provide those facilities? Will she ensure that GP referral schemes are available throughout the country, and that people are encouraged through marketing to take up physical activity?

Caroline Flint: I thank my hon. Friend for that question. In the framework of health and well-being on which we are consulting, there are a number of examples showing how GPs can be innovative in the referrals that they make, including referrals for physical activity. We have just completed the physical activity care pathway, which is a tool that doctors and others can use in order to determine what levels of physical activity are needed by adults and young people. I hope that in future, in line with value for money and effectiveness, we will see much greater emphasis on preventive care and on ways of encouraging people, young or old, who are suffering from obesity to tackle that problem through exercise, with the support of others, and most importantly, through personal responsibility.

Accident and Emergency Services

10. **Mr. Gordon Marsden** (Blackpool, South) (Lab): What assessment she has made of the extra demand for NHS acute and accident and emergency services in seaside and coastal towns from visitors during the peak tourist season. [145319]

The Minister of State, Department of Health (Andy Burnham): It is a matter for the local NHS to ensure that it has arrangements in place to plan for and respond to increases in demand. Where demand comes from outside a primary care trust's area—for example, because of a large tourist population—providers can recover costs from the patient's home primary care trust.

Mr. Marsden: My hon. Friend knows that in a town such as Blackpool, which has almost 10 million visitors a year, the extra pressures are considerable—some 8,000 people seen out of hours, some 4,500 seen on a temporary resident basis, and some 11,500 seen at the walk-in centre. Although I accept my hon. Friend's point, that hard work provides testament that the additional pressures on Blackpool and other seaside towns are not fully met by the procedure that he set out. Will the Department examine the funding formula with other appropriate Departments and see whether the pressures of day visitors as well as temporary one and two-week residents are properly catered for? That was funded by the Department of Health—

Mr. Speaker: Order. Supplementary questions must be brief.

Andy Burnham: I am indeed aware of the pressures that my hon. Friend talks of, as a regular visitor myself to the Sandcastle water park with my son. Indeed, I have nearly had cause myself to visit his local walk-in centre and A and E. I have looked in detail at the issues that he raises, and I believe that he is raising a genuine and fair point. There are changes proposed in relation to payment by results that would effectively de-host, as we put it, A and E services, which would mean that A and E costs could be reclaimed from another PCT—the PCT responsible for the tourist in question. Having looked at the figures, it appears to me that his trust is not succeeding in recovering the money that it spends on treating patients from elsewhere in the country. It appears that he has a valid point, and I shall look further into it.

Midwives

11. **Mr. Philip Hollobone** (Kettering) (Con): To ask the Secretary of State for Health, if she will make a statement on her Department's plans to make it a legal requirement for all independent midwives to have professional indemnity insurance. [145320]

The Parliamentary Under-Secretary of State for Health (Mr. Ivan Lewis): The Government's policy is to include provision for compulsory indemnity cover as a condition of registration for each profession as the opportunity arises in wider legislative change. No date is set for the implementation of the policy specifically in respect of midwives.

Mr. Hollobone: Given the national shortage of midwives, may I urge the Government to do far more to encourage independent midwives in their profession, including all those in the Kettering constituency who have written to me to highlight the problem?

Mr. Lewis: There is a real issue of professional indemnity, but we do not want to create a situation in which we make life impossible for independent midwives. That is why we are working closely with their representative organisations to try to find a solution. Before professional indemnity was required of midwives, secondary legislation would be required in this House. We are not at that stage yet, and we intend to do absolutely everything we can to work with midwives to see a satisfactory way forward.

Sir Nicholas Winterton (Macclesfield) (Con): The Royal College of Midwives, of which I am an honorary vice-president, has clearly stated that if "Maternity Matters", which is a Government policy, is to be fully, properly and effectively implemented, there will need to be 22,000 whole-time equivalent midwives in England's NHS in the relatively near future. Currently, there are 18,949 midwives. Would not the Minister—this is a non-party political question to him—support my hon. Friend the Member for Kettering (Mr. Hollobone) in saying that we need to give encouragement to the independent midwives if this service is to be properly managed and effective, and that they must therefore have some—

Mr. Speaker: Order.

Mr. Lewis: If we are to make a reality of choice for women throughout the country, which we are committed to do by the end of 2009—home birth, midwife-led birth and consultant-led birth—there will undoubtedly be a need for more midwives in some parts of the country, possibly including the great place of Macclesfield. It has been made absolutely clear to every local health economy that that is the expectation.

May I ask the hon. Gentleman, as a grandee, how he feels about the belated decision of the hon. Member for Grantham and Stamford (Mr. Davies) to say "It's time for Labour"?

GP Out-of-hours Services

12. **Richard Ottaway** (Croydon, South) (Con): To ask the Secretary of State for Health, what plans she has to review GP out-of-hours provision. [145321]

The Minister of State, Department of Health (Andy Burnham): We have no immediate plans for another formal review of out-of-hours services, but we will be emphasising the importance of high quality GP out-of-hours services as part of the network of urgent and emergency care provision in the forthcoming framework document.

Richard Ottaway: The present Chancellor of the Exchequer recently said:

"We need more access to doctors, we need drop-in centres, we need local health care centres to be more effective, we need NHS Direct to be working."

In the light of that criticism, made after 10 years of government, does the Minister agree that it was naïve to allow GPs an opt-out from the out-of-hours care provisions?

Andy Burnham: I must remind the hon. Gentleman that the GP out-of-hours service was close to collapse when his party left office. It was simply not sustainable, and the changes that we have already made with the introduction of NHS Direct are a major improvement. Only today, we have announced that six PCTs are taking forward proposals to tender for new primary care services, which is real action to address the quality of GP and primary care services in some of the more deprived communities. What did his party do?

David Taylor (North-West Leicestershire) (Lab/Co-op): I cannot be alone among MPs in having a continuing trickle of constituents who are concerned about the deficiencies of out-of-hours care. Such cases

are often moving, and occasionally they are tragic. One common feature is the out-of-hours doctor not having direct access to the patient's medical details. Will the Minister say whether the Connecting for Health IT programme includes provisions to allow organisations such as Primecare to have remote access to that information, in the interests of the patient and their family?

Andy Burnham: I thank my hon. Friend for his question. He is right to say that the quality of out-of-hours provision needs to improve in some areas. There is a set of national quality requirements against which all PCTs must monitor their out-of-hours service. He is right to raise information transfer, because the report into the tragic death of Penny Campbell highlighted the need to transfer information between clinicians, and we reiterated that point to the wider NHS in response to the coroner's report. My hon. Friend is right to say that the Connecting for Health programme has the potential to bring major improvements in patient safety by giving any clinician in the country access to relevant and up-to-date records for the patient before them.

Mr. Andrew Lansley (South Cambridgeshire) (Con): The Minister will recall that the Public Accounts Committee said that the introduction of the new out-of-hours contracts was shambolic. Privately, Ministers say that they inherited that situation from their predecessors, so what advice would they give to their successors on how to improve out-of-hours care?

Andy Burnham: I can confidently say that we have improved out-of-hours care. Indeed, the National Audit Office review of out-of-hours services found that those services are broadly on track and improving. Indeed, satisfaction levels for out-of-hours care show that eight out of 10 patients say that their care is satisfactory. Again, I remind the hon. Gentleman that the out-of-hours service was close to collapse in parts of the country. GPs were not joining the profession, because they were not prepared to take on a 24-hour commitment to providing out-of-hours services. The hon. Gentleman should remember the facts and the history before lecturing us at the Dispatch Box.

Mr. Lansley: Tell that to the people in Cornwall. The Minister might at least have shown some evidence of what needs to be done to improve out-of-hours care. Why, for example, are there so few occasions when GPs have used practice-based commissioning to take responsibility for commissioning out-of-hours care, even if they are not personally responsible for its delivery?

The Secretary of State and Ministers can cheer up, because they have only got 24 hours to go. They could use that 24 hours to save the NHS, but unfortunately they have no idea how to do it.

Mr. Speaker: Order. The hon. Gentleman must know that there are other questions on the Order Paper.

Andy Burnham: We have good cause to be cheerful this afternoon. The parliamentary Labour party is one bigger, and the Conservative Benches have been depleted by one.

Mr. Speaker: Order. We will leave it at that.

Islington PCT

14. **Jeremy Corbyn** (Islington, North) (Lab): What representations she has received on health spending by the primary care trust in Islington. [145323]

The Parliamentary Under-Secretary of State for Health (Mr. Ivan Lewis): Ministers have regular meetings with Members of Parliament and other stakeholders about spending on health services in London. We also receive a regular flow of correspondence from across the country, including London.

Jeremy Corbyn: The Minister will be aware that there has been a large increase in PCT spending in the borough of Islington in the past 10 years and that the number of doctors has doubled. In the next five years, the borough's population is likely to rise by 14,000, and there are already enormous demands on overstretched mental health services. What consideration is he giving to the needs of mental health, as funded through the PCT, in future spending rounds and the future allocation of funds for inner-city areas such as mine?

Mr. Lewis: There has already been an average increase of about 19.5 per cent. over the past two years in my hon. Friend's local primary care trust. We recognise that population changes and demographic changes, as well as the fact that we want mental health services to be regarded as a priority, will be a central part of the deliberations that inform the comprehensive spending review discussions, which are still under way. Those discussions will be concluded in the autumn, when the level of resource available to my hon. Friend's primary care trust and those of other Members will be clear.

Flooding (England)

3.30 pm

The Secretary of State for Environment, Food and Rural Affairs (David Miliband): With permission, Mr. Speaker, I should like to make a statement on the serious flooding that has affected large parts of England in the past 24 hours. As the House will know, the flooding was caused by the most exceptional weather conditions: up to 100 mm of rain in 24 hours in several places. This follows an unusually wet month with up to double the normal average monthly rainfall, which has saturated the ground and caused rivers to rise above their normal levels for the time of year.

Sadly, I have to report the confirmed loss of three lives: a 68-year-old man and a teenage boy died in separate incidents in Sheffield, and a 28-year-old man died in Hull. I am sure that the whole House will want to join the Prime Minister in extending our very deep sympathy to the families and friends of all those who have lost their lives in these tragic incidents.

It is estimated that some 1,000 properties have been flooded in and around Sheffield, Nottingham, Leeds, Hull, Grimsby, Rotherham, Doncaster, Cheltenham, Shropshire and elsewhere. We all know that flooding is every householder's nightmare. Within the past two hours, the Minister for Climate Change and the Environment, my hon. Friend the Member for Dudley, South (Ian Pearson), has attended the Gold Command meeting, and he is visiting some of the affected areas in south Yorkshire today. He will see for himself, and will report back to me on, the major impacts that the floods have caused. These are traumatic events, especially for the elderly people involved, and every effort will be made to support them.

This morning, the Environment Agency had in place 25 severe flood warnings, 133 flood warnings and 129 flood watches, mainly concentrated in Yorkshire, the midlands and Lincolnshire. The situation does, of course, remain subject to regular change. River levels are dropping in the upper catchments today, although they will still rise further downstream. Flood defence operations are in place, including, where appropriate, temporary defences.

The House will have seen reports of very real dangers associated with the Ulley reservoir near Rotherham. The emergency services are working to control the situation, utilising high volume pumps that have recently been bought for the fire and rescue service through the good offices of my right hon. Friend the Secretary of State for Communities and Local Government. The situation is potentially serious. Gold Command is monitoring developments very carefully and contingency arrangements are being made. Two hundred and fifty people from the downstream area have been moved from their homes, and the M1 motorway has been closed as a precautionary measure.

The founding principle of the emergency response system is for decisions to be taken locally through an integrated structure, with the police in charge once Gold Command is activated. I am sure that the House will want to pay tribute to the heroic efforts of the many who have responded so magnificently to this event at local level. These include the staff of the fire, ambulance and police and other rescue services, local authorities, the Environment Agency and the voluntary sector. We know just how hard the fire and rescue service worked in the ultimately vain attempt to rescue the man trapped in the drain in Hull, and saw on television the RAF search and rescue helicopters airlifting people at risk in Sheffield. Otherwise, there has been no requirement for armed forces support. However, armed forces liaison officers were deployed to Gold Commands yesterday afternoon, notably in Humberside and Sheffield, and are ready to provide support if required. Overall, some 1,400 people have been provided with emergency shelters and other temporary accommodation. The community spirit in all the affected areas has, from all the reports that I have received, been outstanding.

It is clearly much too early to make a full assessment of the event. All relevant lessons will be learned once the immediate priorities have been met. However, I have been assured that the Environment Agency's new Floodline Warnings Direct system performed well in issuing warnings to very large numbers of people in areas affected.

Some water flowed over the flood defences as the unprecedented rainfall exceeded what they were designed to deal with, but there had been no reported structural failings of flood defences. The local authorities are responsible for the short and longer-term recovery effort in the affected areas, and I am sure that elected members and officials will rise to that challenge. The relevant Government offices and other agencies will work with the local authorities to support them in that process.

Emergency financial assistance is available to local authorities under the Bellwin scheme to help with non-insurable clear-up costs incurred in taking immediate action to safeguard life and property following a disaster or emergency in their area. Local authorities have one month from the end of an incident to notify the Department for Communities and Local Government that they intend to apply for activation of a Bellwin scheme. If approved, that Department will usually reimburse an authority for 85 per cent. of its eligible costs above a threshold related to the authority's annual budget.

I am also pleased to note that insurers are playing their part in the recovery, and that the Association of British Insurers has advised that its members have staff in place to ensure that claims are tackled promptly.

Ministers and officials in my Department and elsewhere in Government have kept in close touch with the events around the country without getting in the way of the local delivery effort. I spoke last night at 10.40 pm to the chief executive of Sheffield city council and this morning with the chair of the Environment Agency. It is clearly most efficient that decisions on how to manage the event are taken locally, drawing on local emergency plans. Again, those seem to have operated well.

For many people, the immediate task is one of clean-up. However, it is also vital to prepare for any further wave of extreme weather. Heavy rain later in the week remains a real threat and all the appropriate agencies remain on high alert. I will report any further significant short-term developments to the House.

Mr. Peter Ainsworth (East Surrey) (Con): I thank the Secretary of State for his statement and the advance notice that he provided of it. I entirely endorse his remarks about the three people who tragically lost their lives. Our thoughts and prayers are with them, their friends and families.

I join the Secretary of State in paying tribute to the immense hard work of the emergency services and those in the police, local authorities, the Environment Agency and the armed forces, who responded to the crisis with courage and the highest standard of professionalism. Will he join me in sending a message of admiration to the people of Leeds, Sheffield, Hull, Rotherham, Doncaster, Shropshire and so many other places, who have shown great resilience and fortitude in the face of the worst flooding in living memory? Our thoughts are with them as they struggle to come to terms with what has happened.

Clearly, the weather conditions that led to the events are almost unprecedented, but how satisfied is the Secretary of State that the warning systems in place were operated effectively? The Met Office issued a weather warning on 12 June, which stated:

"The worst affected areas are likely to be northern parts of England, where rainfall totals over a few days may be close to the monthly average for June."

On 15 June, my right hon. Friend the Member for East Yorkshire (Mr. Knight) raised his concerns in the House and called on the Secretary of State to make an urgent statement on the action that he would take to prevent people from facing the misery of having their homes flooded.

In the light of those warnings, what action did the Secretary of State take in advance of the problem? They were not the only warnings that the Government received. On 14 June, the National Audit Office issued a damning report on the adequacy of our flood defence systems. It noted that the north-east had received less funding for flood defences than other parts of England, where the risk of flooding was assessed as less acute. The Chairman of the Public Accounts Committee also drew attention to the imbalance in spending. In other words, several warnings were issued within days of each other and of the dreadful events. Is the Secretary of State entirely satisfied that his response to them was not complacent?

The statement stressed the importance of the local response system, but what of the Government's responsibilities? Does the Secretary of State regret the fact that the Environment Agency was forced to make cuts in its flood protection budget last year to compensate for financial mismanagement in his Department? Does he know that the Environment Agency and the Association of British Insurers have been urging the Department to take the risks of flooding far more seriously for several years? Does he regret that he has failed to do that? He said that he is keen to learn lessons. Is not one of them that it is normally a good idea to listen to the experts when they provide expert advice?

In Sheffield, much of the damage has occurred in Brightside, one of the poorest districts. Can the Secretary of State make an assessment at this stage of the amount of uninsured losses that have occurred?

The Environment Agency has said that what we have experienced in the past 48 hours is consistent with the effects of climate change, and that the risk of flooding and extreme weather events will only increase. As the Secretary of State knows, climate change scientists have been warning the Government for years of the need to adapt to climate change. How have the Government responded to those warnings? Will the Secretary of State take the opportunity of the forthcoming Climate Change Bill to introduce annual reporting on the measures taken to adapt to climate change as well as those taken to mitigate its effects?

Will the Secretary of State take the opportunity of the forthcoming water price review to issue new advice to Ofwat and the Environment Agency to ensure that adequate investment in adaptation measures is funded in future? Will he also hold urgent discussions with the Secretary of State for Communities and Local Government, or her successor, on the lunacy of continuing to build houses on flood plains?

Does the Secretary of State accept that if his Government fail to respond to the challenges of climate change with a coherent, joined-up approach and a much greater sense of urgency, the terrible events that we have witnessed in the past few days are likely to happen again and again?

David Miliband: If the hon. Gentleman chooses, in the cold light of day tomorrow, to look at the contents of his remarks in *Hansard*, he will see that, unusually for him, they did not do justice to his knowledge in this area or to the way in which he has approached these issues, certainly in the 15 months that I have been in this post. The people of Sheffield and the other affected areas will have listened with some dismay to the way in which he approached this task.

The hon. Gentleman rightly sent a message of admiration, and I am sure that it was inadvertent that he did not mention the health services. It is important that all the public services should be recognised for the important work that they have been doing. As he said, these are almost unprecedented conditions. We shall have to wait for the historians to tell us whether they were completely unprecedented. The weather warnings are an important part of our local planning system, and the reason why the local system has worked well is that the local people in charge took heed of those weather warnings. In my conversations with people on the ground, they have told me that, where the emergency services have been brought into play and local authorities' own social services provision has been needed, the systems have worked well. That is testimony to the good preparation that has been done.

The hon. Gentleman referred to the NAO report. The chief executive of the Environment Agency will be speaking to the PAC tomorrow. I do not want to get in the way of her defence of what has happened, but it is important to point out to the House that, between 2003-04 and 2005-06, the agency exceeded its target for protection, achieving flood protection for 100,000 houses, rather than the 80,000 target. Furthermore, there are 24,000 miles of flood defences around the country that are maintained by the Environment Agency. Many people who know this area will have been astonished that the hon. Gentleman—who speaks for a party that left us with a flood budget of £307 million in 1996-97—failed to mention that that budget is now £615 million. It has doubled under this Government. I hasten to add that, on almost every occasion, the Conservatives have voted against the measures designed to raise that budget.

[David Miliband]

I do not yet have a listing of the uninsured losses, but I am happy to write to the hon. Gentleman with that information in due course. He made the link with climate change, which I am sure is in many people's thoughts. I want to make two points on that. First, climate change involves not only global warming but extreme weather events. However, it is unwise to seize on one event before the scientists have had a chance to make a full assessment of it, and before I did so, I would want to be sure that they were clear about the links to climate change.

Secondly, the hon. Gentleman raised the question of adaptation, which I am pleased about, and asked for annual reports on that matter. We have made it clear in the Climate Change Bill that there should be regular reports, but we think that a five-yearly basis is the right strategic basis on which to make these judgments. However, I will take into consideration his comments when we consider the draft representations of the Special Committee that is considering these issues.

Mr. David Blunkett (Sheffield, Brightside) (Lab): All Members from the affected areas will welcome the Secretary of State's statement, and the fact that he has come to the House so quickly today to make it. I reiterate that our hearts go out to those who have been bereaved and to those who have lost so much in terms of their homes and businesses. I also commend the Gold Command for the direction that has taken place over the past 48 hours, and the public and emergency services and the RAF, all of whom have done a phenomenal job.

Will the Secretary of State confirm that he is prepared to cut through the bureaucracy that often surrounds financial intervention on occasions such as this by ensuring that, alongside rapidly dealing with the Bellwin formula once the claims are in, there is assistance, perhaps through emergency loans, to help the families and businesses who are faced with sheer devastation? He mentioned that the armed services were on standby, so will he consider getting them and their engineers in as quickly as possible to ensure that if there is a further deluge, as predicted by the weathermen, we have other emergency measures in place by this weekend, so that there is no repeat of what has happened over the last 48 hours?

David Miliband: My right hon. Friend speaks with considerable authority having played a central role, if not in creating, certainly in upgrading the Gold Command structure that has proved its worth over the past 24 hours. We will certainly look at all suggestions about how we can support local people in coming to terms with this unprecedented event. In respect of a further deluge, the decision-making structure deliberately puts power in the hands of local people so rather than me making the decisions I assure him that all appropriate forces and provisions are at the disposal of local people in preparing for whatever contingencies lie ahead.

Chris Huhne (Eastleigh) (LD): I thank the Secretary of State for advance sight of his statement. As he said, our sympathies go very much to the families of the three people who we know have died as a result of the floods and to all the others who have suffered such terrible losses. My admiration, too, goes to the emergency services, the Environment Agency staff and all the other public services doing gruelling work to avert worse calamities.

My admiration, however, does not yet extend to the Secretary of State, who has—it seems to me—mishandled the issue of flood defences ever since he took over the Department. Is it not astonishing at a time of climate change that the Government cut spending on flood defences last year, in-year, by £15 million? Will the Secretary of State confirm that in York and elsewhere those cuts delayed projects by delaying feasibility studies? Is it not even more astonishing that last month the regional flood defence committees were sent a document by the Environment Agency, which said:

"Our planning assumption is that our resource settlement over the next three years will be flat cash in line with our current 2007-8 baseline (a real time reduction in funding) with any growth limited to capital investment"?

Will the Secretary of State confirm that as late as last week the Treasury was continuing to press his Department for real cuts in flood defences? Does not that show a devastating lack of foresight on the part of the Chancellor of the Exchequer, and is it not yet another example of how lamentably he fails to understand the significance of climate change?

David Miliband: I assure the hon. Gentleman that his admiration for me is fully reciprocated. He has confirmed his unenviable reputation for being someone who never misses an opportunity for opportunism and I congratulate him on his consistency.

The hon. Gentleman knows that it is simply not true that capital spending was cut last year—*[Interruption.]* My hon. Friend the Member for Carlisle (Mr. Martlew) nods because he knows that. The hon. Gentleman will also know that in respect of revenue spending the delays last year to which he referred have been more than made up in 2007-08 already, so in the context of a doubling of spending his point is pretty weak. In respect of the Environment Agency's planning assumptions, the hon. Gentleman claims a knowledge of economics so I do not know what other basis he thinks the agency should be using to plan for the future. Given that we have not yet made a settlement, it seems prudent to act on that basis, just as it would be prudent for the hon. Gentleman to wait until our comprehensive spending review announcement to see how the Government will continue to do justice to the important issues of flood defence.

Mr. George Mudie (Leeds, East) (Lab): I warmly support the remarks made by my right hon. Friend the Member for Sheffield, Brightside (Mr. Blunkett) on the need for urgent action before the weekend. In the longer term, will the Secretary of State agree to review the decision of the Environment Agency to shelve the £100 million scheme that was designed to protect Leeds city centre? Will he also ask the Environment Agency to expedite the Wyke Beck scheme in my constituency, which will help to alleviate flooding in an area that has been flooded three times in three years, to the great distress of hundreds of people?

David Miliband: My hon. Friend makes an important point. I will certainly take up those issues with the Environment Agency, and write to him as soon as possible.

Mr. David Curry (Skipton and Ripon) (Con): Does the Secretary of State understand the frustration and anger of people in Ripon, which has had its second bout of major flooding in seven years, not because there are no plans to deal with the flooding, but because the plans have been in existence and ready to go for several years, and have been deferred each year? How many once-in-a-century events must take place before something is done?

David Miliband: The tenor of most of today's contributions has been to recognise that such events are likely to happen much less frequently than once in a century—they are almost unprecedented events. The right hon. Gentleman, however, makes an important point. Like many other hon. Members, he wants increased spending on flood defence. Perhaps I might gently suggest to him that he persuade some of his colleagues to be as enthusiastic in their support of Government policy as he sometimes is.

Mr. Clive Betts (Sheffield, Attercliffe) (Lab): I thank my right hon. Friend for his statement. Obviously, I associate myself with the expressions of condolence to the families of those who have lost their lives and sympathy for everyone who has suffered in this appalling tragedy. I thank council officers and all the other workers in Sheffield who strived so hard last night to ensure that an appalling situation did not become even worse.

May I make two financial requests? First, a lot of the damage last night was done in the main industrial area of Sheffield, which has been doing well in recent years. Some businesses, however, will now be out of action for several days, if not weeks, and will have lost a lot of specialist and expensive work in hand. Eventually, that may be recoverable from insurance companies, but in the meantime they will probably need some help through an emergency fund for cash-flow purposes. Will the Secretary of State consider that? Secondly, the public infrastructure of the city has been badly damaged. While the Bellwin formula will help with the clean-up, we will need longer-term help with investment in that public infrastructure, to ensure that the city's economy can be kept going forward. Can the Secretary of State give assurances on both those points?

David Miliband: From speaking to my hon. Friend last night, I know that he is in close touch with many of his constituents. I echo what he said about the excellent work of council officers in preparing for and responding to the event. He makes an important point in respect of local industry, and I concur completely that Sheffield's renaissance has been magnificent in the past few years. I will speak this afternoon to my right hon. Friend the Secretary of State for Trade and Industry about the industrial issues raised. In respect of long-term investment, my hon. Friend will know better than I that an extensive plan is in place for upgrading the public infrastructure in the heart of Sheffield. Obviously, we will talk with the city council about how that can be taken forward in the new circumstances.

Mr. Michael Jack (Fylde) (Con): With unerring accuracy, the Government's chief scientific adviser, Sir David King, in his foresight report a few years ago, predicted that we were moving into a period of more extreme weather events. With that in mind, will the Secretary of State assure the House that resources will be made available to the Environment Agency to revise its flood prediction computer model so that it can take into account what now appears to be an established change in the nature of our climate and weather and make our predictions on flooding more accurate?

David Miliband: With the small proviso that the change in weather patterns means that there is less of a pattern, and that it is harder and harder for any model to predict with certainty some future patterns, the right hon. Gentleman makes an important point. I am happy to talk to the Environment Agency again about the way in which it works. We are coming up to the beginning of a three-year comprehensive spending review period, and that is a good moment to ensure that the money is being spent in the right places.

Ms Diana R. Johnson (Kingston upon Hull, North) (Lab): I join hon. Members in paying tribute to everyone who is coping so well with the flooding. In particular, I pay tribute to the public services in Hull, which valiantly tried to rescue Michael Barnett yesterday, who sadly died in a drain in Hull. Will my right hon. Friend reassure me that the public health implications of flooding are being addressed?

David Miliband: There is no suggestion that they are not being addressed. I am happy to ensure that either myself or my hon. Friend the Minister for Climate Change and the Environment, who is in south Yorkshire, checks on that. If she has a particular issue to raise, perhaps she could let my office know. She makes an important point. We would certainly want to ensure that all the right measures were in place.

Mr. Nick Clegg (Sheffield, Hallam) (LD): Obviously, I endorse the salute that has been given to the emergency services and specifically to the council officers in Sheffield, including Sir Bob Kerslake, the chief executive, who have done a magnificent job overnight, not least by keeping all Sheffield MPs and others updated on the events. Will the Secretary of State join me in extending special condolences to the family and friends of Ryan Joe Parry, a young 14-year-old boy? He attended King Ecgbert school in my constituency and tragically, at such a tender young age, lost his life when he was swept up by the River Sheaf in Millhouses park.

Much was said in the statement about the need for insurance companies to move quickly, and for health and safety and long-term funding issues to be addressed, but will the Secretary of State address himself to one thing, which I think might be overlooked? It might sound parochial, but my constituents have got in touch with me this morning in large numbers to say that one of the real problems, and one reason why so much water from the hills in Sheffield has swept down with the velocity that it has, is the degraded state of large parts of the road surface and drainage system in Sheffield. That is a familiar problem to all Sheffielders. It cannot, frankly, be dealt with with the resources available to Sheffield city council on its own; it requires central Government long-term assistance.

David Miliband: Before I respond to the hon. Gentleman's point, I hope that he will forgive me if, in response to the question asked by my hon. Friend the Member for Kingston upon Hull, North (Ms Johnson), I explain to the House that I have been passed a piece of paper which says that public health messages have been issued by primary care trusts.

It is invidious to pick out one victim out of three. I am sure that no one in the House would want me to do that. However, the loss of a 14-year-old life—as I understand it, he was a constituent of the Minister for Sport, my right hon. Friend the Member for Sheffield, Central (Mr. Caborn), and he was at school in the hon. Gentleman's constituency—is an unimaginable tragedy for any family. Of course, I associate myself entirely with the condolences that the hon. Gentleman offered.

In respect of the roads in Sheffield, I have not heard the particular points that the hon. Gentleman's constituents have made, but from my briefing I know that a major road improvement plan for, as I understand it, the whole of Sheffield has been prepared, or is in the process of being prepared, for a public-private finance bid. I think that that would speak to the points that he makes. Obviously, we will have to look at the whole issue of urban drainage and whether or not the roads are contributing to flooding in considering any lessons to be learned from this tragedy.

Mr. Kevin Barron (Rother Valley) (Lab): My right hon. Friend may know that the latest reports from the national media in the last hour are that the water levels in the Ulley reservoir in my constituency are now decreasing. However, rain is predicted in the next 24 hours. Hundreds of my constituents have been moved out of their homes and are living in two local schools. The likelihood of them getting back into their homes is doubtful at this stage. Will he contact the local council to see whether it needs any immediate help?

Notwithstanding that, the possible cost of what is happening in Rother Valley and the surrounding areas is unpredictable. We need to ensure that we get help from central Government when that is necessary and sensible in the not-too-distant future. Will my right hon. Friend's office make itself available to meet Rotherham metropolitan borough council and other councils from south Yorkshire to discuss exactly how help can be given?

David Miliband: My right hon. Friend makes an important point about the Ulley reservoir. It is good news that the water levels are declining, but I reiterate that the situation at the reservoir remains serious. It would be quite wrong to suggest that the potential problems have been resolved. The pumping out that is going on is very welcome, but equally he will have seen on television the discussion of the cracks in the reservoir walls. I take my right hon. Friend's point that there has been a good response so far. Of course we will look, within the existing established rules, at how we can support local people and councils. We will also find appropriate ways to meet Members, local council officials and leaders, whether bilaterally or all together.

Daniel Kawczynski (Shrewsbury and Atcham) (Con): The Secretary of State will know that Shrewsbury regrettably has a long history of flooding. Today, many parts of Shropshire have been flooded. I am grateful to him for raising the Bellwin scheme, and I will certainly request my council to take advantage of it. There is a wet washlands scheme to protect the River Severn from flooding, which the Environment Agency has been looking at for a considerable time and I have secured Westminster Hall debates in the past on that vital scheme. Would the Secretary of State accept an invitation to meet with me and the Environment Agency representatives from Shrewsbury to discuss that scheme?

David Miliband: I thought that the hon. Gentleman was going to invite me to be in the audience for his Westminster Hall debate because he knew something that I did not know in advance of the events of the next few days. I wish him good luck with his debate. The idea of what are known as turquoise belts on the banks of rivers presents a natural way to try to contain flooding and we will certainly be interested in the results of his debate.

Alan Simpson (Nottingham, South) (Lab): Many of the villages around Nottingham have been flooded and are expected to be flooded again if there are further downpours this weekend. I suspect that we are stuck with this change in our weather patterns and I accept that the Environment Agency has a key role to play in flood management. I would like the Secretary of State to address two points. First, virtually the whole of the UK is a beneficiary of Victorian over-engineering of the drains and sewerage systems, and there is now a critical case for revisiting the drainage systems that are appropriate for the 21st century. The water companies have been very good at managing tidal flows of cash into their own pockets, and it would be helpful to place a duty on them to put an equal priority on the tidal movement of water that arrives in downpours.

The second point is that four of the main regions in Germany have already sought to address the change in rainfall patterns and introduced tough new planning requirements, such that almost 40 per cent. of the country is now covered by laws that preclude a planning application even being considered if it does not replace the soak-away land or include reservoir facilities in the structural foundations of buildings. Will my right hon. Friend consider that as a 21st century planning requirement, if this is to be the pattern of weather conditions that we are now to face?

David Miliband: As ever, my hon. Friend speaks with authority on these issues. If I had not been here this afternoon, I would have been at a meeting with all the water companies to consider a water strategy for the next 25 years, as well as some of the issues and possibilities raised by the next water price review, in which many people would like to see environmental considerations built into the system. I am sure that he would agree that there are benefits of being the first industrialised country, but it does mean that we have an old infrastructure in many areas. I agree that we need to consider all ways of upgrading it, on both the demand and the supply side.

In respect of planning, my hon. Friend will know that there are extensive new rules to ensure that sustainable development principles are built in, although I am happy to look at the German model in that area as in others.

Charles Hendry (Wealden) (Con): It is nearly seven years since the town of Uckfield in my constituency flooded and the sympathy of my constituents will be with those so terribly affected today. However, in the course of those seven years and despite the pledges from the Prime Minister and others, not one pound has been spent to put in place the flood defences that are necessary to stop that sort of flooding happening again. Of course our hearts go out to those so terribly affected today, but can the Secretary of State give us an assurance that, in considering the nation's needs for improved flood defences, the unmet needs of those affected by the 2000 floods will not continue to be overlooked?

David Miliband: I thank the hon. Gentleman for his words, even though I understand that his constituency has not been affected this time. Of course, all needs must be considered in the appropriate way, including those of his constituents. I am sure that the Environment Agency will want to do that as it plots the priorities for its budget.

Mr. Elliot Morley (Scunthorpe) (Lab): May I welcome my right hon. Friend's response to this emergency, and the success of the contingency plans? Extreme events cannot be planned for properly, and I am sure that he will review what has happened to people who have suffered the misery of flooding in their homes. However, after the last flood event, infrastructure providers such as Network Rail and the Highways Agency were required to look at how adaptations could be made to deal with the likelihood of more frequent extreme events. Has my right hon. Friend seen the reports from that review, and does he think that there should be a close examination of whether it has been implemented properly?

David Miliband: My right hon. Friend was significantly responsible for the response to the Carlisle flood, which for many is a model of how to bounce back from a tragedy of that sort. I have not seen the reports to which he refers, but I shall be happy to look at the matter and to engage with him and other hon. Members about the best way to respond.

Mr. Christopher Fraser (South-West Norfolk) (Con): Like other areas of the country, parts of my constituency have been flooded this week, and some of them were flooded for more than 100 days over winter. Much of the fens is at or below sea level, so will the Secretary of State give a commitment to the people who live there that proper flood alleviation programmes will be put in place? A lot of the water that accumulates in low-lying parts of my constituency flows from effective flood alleviation programmes upstream, in places such as Milton Keynes and Bedford. Do the people of the fens deserve equal treatment with people elsewhere in the country?

David Miliband: I visited some of the flood defence work going on in a constituency neighbouring the hon. Gentleman's—

Mr. Fraser: Not in mine.

David Miliband: As I said, it was not in the hon. Gentleman's constituency, but in a neighbouring constituency. He makes a very important point about the knock-on effects of different interventions. I am certainly very happy to tell him that the people of the fens have as much right as people anywhere in the country to expect that their needs are addressed in a way that is fair, transparent and open.

John Mann (Bassetlaw) (Lab): I am sure that the Secretary of State will want to ensure that the Government's response is as robust in the vast number of flooded villages and towns in my constituency as it is in the larger cities. Will he give some thought as to how local authorities can be encouraged to ensure that schools and post offices are prioritised, especially in rural areas where alternatives are difficult? Kids must be able to continue to go to school: they must not be expected to take time off with their parents until September, and post offices must be brought back into operation as soon as possible.

David Miliband: I certainly hope that schoolchildren and those shopping at post offices in my hon. Friend's constituency are able to resume normal service as soon as possible.

James Duddridge (Rochford and Southend, East) (Con): Once the initial crisis has abated, will the Secretary of State undertake to review planning policy guidance for building on floodplain areas? I am thinking specifically of the areas affected by the floods, but also of the Thames gateway.

David Miliband: The hon. Gentleman raises an important point. He will know that the Environment Agency is a statutory consultee in all planning applications. In addition, the new planning policy statement on climate change is directly relevant to many of the housing issues about which he is concerned. I commend that statement to him, as it offers a very significant way to address climate change impacts across the planning system.

Ms Angela C. Smith (Sheffield, Hillsborough) (Lab): May I join my colleagues in expressing condolences to the families of those in Sheffield and elsewhere who have lost their lives? I also want to pay tribute to the workers in the emergency services and Sheffield city council, whose response to the crisis has been first rate. There is a sense of profound shock that our wonderful city could be reduced to something resembling a war zone in the space of a few hours. It is obvious that urgent assistance is needed to help those affected rebuild their homes, or to rehouse them while their homes are made fit to live in again. Can my right hon. Friend give comfort to the people of south Yorkshire on that point?

David Miliband: My hon. Friend speaks eloquently—more eloquently than me—about the response of Jan Wilson, the leader of the council, Robert Kerslake, the chief executive, who has already been mentioned, and the whole city council team. I agree that they have responded magnificently and I hope that that is the view of people in Sheffield. I would not want to substitute my judgment for theirs, but everything that I am being told about the response by the city council and the response of people in Sheffield suggests that they have a council in which they should have real confidence and pride. In respect of the latter part of her question, the

[David Miliband]

systems that we have developed have been designed to provide as much comfort as possible in the circumstances. It would not be right for me to pretend that anyone can wish away the terrible damage that has been done. I would not want to suggest in any way that I can do that. However, we are determined to make sure that other communities are able to follow the example of Carlisle and bounce back from this sort of event.

Martin Horwood (Cheltenham) (LD): I am grateful to the Secretary of State for acknowledging the seriousness of the situation in Cheltenham and for the prompt response of the emergency services and the Environment Agency. According to the agency, ours was a once-in-80-years flood, which caused chaos despite a brand new £23 million flood defence scheme that was designed to withstand a once-in-100-years flood. Does the Secretary of State agree that more work needs to be done on that and does he agree with us and the National Audit Office that this would be the worst possible time to cut flood defence budgets in real terms?

David Miliband: I am very happy to look at the individual circumstances of the Cheltenham case, which obviously I have not had a chance to consider yet. In discussions of a Government of all the talents, I would very much welcome all the hon. Gentleman's support for my spending review bid.

Colin Challen (Morley and Rothwell) (Lab): May I also welcome my right hon. Friend's statement and, in particular, his response to my hon. Friend the Member for Leeds, East (Mr. Mudie) in relation to what we need to do in Leeds, which clearly has to be urgently looked at? The insurance industry will be looking at how these new extreme events may extend the nature of the risk that they have to insure. Surely that might lead them to question whether they want to take more households off-risk altogether. Will he have meetings with the Association of British Insurers and others to ensure that more people do not lose their insurance cover?

David Miliband: I am happy to reiterate what I said in my statement: we have a unique partnership in this country between public investment and the private insurance industry. I spoke at the Association of British Insurers conference last November. It is a valuable partnership that calls for responsibility on both sides, and we are determined to fulfil our side of the bargain.

Mr. Douglas Hogg (Sleaford and North Hykeham) (Con): The Secretary of State will know that his Department is considering proposals to transfer locally owned sewerage and drainage systems to the utility companies, such as Anglian Water. Will he please expedite the process and bring forward his proposals as rapidly as possible?

David Miliband: I am certainly happy to do so as rapidly as possible, consistent with good government.

Jeff Ennis (Barnsley, East and Mexborough) (Lab): My right hon. Friend will know that this is the second consecutive week that houses and businesses in the Dearne and Dove valley in my constituency have suffered adversely from flooding. In many respects, that is unique, because Barnsley does not always suffer from flooding problems. We never have in the past. Doncaster and the Don valley, in the other part of my constituency, have a history flooding, but Barnsley does not. One point that is of major concern to residents in the flooded area is that there is an outstanding planning application for a further 200 houses, which has recently been turned down by the planning authority and has gone to the planning inspectorate on appeal. Following the point made by my hon. Friend the Member for Nottingham, South (Alan Simpson), does the Minister agree that when the planning inspectorate is looking at appeals such as this one, it needs to give serious consideration to the flooding aspect? I know that he cannot make a statement on a specific planning application.

David Miliband: The end of my hon. Friend's question was also the answer, which is that I cannot comment on the individual case that is in front of the planning inspectorate, for obvious reasons. His main point, which is that we must build houses in a sustainable way—sustainable in terms of energy consumption, but also in their use of natural resources—is absolutely right, and we must reflect that in our planning system and other parts of Government policy.

Mr. Graham Stuart (Beverley and Holderness) (Con): As hon. Members on both sides of the House know, the flooding has had an absolutely horrendous effect on those who have suffered. All four towns in my constituency of Beverley and Holderness have suffered from flooding, as have many villages. There have been mass evacuations across the area. When all four towns in such a large rural constituency suffer from flooding at the same time, it is hard to accept that the preparations made by government at whatever level were adequate. Will the Secretary of State reassure my constituents that the Government's plans for the future will mean that if such a thing were to happen in 10 or 15 years, people across a constituency as large as mine would never again suffer such flooding?

David Miliband: When coming to a judgment on the plans, the most important thing is to study the plans and determine whether they are sensible. Obviously, it is important that we make adequate and appropriate provision for the future throughout the country. However, the hon. Gentleman knows as well as I do that the extreme weather events to which we are being subjected are taking us into new territory, which requires a new degree of preparation.

Mr. Mark Todd (South Derbyshire) (Lab): May I reinforce the Secretary of State's caution about seeking further analysis of the frequency of such events? In 2000, Hatton and other villages in my constituency that suffered flooding were initially told that that was a one-in-80-year incident, yet further analysis showed that the likelihood was more like one in 40. We should not take comfort from the apparent infrequency of such events cited in initial reports.

I draw attention to the remarks made by the right hon. Member for Fylde (Mr. Jack), who reminded us of the foresight report. We will clearly have to face such events with increasing frequency, which must reinforce my right hon. Friend the Secretary of State's efforts to gain a favourable result in the comprehensive spending review.

David Miliband: I think that one of my colleagues on the Treasury Bench was mumbling that that was a helpful suggestion and questioning whether my tactics of inveigling the Liberal Democrats to support my spending application were the wisest.

My hon. Friend's serious point shows that we are required to think about at least the 25-year period that I was due to be discussing today with water companies and the representatives of water consumers. The five-year price review gives us a chance to take stock, but we need to examine the matter over a longer term. I am trying to do that in precisely the way in which my hon. Friend describes.

Philip Davies (Shipley) (Con): The Secretary of State knows that the Environment Agency's budget has recently been under pressure. Does he agree that spending on flood defences can save an awful lot of money in the future and prevent an awful lot of human misery? Will he thus examine the Environment Agency's budget for Yorkshire, which has suffered disproportionately over the past day? Will he consider especially the situation involving the River Aire across west Yorkshire?

David Miliband: I will certainly be examining with the Environment Agency all the regional budgets that it allocates. The hon. Gentleman will be pleased to know that precisely the logic to which he points has led us to double spending in real terms on flood and coastal defence over the past 10 years. I hope that we can build cross-party support for such investment.

Mary Creagh (Wakefield) (Lab): I associate myself with the condolences paid by my right hon. Friend and colleagues to the families of those who were tragically killed yesterday.

In January, I received a letter from the Environment Agency that stated that the flood alleviation scheme in my Wakefield constituency for Ings Beck, which is a tributary of the River Calder, will be delayed indefinitely, although it was supposed to start this year. May I join my hon. Friend the Member for Leeds, East (Mr. Mudie) in asking for an urgent review of the way in which the Environment Agency prioritises such schemes? Wakefield has been flooded for the second time in two weeks. Many A roads have been affected, the east coast main line has been shut, and the M1 and M62 have been greatly affected because they follow the paths of the Calder, the Aire and the Hebble, which run through our city.

David Miliband: My hon. Friend speaks about her constituency with great passion and insight. As I said to my hon. Friend the Member for Leeds, East (Mr. Mudie), it is important that we examine the areas of stress and learn from weather patterns as they develop. I am committed to doing that.

Mr. Roger Williams (Brecon and Radnorshire) (LD): Home owners who suffer flood damage often fear that they will not be able to get insurance cover or that, if they do, it will be at a greatly increased cost. Will the Secretary of State assure me that he will talk with the Association of British Insurers as soon as possible, to give its members the comfort that there will be an increase in flood protection works, so that they can maintain cover at a reasonable cost?

David Miliband: The whole Government are committed to our partnership with the ABI and the insurance industry. It is obviously in the public interest, in the interest of public expenditure and the interest of home owners. I cannot say often enough that we are determined to continue that partnership and to fulfil our side of the bargain.

Mr. Brian Jenkins (Tamworth) (Lab): Speaking from elsewhere, I want to draw my right hon. Friend's attention to the flooding that occurred in Fazeley and Elford in my constituency and place on the record my thanks to all the public service employees who worked tirelessly round the clock and who had to make decisions such as to let cattle and stock drown, so that people could be saved. That loss of cattle and stock may not be claimable on insurance, because it may be considered the result of an act of God.

I shall not apportion blame until after the inquiry is completed. My difficulty is that, although the Bellwin formula will fund 85 per cent. of the cost, the disproportionate cost that falls on small authorities, such as Lichfield district council, will be heavy. Will my right hon. Friend use his good offices to speak to his colleagues in the Government to see whether the next grant settlement could take into account to some degree the cost of the flooding? The last thing that I want people who have gone through this nightmare to face is an increase in council tax bill next year.

David Miliband: I share my hon. Friend's good wishes for his constituents and his desire to place on record both his sorrow for what they have been through and his thanks to the public services in his area. I am happy to find out what point my right hon. Friend the Secretary of State for Communities and Local Government has reached in the local government grant settlement process, but I am glad that my hon. Friend agrees that the Bellwin scheme provides the foundation for an appropriate response.

Mr. Laurence Robertson (Tewkesbury) (Con): The Secretary of State will be aware that two rivers, the Severn and the Avon, meet at Tewkesbury and continue the length of my constituency as the River Severn. It is a great attraction, but the downside is that it makes flooding much worse. However, the situation has been exacerbated by far too much building not only on the floodplain, but close to it. Does he therefore share my alarm at the proposals in the regional spatial strategy to build thousands of extra houses in such areas? When those proposals land on his desk, will he look at them very seriously and very carefully?

David Miliband: We look at all proposals very carefully, although technically such proposals do not land on my desk; they land on the desk of my right hon. Friend the Secretary of State for Communities and Local Government. However, I assure the hon. Gentleman that the sustainability criteria are to the forefront of the regional spatial strategies and we shall be keen—indeed, determined—to ensure that flood risk is properly taken into account when planning new housing numbers.

Mr. Philip Dunne (Ludlow) (Con): The Secretary of State is clearly aware that Shropshire is one of the areas worst affected by the storms, but he may not be aware that Ludlow has suffered unprecedented flooding, including the sweeping away of one of the bridges and a main access road into the town. He may also not be aware that the Severn valley railway—an historic railway that provides a great tourism and economic boost to the area—has suffered more than £1 million worth of damage to its railway track. Given what he said about the Bellwin formula, will he assure the House that sufficient funding will be available to match the applications from local authorities? Is anything available for bodies that are not local authorities that have suffered major infrastructure damage? If I may, Mr. Speaker, I should like to put my question in the context of the National Audit Office comment that of the £125 million available this year for new or improved flood defences, a mere £15 million is available for urgent works. Will that really be enough under Bellwin?

David Miliband: I am grateful to the hon. Gentleman for filling me on the situation in Ludlow, of which I was not aware in such detail. I think that I am correct in saying that the Bellwin scheme is a demand-led scheme, not a capped scheme. That should provide some degree of comfort, although every case has to be examined individually. I or my hon. Friend the Minister for Climate Change and the Environment will write to the hon. Gentleman, but my understanding is that the Bellwin scheme is restricted to local authorities.

Mr. Philip Hollobone (Kettering) (Con): Recent serious flooding in Kettering has led local people to point to the issue of blocked drains, and to the massive increase in the number of new houses being built. It is up to the county council to make sure that the drains are cleared, but will the Secretary of State ensure that in growth areas, where very large numbers of houses are set to be built in the next 15 years, the Environment Agency has the resources that it needs to monitor all the planning applications that come forward?

David Miliband: Certainly, we are determined to ensure, in growth areas and elsewhere, that we future-proof the provision that is made, as the hon. Gentleman suggests.

BILLS PRESENTED

Criminal Justice and Immigration

Mr. David Hanson, supported by the Prime Minister, Mr. Chancellor of the Exchequer, Mr. Secretary Darling, Secretary John Reid, Ms Secretary Hewitt and Mr. Secretary Hain, presented a Bill to make further provision about criminal justice (including provision about the police) and dealing with offenders and defaulters; to provide for the establishment and functions of Her Majesty's Commissioner for Offender Management and Prisons and to make further provision about the management of offenders; to amend the criminal law; to make further provision for combating crime and disorder; to make provision about the mutual recognition of financial penalties; to make provision for a new immigration status in certain cases involving criminality; and for connected purposes: And the same was read the First time; and ordered to be read a Second time tomorrow, and to be printed. Explanatory notes to be printed [Bill 130].

Citizens' Convention

Julia Goldsworthy, supported by Mr. Douglas Carswell and Mr. David Chaytor, presented a Bill to establish a Citizens' Convention to facilitate the involvement of people from all sections of society in considering the way in which the United Kingdom is governed; to make provision relating to the implementation of recommendations made by the Convention; and for connected purposes: And the same was read the First time; and ordered to be read a Second time on Friday 29 June, and to be printed [Bill 136].

Energy Markets (Carbon Reduction and Warm Homes)

4.26 pm

Alan Simpson (Nottingham, South) (Lab): I beg to move,

That leave be given to bring in a Bill to promote sustainable energy and energy efficiency; to make further provision in respect of the regulation of the gas and electricity industries; to provide Ofgem with new environmental and social duties; to make further provision about the role of local authorities in meeting the United Kingdom's carbon reduction and fuel poverty targets; and for connected purposes.

This debate takes place at an auspicious moment in Parliament's history. It is the end of one era and the beginning of another. What connects the two eras are the serious challenges of fuel poverty and addressing climate change that will be inherited by the new Prime Minister and the framework of governance that he will bring with him. The truth is that we sit within a policy framework that is not fit for purpose, in terms of our ability to meet the targets that we have set ourselves.

Let me give the House some of the benchmark figures that lead me to say that. First, last week I received a reply from the Minister for Housing and Planning, confirming that there are 2.2 million households in abjectly fuel-poor properties that have a standard assessment procedure rating—an energy efficiency rating—of less than 30. Department of Trade and Industry figures confirm that if there is a steady increase in energy prices, as is predicted, by 2016—the date by which we are legally supposed to have completely eradicated fuel poverty in the UK—there will be more than 3 million fuel-poor households in our country. We also know from the papers that have been produced in support of the Climate Change Bill that on current projections we will not meet our 2020 climate change commitments.

We need a new framework—a step-change framework—that will allow us to address those points, and I have tried to incorporate such a framework in the Bill. It seeks to address four issues. First, it would give towns and cities a duty to produce their own sustainable energy plans that would meet or exceed the national targets. Secondly, it seeks to reform the role of Ofgem. Thirdly, it would introduce the concept of citizens' allowances, for both electricity and gas, to underpin a shift in the tariff system framework. Those allowances would have to be delivered at the company's lowest tariffs, and we would then move to a system of higher charging for increased energy consumption. Finally, my Bill seeks to give the Secretary of State the power to introduce feed-in tariff systems, which would have preferential payback frameworks that would give an entitlement to the citizens who provided that feed-in energy. I shall go through those four aims one by one.

We know that by 2016 the Government hope to provide five new eco-towns that are carbon-neutral in their built design. By that time, however, Germany will have 40 to 60 eco-cities, made up of existing properties in which people are living now. That is the challenge for the UK, too. The building of 200,000 new houses a year is important, but the test is what we are going to do with the 25 million properties in which people are living today and in which, in all probability, they will live the majority of their lives. There is therefore a big step change from 200,000 properties a year to the 25 million with which we will have to deal in 10 years. If we are to get there, we must provide a different rules base for our energy system, which is why we must change Ofgem's framework or terms of reference.

I have spent the past four or five years going round all the major energy companies, asking them what plans they have over the next five years to sell less energy for consumption. Not a single company in the land has any plans to do so. When I ask why, they say that Ofgem requires them to enter into least price competition for the sale of energy, so they are locked into short-term contracts that are suicidal in the race towards a precipice of increased energy consumption that will accelerate the problems of climate change. That must be changed by giving Ofgem a different remit so that it has a duty, first, to promote reduced energy consumption and, secondly, to promote the development of an energy market for the sale of energy services, rather than the sale of energy consumption. It would be helpful, too, if we removed some of the constraints or confines within which energy companies are required to work.

For energy companies themselves, part of the dilemma is the fact that they are locked into the 28-day rule. They are required by the Government to spend about £560 million a year as part of their energy efficiency contribution to alleviate fuel poverty and achieve carbon reduction targets, but they do not know how to do so within 28-day contracts. They want to get out of that lock. I suspect that citizens would say pretty much what every hon. Member would say when asked whether they would sign up to a 10-year contract with an energy supply company: "There's not a cat in hell's chance, because before the ink is dry, the company will double or treble the prices, so we would be hooked into a punitively priced contract for 10 years." We must therefore move to energy services companies that are community owned or municipally owned, just as they are in large parts of Europe. By allowing those 10-year contracts between people and energy companies we can secure long-term partnership contracts that will allow the companies to spend their e-contributions in a much more productive and sustainable way.

The most important aspect of the Bill is the Secretary of State's powers to introduce feed-in tariffs. A couple of weeks ago, I brought Hermann Scheer to Parliament. In Germany, he is recognised as the father of feed-in tariff legislation. He is a German parliamentarian, and he was responsible for piloting a measure through the German Parliament in 2000. The German Secretary of State is empowered to set tariffs that can be put in place for 20 years and, for the same period, citizens are paid up to four times the market price for clean energy that they put back into the system. That has driven the transformation of the German energy sector, so that in the last year alone it delivered 97 million tonnes of carbon savings, which is 10 times what the UK aspires to but fails to deliver. That has delivered jobs and the lead in the incorporation of renewable technologies, and it has made a radical impact on the concentration of fuel poverty in Germany. That is the core of what I hope the Bill would deliver.

[Alan Simpson]

The key features of the Bill are that it would move us into a different conceptual framework for what the next energy era will look like. The Bill is both visionary and practical. It is deliverable and economically viable. It is urgent, possibly more so than anything else in my lifetime. It creates jobs, as the Germans have done—about 240,000 jobs. It takes people out of fuel poverty and cuts carbon emissions like no other single measure has been able to do. It delivers a sense of community ownership of both the climate change agenda and the determination to eradicate fuel poverty.

It was Victor Hugo who said that there was nothing more powerful than an idea whose time had come. I believe that the combination of the four elements in the Bill encapsulates that idea, and I hope the House will determine that its time has come too.

Question put and agreed to.

Bill ordered to be brought in by Alan Simpson, Mr. David Amess, Peter Bottomley, Malcolm Bruce, Mr. Dai Davies, Dr. Ian Gibson, Mrs. Sharon Hodgson, Dr. Brian Iddon, Mrs. Linda Riordan, Sir Robert Smith, Andrew Stunell and Mr. Mike Weir.

ENERGY MARKETS (CARBON REDUCTION AND WARM HOMES)

Alan Simpson accordingly presented a Bill to promote sustainable energy and energy efficiency; to make further provision in respect of the regulation of the gas and electricity industries; to provide Ofgem with new environmental and social duties; to make further provision about the role of local authorities in meeting the United Kingdom's carbon reduction and fuel poverty targets; and for connected purposes: And the same was read the First time; and ordered to be read a Second time on 19 October, and to be printed [Bill 131].

Orders of the Day

Finance Bill

As amended in the Committee and in the Public Bill Committee, further considered.

Clause 4

RATES AND RATE BANDS FOR 2010-11

4.37 pm

Julia Goldsworthy (Falmouth and Camborne) (LD): I beg to move amendment No. 38, page 3, line 15, leave out clause 4.

I raise the matter again because the issue of inheritance tax seems to be exercising ever greater numbers of people, yet the changes announced on Budget day were passed almost without remark. On the face of it, those changes were good news, which one might expect the Chancellor to want to champion. Clause 4 raises the nil rate threshold to £350,000 from 2010-11—another example, perhaps, of the Chancellor trying to keep control of the Treasury long after he leaves it. The Red Book does not tell us what the cost will be to the Exchequer, because we have information only up to 2009-10. The increase comes after several years of successive increases in threshold, which is to be welcomed.

I raise the issue in order to highlight the contrast between the increase in threshold and the rise in house prices. In 2005-06 inheritance tax raised £3.3 billion in revenue to the Treasury, and this year that is set to increase to £4 billion. Let us compare that to the rise in house prices. Between 1995-96 and now, house prices have increased by 199 per cent., according to the Halifax. Over a similar time scale, the inheritance tax threshold has risen by only 95 per cent. It is clear that the number of estates caught by inheritance tax will have increased over that period. In 1996, 15,000 estates paid inheritance tax. In 2006, that figure had increased to 37,000. Will the Minister acknowledge that the nature of inheritance tax and the objective that it is intended to achieve are changing?

Inheritance tax is changing from a charge on the very wealthy to a charge on those who consider themselves to be on middle income, who have benefited from rapidly rising house prices. It recalls to mind an example that came to my attention in my surgery involving a couple who had lived in Cornwall all their life. They were living in two adjoining residences, one of which belonged to their parents. They failed to understand that they could use the allowances of both parents, and they did not realise until the point at which both parents had died. The total value involved was such that they had to move out of the property where they had lived all their married lives, and where their parents had lived all their married lives, in order to pay the inheritance tax bill. If they had used both parents' allowances, they would not have needed to do that. There are people who are being caught because they do not understand the system. They do not necessarily have very large incomes or live in particularly valuable properties.

Mrs. Theresa Villiers (Chipping Barnet) (Con): The hon. Lady is clearly concerned about thresholds, but I am slightly puzzled about why she is seeking to delete a clause that increases the threshold.

Julia Goldsworthy: The amendment is intended to allow an opportunity for debate on the Floor of the House—a debate that we have not yet had. I have no intention of pressing it to a vote; I wanted to use it as an opportunity to highlight how the nature of the tax is changing, and how what we see in the Bill is very different from the reality of many people's experiences.

We need to look at the make-up of estates that are paying inheritance tax. Despite property price increases since 1998, the number of estates paying inheritance tax worth more than £2 million has fallen by 8 per cent. In the meantime, among estates worth £300,000 to £500,000, the number has risen by 20 per cent. We are therefore seeing a reduction in the number of estates at the very top end that are paying inheritance tax, while the number at a much lower level paying the tax is increasing disproportionately.

I appreciate that the Government are making efforts to redress that imbalance, as we saw from the changes made last year to the inheritance tax treatment of trusts. There are many arguments to be had about whether the policy was retrospective and its impact on decisions made a long while ago, but there was clearly a feeling that people on much higher incomes were finding a way of getting out of the system and avoiding paying inheritance tax. How many more estates does the Chief Secretary estimate will be caught as a result of those changes?

I raised the key issue during discussion of last year's Finance Bill. It is where the true inequality lies—a question that relates to lifetime gifts. People who have the benefit of easily disposable or liquid assets can make use of the current seven-year rule that applies to lifetime gifts, but people in the circumstances that I described earlier, whose only significant asset may be tied up in their estate because it is their property, cannot do so in the same way. Of course, I am not suggesting that we get rid of the rule on lifetime gifts, but I wonder whether the Chief Secretary is prepared to look again at the matter. Demographics have changed since the rule was introduced. My understanding was that the seven-year rule was introduced to give parents the opportunity to help their children to make their property purchase and get a foot on the property ladder, but the demographics have changed; people's life-expectancy is changing, for example, and as a result, people are living longer than might have been expected when the limit was introduced.

The Chief Secretary to the Treasury (Mr. Stephen Timms): Will the hon. Lady say a little more about what change she is proposing to the seven-year rule? Is she suggesting that people should be looking at a whole lifetime? Is that the point, or is she proposing a level somewhere between seven years and a lifetime?

Julia Goldsworthy: I am coming to that point. I was asking the Chief Secretary to consider whether the Government are prepared to look again at the seven-year limit. I wonder whether a time limit of 15 years would perhaps be more reasonable, taking into account how life expectancy has changed. Of course, I recognise that we must not get rid of lifetime gifts altogether and that, even with the seven-year time limit, there is a need to keep records. Increasing the limit to 15 years, however, might make the system a little bit fairer and would not impose too great a bureaucratic burden; after all, people keep records for capital gains tax purposes and so on.

In conclusion, the point of the amendment was to raise two key questions. Does the Chief Secretary accept that the nature of inheritance tax is changing and that the decline in the number of very large estates paying inheritance tax and the increase at the lower end means that the tax is increasingly impacting on those who would consider themselves to be at middle-income level? Does he agree that unless there is a change either to the threshold or, perhaps, the lifetime gifts rule, as I have suggested, revenues will continue to rise? If house prices continue to rise, more and more people will be caught and the nature of inheritance tax will change fundamentally. Instead of a tax on significant wealth, inheritance tax is a tax that the significantly wealthy seem to be more than capable of avoiding paying, while those who are least able to afford it end up paying a much greater proportion of it.

4.45 pm

Mrs. Villiers: Like the hon. Member for Falmouth and Camborne (Julia Goldsworthy), the Opposition recognise the concern felt by many across the country about the increase in the number of people caught in the inheritance tax net since the Chancellor took up residence in No. 11 10 years ago. Under this Chancellor, inheritance tax is no longer confined to the wealthy and now impacts on those on middle incomes, too.

The hon. Member for Falmouth and Camborne has already told us some of the figures, and I shall add a few more. The Inland Revenue figures show that the revenue raised by inheritance tax has more than doubled under Labour, rising from £1.6 billion in 1997 to £3.6 billion last year. The Treasury expects the tax take to rise again this year to £4.1 billion. The proportion of estates liable to inheritance tax has tripled from 2 per cent. in 1997 to 6 per cent. on the most recent figures, and, as we have heard, the number of estates paying inheritance tax has more than doubled from 15,000 10 years ago to 35,000 this year.

Many people are anxious about the potential for a further increase in the number of estates affected by IHT with the growth in house prices. Halifax has carried out some extensive research on inheritance tax and has calculated that house prices have increased by 199 per cent. since 1995-96, which is far ahead of the increase in thresholds. It believes that the number of owner-occupied houses valued over the current £300,000 threshold is double what it was five years ago and now stands at 2.3 million or 12 per cent. of owner-occupied homes.

Particular concern is felt about inheritance tax in London and the south-east because of the high property prices. The average London property price went over the IHT threshold at the end of 2006. The Halifax research tells us that one in 10 postcodes have an average property price over the current £300,000 threshold, which is double the number five years ago. Scottish Widows has also published research about the increase in the number of home owners whom it believes now face the prospect of an IHT liability on the basis of their current net worth. A Grant Thornton study has projected an increase in the number of estates

[Mrs. Villiers]

paying inheritance tax to 45,000 or 50,000 by 2009, assuming that asset prices continue to grow at their long-term average rate.

As I said in Committee, the Conservative party is not making promises on changes to the inheritance tax rates, bands or thresholds. We are not making uncosted, up-front tax cut promises on IHT or any other tax, because we fear that the public finances will have deteriorated so much by the time of the next general election that the nation will not be able to afford tax cuts. I know that that will disappoint those who want radical changes to, or the abolition of, IHT, but I hope that they recognise that economic stability is even more important than tax cuts and that a Government led by my right hon. Friend the Member for Witney (Mr. Cameron) will not risk that stability.

Nevertheless, we are, of course, happy to examine the options for tax reform. In this area, as in any other, it is important that all parties seek to address the issues in a thoughtful and considered way. With that in mind, I have listened with care to the changes to inheritance tax proposed by the hon. Member for Falmouth and Camborne. Given the Liberal Democrats' commitment to increasing thresholds for IHT, it is bizarre to table an amendment that would delete a clause that increases those thresholds, which is what amendment No. 38 would do. Then again, the Liberal Democrats are not always known for their consistency.

I also recognise, however, that there is some concern about the fact that the potentially exempt transfer system, which deals with lifetime gifts, gives the wealthy opportunities for reducing their IHT bill that are not open to many people on middle incomes whose major asset is the home in which they live. We are certainly open to considering reform of the PET rules, but we would approach that with caution. It is suggested that it would be possible to fund lifting the IHT threshold via an extension of the seven-year rule for potentially exempt transfers, but that would be risky.

It is not clear how the change would work in practice, as we do not have a Liberal Democrat amendment to consider. Even more importantly, it would be difficult to predict what, if any, additional revenue would be raised simply by extending the relevant period. It would be impossible to guarantee that enough extra revenue would be raised to fund a significant increase in the threshold. An extension would have an impact on behaviour that would not be easy to predict. In many cases, extending the PET period might well simply prompt people to shift back their lifetime gifts, and the result would not be a huge additional revenue accruing to the Exchequer.

I am also concerned about the practical constraints that we would have to address to ensure that such a reform worked. The further back the rules permitted the Revenue to go in looking at lifetime transfers, the more difficult it would be to prove that they occurred and to establish what happened. Moving to a 15-year period would make it difficult for HMRC to keep track of records sufficiently and to be able to enforce the change effectively. I understand that in the past the Treasury and HMRC have given some consideration to a change along the lines of that suggested by the hon. Member for Falmouth and Camborne, but have dropped it on the grounds that it would give rise to several administrative difficulties and costs and yield uncertain returns. If reform of the PET rules were used to fund changes or increases in thresholds, it would have to be borne in mind that any additional revenue would not accrue to the Exchequer for at least seven years, so any changes to the threshold that were to be funded by that method would have to be postponed as well.

There is a broader point to make, and I value the opportunity that the Liberal Democrats have given us to consider these issues. It would be a mistake to tinker with just one aspect of how IHT works. If workable reform is to be seriously considered, we need to examine how the IHT rules work as a whole and consider all the options rather than just the PET regime in isolation. The Institute for Fiscal Studies is working on the Mirrlees report, which will include a study on IHT in its project to increase efficiency and fairness in the tax system.

In view of the importance of considering a range of issues to do with how IHT works, I mention one further matter that I drew to hon. Members' attention in Committee, where it was dubbed "the sister problem". It relates to long-term cohabitees. Some categories of people cannot use the exemption that exists for transfers between husbands and wives or civil partners. Examples might include people who have lived with and cared for an elderly parent for many years, people with learning disabilities who might similarly have lived with parents over a long period in the same home, or two siblings sharing a home. I drew the Committee's attention to the case of my constituent, Ann James, who lives with her sister in a house that they have jointly owned for many years. She is very worried that the house will have to be sold should she die before her sister or vice versa. In assessing the options for IHT reform, the House should bear in mind the situation in which Miss James finds herself.

This debate has given the House a useful opportunity to examine and highlight the anxiety and resentment that many people feel about the expansion in the scope of inheritance tax during the Chancellor's years at No. 11 Downing street. It has also given us a chance to explore important issues to do with the operation of the tax and the options for reform. The Opposition will continue to work for a wide-ranging reform of our tax system as a whole to make it fairer, simpler and more efficient, and will of course include in that process consideration of IHT.

Mr. Timms: I drew the Committee's attention to the fact that inheritance duties on large estates have existed in one form or another since 1694, when a tax of five shillings on all estates over £20 was introduced. The principle of such a tax is therefore well established in the United Kingdom. It yielded £3.6 billion last year and makes an important contribution to funding public services. I underline the Government's view that it is right and fair for such a contribution to come from the largest estates.

The nil rate band is set at £300,000 for the current year and, as my right hon. Friend the Chancellor announced last year, that figure will rise faster than forecast inflation in the coming years. Clause 4 provides for a further above-inflation increase in the band to £350,000 in 2010-11.

Like the hon. Member for Chipping Barnet (Mrs. Villiers), I was puzzled about the reason for the amendment, but the hon. Member for Falmouth and Camborne (Julia Goldsworthy) explained that it was tabled simply so that we could have a debate. However, if the Liberal Democrats have proposals on the matter—I note that the hon. Member for Twickenham (Dr. Cable) presented some ideas in a speech last week—the House should have an opportunity to discuss them.

It is worth outlining the twofold effect of the nil rate band allowance. First, it ensures that every individual can leave a substantial sum to whomever they choose—including, for example, a sister—entirely free of inheritance tax. Secondly, it ensures that the tax is progressive because, for estates above the nil rate band, the effective rate of tax increases with the size of the estate.

The number of estates that are liable for inheritance tax was mentioned. As has rightly been said, of approximately 600,000 estates a little under 6 per cent. attracted an inheritance tax liability in the past year. That means that the proportion of estates liable for inheritance tax is about 6 per cent. The remaining 94 per cent. paid no inheritance tax. That may come as a surprise to those who believe what they read in the newspapers, from which one gets the impression that the numbers are rather different.

The hon. Member for Chipping Barnet mentioned the proportion 10 years ago, but if one goes back 20 years, to the height of Thatcherism, one finds that the proportion was 5 per cent. The proportion has therefore gone up and down over the years. The consequence of the changes that we have set out for the next few years is that the proportion will stay roughly at the current figure of approximately 6 per cent. of estates.

In the last quarter of 2006, the mean house price in the UK was £199,000. The median price—the best measure of the "typical" property—was £175,000. The median prices for the south-east and London were £220,000 and £250,000 respectively. All those figures are within this year's nil rate band. Of course, when a home is owned with a mortgage, that debt will reduce the size of the estate on death The vast majority of property ownership falls well within the inheritance tax nil rate band. It is important to underline those points when the newspapers often give the impression that a large proportion of estates is becoming liable for inheritance tax. That is not the case.

Julia Goldsworthy: I am grateful to the Chief Secretary for the way in which he is dealing with the issue. Surely the biggest problem is that the number of very large estates that pay inheritance tax is declining. There is concern about the lack of a level playing field as well as fear at a lower level that people's estates will ultimately become liable for inheritance tax.

Mr. Timms: Again, if the hon. Lady has proposals that might address that, I would be happy to consider them. However, as she said earlier, we have introduced changes to deal with the matter and ensure that the wealthy pay their fair share of inheritance tax. We will not hesitate to take further steps if we consider them appropriate. I agree with the hon. Lady that fairness needs to be seen to be applied to these arrangements, as with every other part of the tax system.

5 pm

I want to underline a few more points that I think are appropriate, given the discussion that we have had. Not everyone is a home owner, and not every estate includes a house. In fact, housing makes up only 40 per cent. of the assets that are charged to inheritance tax, and it is important to acknowledge the other elements that make up the majority of such assets. Property values are a substantial contribution, however, and that is why we have had a period—and will have a further period—during which the nil rate threshold has been raised faster than the rate of inflation.

Following the suggestion made by the hon. Member for Twickenham last week, the hon. Lady has suggested that the seven-year period could be extended, perhaps to 15 years. I suggest that the present system strikes the right balance between ensuring that the tax is not open to abuse and minimising the administrative burden on taxpayers and the operational costs involved. Taxing gifts made 20 or 25 years before death would involve people retaining a record of their finances over a long period. We need to strike the right balance between the complexity and difficulty of such record keeping and ensuring that we block loopholes where they arise. Assets gifted many years before death could be difficult to trace.

I am grateful to the hon. Lady for explaining that she simply wanted to air this issue. I hope that the House will take the view that the balance we have set out in clause 4 and other announcements is the right one, and I am pleased that the hon. Lady has confirmed that she will not be pressing her amendment to a vote.

Julia Goldsworthy: I welcome the opportunity to discuss this issue, and we have had a constructive debate. The hon. Member for Chipping Barnet (Mrs. Villiers) was right to highlight the constraints on raising issues in the Finance Bill, in regard to which issues may be raised and whether we may discuss matters that might have an impact on revenue raising. I welcome the generally constructive tone of the debate.

The hon. Lady was also right to say that, if such changes were introduced to lifetime gifts, we would not see an immediate impact on revenue and it would be difficult to judge the impact of such measures on behaviour. I refer her back to the comments made by the Minister last year, however, when we were discussing the inheritance tax treatment of trusts. The debate revolved around the fact that problems were being caused by individuals who were seeking to get round the inheritance tax rules but who did not want to give up control of their assets. That is the key point that I want to raise in talking about extending the time limit for lifetime gifts. Such an extension would still allow people to make a lifetime gift, but it would raise the issue of their having to give up full control of the asset at the time.

I gave an example of a couple who lived with their parents, and the hon. Lady gave another example of people who might fall foul of the existing legislation. Part of the problem is that they possibly do not even realise that they have done so until it is too late to do anything about it. Similarly, I am sure that some people who are caring for elderly parents will be caught by the changes to pre-owned asset taxes. They might have had the house given to them, but a parent could then move

[Julia Goldsworthy]

back in when they became too old. These problems are likely to raise their head at difficult times in people's lives.

The Minister talked about the above-inflation increase in the threshold for inheritance tax, but I must point out that house price inflation is very different from retail prices index inflation. There have been hot spots in which there have been massive increases. The hon. Lady mentioned the south-east where there are historical pressures, but parts of the south-west have also had massive house price increases. Combined with the fact that incomes are low there will be significant difficulty, in particular in some of the coastal villages in my part of the world where individuals know that they do not have a hope in hell of affording a property in the place where they were born and bred.

There is widespread fear of inheritance tax, which may actually be greater among people who do not come within the tax's threshold at present. However, they fear the tax because they see that the threshold is not keeping pace with house price inflation, which in most cases is their main asset. The issue needs to be addressed, but it has not been, even by the increases that have been made so far. The increase in the Bill is welcome, but it is unlikely to be sufficient. Unless something is done, more and more people will continue to be caught by inheritance tax.

I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Clause 19

SDLT RELIEF FOR NEW ZERO-CARBON HOMES

Mr. Paul Goodman (Wycombe) (Con): I beg to move amendment No. 6, page 14, line 9, leave out sub-paragraph (a).

Mr. Deputy Speaker (Sir Alan Haselhurst): With this it will be convenient to discuss the following:

Amendment No. 7, page 14, line 35, at end insert—

'(8) Regulations under section 58B shall expire one year after coming into force, but, subject to subsection (9) below, without prejudice to the making of further regulations under that section.

(9) Further regulations under section 58B may not be made unless they contain a provision specifying that they expire one year after coming into force.'.

Government amendment No. 1

Mr. Goodman: First, we welcome Government amendment No. 1, on the regulations referred to in the clause. The Economic Secretary wrote about them to my hon. Friend the shadow Chief Secretary and the hon. Gentleman will doubtless address them in a moment.

Our amendment No. 6 makes a relatively minor inquiry about a small part of the clause. It is not entirely clear why it is necessary to write it in the Bill that the regulations referred to in subsection 58C(2) may

"refer to a scheme or process".

I understand why it is necessary to include provisions in the regulations for the establishment of a "process of certification", in paragraph (b), and for the establishment of a process of "certifying energy efficiency" in paragraph (c). However, it is not clear why the fact that the regulations may refer to something needs to be on the face of the Bill, so we would be grateful for clarification on that point.

By proposing that the regulations lapse after a year, amendment No. 7 allows us to make further inquiries about the scheme that the clause proposes. It is clear that the scheme will provide for a number of zero-carbon—or more properly speaking, energy efficient—homes, which is why we welcomed it in Committee. What is not clear is whether it will provide the number that the Government claim it will provide eventually. After hearing the Economic Secretary's reply to the debate in Committee, we were more doubtful about whether the scheme would provide that number than we had been before he stood up to speak. Anticipating his response that that reflects more on us than on him, I shall share with the House the causes of some of the difficulties encountered by the Committee.

I shall not linger long over the mystery of the current number of energy-efficient homes. At column 139 of the Committee report, the Economic Secretary said that there were

"few or no zero-carbon homes";

but by column 141, when he had been asked to choose between two estimates, he conceded:

"I do not know the answer".—*[Official Report, Finance Public Bill Committee,* 15 May 2007; c. 139-41.]

I accept that the point is relatively minor, although the Chief Secretary had previously told that supreme constitutional authority—Jeremy Paxman of "Newsnight"—that he thought there were "a couple of dozen". On Second Reading, he said:

"a development of zero-carbon homes is going forward at Galleons Park in my constituency".—*[Official Report,* 23 April 2007; Vol. 459, c. 661.]

A reasonable observer might assume that "going forward" meant that planning permission had been granted, but the Economic Secretary confirmed on 15 May that it had not yet been granted, so those with an interest in London planning matters should note that when Ministers say a development is "going forward", they presumably mean—to quote the Economic Secretary—

"The London Development Agency has earmarked the site."

At any rate, the Economic Secretary was unambiguous about the target. He said:

"we intend to get to the point where 200,000 such homes are built each year by 2016—that is the ambition."—*[Official Report, Finance Public Bill Committee,* 15 May 2007; c. 138-39.]

We also know, because it was announced last May, and re-announced this May, that the Chancellor wishes five eco-towns to be built containing 100,000 energy-efficient—or if the Economic Secretary would prefer, zero-carbon—homes in total.

That returns us to whether the Government are likely to achieve those goals. My hon. Friend the Member for Braintree (Mr. Newmark), who is in his place, announced a rough calculation in Committee. Assuming that each new energy-efficient house went on the market at £200,000, he argued, the Treasury would lose a total of

£200 million in stamp duty if 100,000 of those houses were built. He then drew our attention to paragraph A2.10, on page 230 of the Red Book, which says:

"The Exchequer cost is expected to rise to around £15 million by 2011-12."

As he said, that suggests that by 2012 only 7,500 energy-efficient homes will have been built, and by his calculation it will take 13 years in total to build the Chancellor's 100,000 homes. My hon. Friend's figures may be rough, but on the basis of the figure that he dug out of the Red Book, it is hard to see how there can be an acceleration from about 7,500 in 2012 to 200,000 only four years later.

James Duddridge (Rochford and Southend, East) (Con): Given my hon. Friend's comments, does he believe that the proposal is simply a publicity stunt? If the Government were serious about taking action, would they not concentrate on tax measures to increase energy efficiency in everybody's homes, and not simply go for headline-catching zero-carbon homes?

Mr. Goodman: Certainly, the interest groups, whether house builders or green groups, have on the whole been pretty unenthusiastic in their responses to the proposals. Perhaps the Economic Secretary will be able to enlighten us on that point.

In Committee, the Economic Secretary said:

"He asked me what my forecast was for 2012. We do not have a forecast".

He also said:

"the build-up will not be linear, or like a straight line, but ... there will be a progressive acceleration over that period",

and

"we do not know what the pace of build-up will be." —*[Official Report, Finance Public Bill Committee,* 15 May 2007; c. 142-43.]

In summary, on the basis of the figure in the Red Book, the only reasonable conclusion to be drawn is that if we imagine the rate of building such homes as a line on a graph, the Treasury anticipates a slowly rising line until 2012, after which the line will dramatically and suddenly soar upwards until it almost ascends from the page.

Mr. John Redwood (Wokingham) (Con): The Government are vague in their legislation, as they point out that it may not relieve all the tax—they reserve the right only to reduce the amount of tax chargeable—and that the regulations will not continue after 2012. They are then left with the perverse situation that when the incentive is taken away, more such homes are to be built.

Mr. Goodman: My right hon. Friend makes a vital point about the stability and certainty that any such scheme could reasonably be expected to provide and that those who might seek to invest in it would surely look for. I shall return to that in a moment.

The Economic Secretary also said:

"It may well be that the target will be reached faster than in that non-linear projection; it may well be that that happens more slowly."—*[Official Report, Finance Public Bill Committee,* 15 May 2007; c. 142-43.]

However, I have not risen to my feet today just to point to inconsistencies in statements by the Economic Secretary. The key point is the one that my right hon. Friend the Member for Wokingham (Mr. Redwood) has just raised. For the scheme to work, investors in energy-efficient or zero-carbon homes will look for stability, certainty and predictability as a basis for planning and investment. They will look for some sign that by 2012, when the relief is planned to expire, it will have taken the Government towards their proclaimed target of building 200,000 energy-efficient homes a year by 2016. If those investors or interest groups look at the small print in the Red Book, however, they will find that, on any reasonable calculation, only a relatively small number of such homes will have been built. That in turn would lead any reasonable inquirer to question whether the Government are serious about their proclaimed targets and whether they are serious about extending the relief after 2012 if the targets do not look like being met. On the basis of what we heard in Committee, it is up to the Economic Secretary to persuade the House that the Government have a coherent plan for reaching their target for the scheme and for the future of the relief.

5.15 pm

Mr. Redwood: My hon. Friend made a powerful case about the lacunae and missing elements in the Government's proposals. I look forward to hearing the Economic Secretary explain a little more about the extent of the relief and how he sees the profile of construction under the proposals.

It is a great pity that such a good opportunity has been missed in the Government's modest amendment and the current text. Many of us believe that one of the most important things that we could do to encourage energy conservation and reduce carbon dioxide emissions is to give people more incentives to save energy in the home. It is a crucial area, where so much energy goes to waste. I am sure that the way to do to it is not to penalise, hit and tax people more, but to give them tax incentives. I admire the way in which the Government are proposing a tax incentive for the construction of new homes, but it is a pity that it is limited to new homes and cannot be extended to the many people who would like to make their home more fuel efficient, but do not wish to move and buy a new property.

I hope that when the Economic Secretary thinks about how the Government might do more to promote zero-carbon homes among the general number of homes already constructed, he will also deal with the crucial question of what they mean by saying that the relief specified in the clause may be an exemption from the charge or it may be a reduction in the amount of the tax chargeable. As my hon. Friend said, it is terribly important that if the proposal is to work, there must be a strong and clear message from the Government about the exact nature of the exemption. That will require early and fuller statements from them about what a zero-carbon home is, how it can be measured, how a home can qualify, how much the tax relief will be and for how long it will be in place in practice. All those things are left in some doubt by the text as drafted.

In the meantime, I will support my hon. Friend's proposals, because he is probing in the right way to get more certainty and sense into this strangely contentious area. I say strangely contentious because, as I understand it, all parties applaud the aim and wish more homes to

[Mr. Redwood]

be more fuel efficient. I assume that all parties are united in believing that tax incentives, rather than tax penalty and regulatory penalty, are a better way of doing that and more likely to succeed. I hope that the Economic Secretary will explain more of the detail and perhaps be more ambitious, because we have a great opportunity to do something very positive, which will also help to tackle the problems of fuel poverty and the difficulties experienced by the elderly and those on low incomes, who often live in the least fuel-efficient homes.

Julia Goldsworthy: The most difficult part of the proposal is that it is likely to increase demand rather than deal specifically with those who supply housing. We need incentives for the people who develop property as well as for those who want to purchase it. The incentive will have an indirect effect if we go straight to the demand side. A significant number of new properties will be built in my constituency. We already have difficulty convincing the developers that there is a demand for energy-efficient properties. Although the proposal provides an incentive, I am not sure how much it will do to convince property developers of the case. There is so much unmet demand that they could simply build unenvironmentally friendly houses and still have no problem selling them. That is the core of the difficulty for me.

I welcome the Government amendment, because it means that we will be able to move on from the hypothetical and extended debate that we had in Committee, and are reliving today, to a more tangible one about what a zero-carbon property will be. I look forward to seeing the regulations, because—given my experience in my constituency—the Bill raises some key questions about what a zero-carbon property means. Does it mean zero-carbon in terms of running costs or the energy required to build the property in the first place?

The Mount Pleasant ecopark just outside my constituency undertook to try to build workspace with as minimal an impact on site as possible. It was constructed with materials already on the site, instead of by bringing in cement and other building materials. That was a brilliant initiative and the resulting workspace has been taken up quickly, but it met with huge difficulties, including in securing the permissions and in developing the technologies to do it. For example, the walls of the property are made out of rammed earth from the site, and the result is a beautifully coloured surface, but some bizarre tests had to be carried out to prove that it was strong and durable enough. The tests included dropping a piece of the earth from shoulder height and if it broke into between three and seven pieces, it was appropriate for rammed earth construction. The expertise and techniques involved could bring huge benefits, but it is not clear whether the Minister intends to develop it that far. That will need to be made clear in regulations, because if the proposal is to be truly ambitious it should include not only the energy use of the building after it has been built, but minimising the impact that new build has on the environment, not least because some ambitious targets have been set for meeting the demand for homes.

On the Opposition amendments, I agree that the regulations should include the method for claiming stamp duty relief, and I understand that that is the intent of amendment No. 6. I wonder whether the methods that have been mentioned will be affected by the Government's change in policy on home information packs. In Committee, it was pointed out that Cornwall is an objective 1 area, so there was an opportunity for new workspace to be part funded by that programme. Because of the huge demand, the opportunity was taken to set higher environmental standards. The problem was that there was no one within a 300-mile radius who was able to assess whether that workspace met those criteria. So we must not only set high aspirations but ensure that there is a way of delivering them. The obvious way would be through the home information pack process, but that has now been seriously undermined. We already know about the difficulties of finding the capacity to deliver that.

Amendment No. 7 would introduce a sunset clause, of one year. I wonder whether it might have been more practical to have a mechanism for reporting back, so that we could judge the effectiveness. Key questions remain, including how many people will benefit. We have had contradictory information from the Red Book and what Ministers have said. Fundamentally, the issue is that if we are serious about making homes more energy efficient, we have to tackle the existing housing stock, because the majority of it will still be standing in 50 years' time.

Unless we tackle that issue, people will find it difficult to make their own individual effort to tackle climate change. There are some good practical examples, such as social housing stock in my constituency that has been retro-fitted with a ground source heat pump which has reduced the environmental impact of those properties and is also saving the people who live in them hundreds of pounds a year in heating bills. If we do not look at existing housing stock, what we can achieve through this mechanism will be severely constrained.

Mr. Brooks Newmark (Braintree) (Con): I rise to speak briefly in support of amendment No. 7, which would introduce a requirement that the regulations on zero-carbon homes expire annually. We dealt with the proposal at some length in Committee, but I for one am not able to say that the debate caused the scales to fall from my eyes.

The Economic Secretary is fond of berating Conservative Members for cynicism. I am not a cynic, but I hope that the proposals in the Bill are realistic. It is for that reason that I support the proposed requirement that the regulations be reviewed every year.

In Committee, the Economic Secretary became a little discombobulated when he replied to a perfectly reasonable question from my hon. Friend the Member for Wycombe (Mr. Goodman) about such minor details as how many zero-carbon homes might be expected to make use of the tax relief on them. The Economic Secretary also had difficulty with the number of existing eco-homes. He said, staccato, that there were "few or no" zero-carbon homes today, then admitted that there were "none". Then he softened again, and said that there "may well be" none. I think that his final offer was that the true number was "low or zero". That is not a reassuring background to the introduction of the regulations.

Julia Goldsworthy: How can we assess how many zero-carbon homes exist when we do not know how they are defined?

Mr. Newmark: The hon. Lady's question makes my very point: the problem is that the Government do not create any definitions. They have grand schemes but do not define what we need to do or where we are going.

As I said, the background to the regulations' introduction is not reassuring. We do not seem to know where we are now, let alone where we will be in 2012 or 2016. The Deputy Prime Minister once said, in an immortal phrase, that the green belt was a

"Labour achievement and the Government intend to build on it."

In a similar vein, the Economic Secretary accused Opposition Members of being

"consistent in their opposition to taking forward concrete action on the environment"—[*Official Report, Finance Public Bill Committee*, 15 May 2007; c. 134.]

Clearly, there was no irony there.

My hon. Friend the Member for Tunbridge Wells (Greg Clark) has exposed how successful the Government have been at concreting over the environment. They are at the top of the class in that respect, but the foundations of their proposals on eco-homes are a little less concrete.

Such homes involve technology that is new and untested. Either it does not yet exist, or it is experimental and somewhat uncommon. The choice depends largely on the mood of the Economic Secretary. We are justified in feeling a little suspicious of the Government's record on using taxation to effect behaviour change.

I was concerned in Committee, and I remain concerned now, that the Government have proposed a tax relief that will chug along for several years without regular monitoring, and then simply stop. In addition, the relief is founded on the paradoxical assumption that it will contribute in some way to the Chancellor's thrice-announced 100,000 new eco-homes for a magical total of—and I do not get the maths here— 200,000 by 2016. According to the Red Book, those houses will come in at a cost of only £15 million by 2102. Either the incentive will be used widely, in which case it will cost more than the £15 million predicted by the Government, or it will not work and will need to be rethought.

I pointed out in Committee, and it is worth reiterating now, that some £130 million has been spent on seven millennium communities, delivering homes to the "excellent" standard. I was amused to see—I made this point in Committee—that one of the seven communities, in east Manchester, was, in true new Labour fashion, named New Islington. It is a wonder that the Chancellor did not go the whole hog and call a street there Granita or New Granita.

5.30 pm

The fact remains that, after 10 years, the homes have not been delivered, so the idea that a large number of homes will be built in time to take advantage of clause 19 is optimistic—or indeed over-optimistic. The Economic Secretary talked of a non-linear projection for uptake, but was unable to provide figures for the uptake of eco-homes by the 2012 cut-off point for the regulations. Even using a curve rather than a straight line, it ought to be possible to extrapolate back from the aspiration of 200,000 eco-homes in 2016 and give us at least a ball-park figure for uptake by 2012—it could even be a Galleons Park figure. In the absence of that figure, my hon. Friends have proposed the only workable answer to the Treasury's remarkable opacity and confusion on eco-homes by requiring an annual review of the policy to see whether it is having the intended effect.

The Economic Secretary offered the Committee a vague and open-ended commitment to review the regulations in or around 2012, if he is still around. That is not really a commitment at all, because it seems to depend on the prevailing circumstances. He also contends that this is a bold, innovative and radical policy, but let us hope that the Government have paid enough attention to his fourth adjective of choice and ensured that it is also coherent and that eco-homes will in future receive annual scrutiny.

The Economic Secretary to the Treasury (Ed Balls): I hope that I will be able to give some reassurance while speaking about the Government amendment and responding to the Opposition amendments, and provide some more detail for the right hon. Member for Wokingham (Mr. Redwood), including detail on the definition of zero-carbon homes, which I hope will reassure the hon. Member for Falmouth and Camborne (Julia Goldsworthy).

With the permission of the House, I do not intend to spend too much time repeating the debate in Committee about the costing and the number of zero-carbon homes. However, I want to set the record straight, because I have never been quoted as many times in the House as I have been quoted by the hon. Member for Wycombe (Mr. Goodman). This is exactly what I said:

"we start from zero and will get to 200,000 in 2016, and...the build-up will not be linear, or like a straight line, but...there will be a progressive acceleration over that period. On the basis of that, from nought today to 200,000 a year by 2016, and on the basis of the stamp duty relief that we have set out today, we will produce a costing...On the basis of the costing, as set out in the Red Book, for the build-up that we have estimated or projected, the costing by 2012 will be around £15 million."—[*Official Report, Finance Public Bill Committee*, 15 May 2007; c. 142.]

That seems pretty clear.

Mr. Paul Goodman: The Economic Secretary has not at any point claimed that my hon. Friend the Member for Braintree (Mr. Newmark) was mistaken to suggest that if the expenditure by 2012 will be £15 million, that means that approximately 7,500 homes will have been built by then. If that is the case, it is hard to see how the Government can get up to 200,000 by 2016.

Ed Balls: I fear that the hon. Gentleman wants to repeat the debate that we had in Committee. I set out the position entirely clearly: there will be a non-linear, progressive, accelerating build-up over time on the basis of which we will get to a figure of 200,000 by 2016. The costing is correct for 2012. However, as the hon. Member for Braintree (Mr. Newmark) probably knows, given that he has studied these matters, things are dependent on the pace of the acceleration. As I said in Committee, the acceleration might be quick or slow, but we will still get to the same place in the end. This

[Ed Balls]

depends entirely on the definition, and, as the hon. Member for Falmouth and Camborne effectively pointed out to the hon. Member for Braintree, given that we are still consulting on the definition, it is hard to provide a completely detailed estimate at this stage. That was exactly why the projection that was set out in Committee was made in such a way. I do not think that we will make any more progress on the matter. The position is very clear.

Mr. Newmark *rose—*

Ed Balls: If the hon. Gentleman really wants us to repeat our debate in Committee, I am happy to give way.

Mr. Newmark: I remain confused. The Economic Secretary made the strong statement that the estimate for 2012 is £15 million. Perhaps by using a linear accelerator, he will magically get from the figure for 2012 to that for 2016. However, he has admitted that he does not have a definition. How can a projection be made when there is no definition of the proposal that the Government are setting out?

Ed Balls: I am happy to dwell on this point if hon. Members really want me to do so. There are two fixed points. We start from zero. Under any definition, that figure is zero, or thereabouts—*[Laughter.]* Well, as I said in Committee, there might be one or two developments, and a planning inquiry on a zero-carbon home estate is ongoing. I was asked whether the planning permission for that estate was moving forward—it is. The opposite of going forward is going backwards. As I am sure that the hon. Member for Grantham and Stamford (Mr. Davies) would agree, the Government believe in going forward, not backwards, which is exactly what we are doing on the planning inquiry.

As I said, we start from zero. By 2016, all homes will be zero-carbon homes—[Hon. Members: "New homes."] Yes, all new homes. I have been tempted by the right hon. Member for Wokingham to go outside the scope of the amendments by discussing energy saving in existing homes, but I am sure that you would rule me out of order if I did so, Mr. Deputy Speaker.

We start from zero and we will get to 200,000 new homes. Clearly, we will get to 200,000 quickly or slowly depending on the pace of the acceleration. The sum of £15 million is the cost for 2012, but that depends on the pace of acceleration. The curve of the line of acceleration might vary, but that has nothing to do with the definition of zero-carbon homes. I thought that the hon. Member for Falmouth and Camborne was right about that.

Stewart Hosie (Dundee, East) (SNP) *rose—*

Ed Balls: I am anxious to get on to the substance of the amendments because I have some detail to give the House. However, I am told that it is important that I take as many interventions as possible, so I give way to the hon. Gentleman.

Stewart Hosie: I quite enjoyed this debate in Committee because I did not take part in it. No design exists for a carbon-neutral home and no planning permission has yet been granted anywhere for such homes. Given that the time scales for developers and house builders, especially those relating to the release of land banks, are set for some time in councils that have not even considered a zero-carbon planning application, is the Minister convinced that sufficient money has been set aside and, more importantly, that the time scales are such that any of the £15 million will be used to kick-start his trajectory towards 200,000 such homes by 2016?

Ed Balls: I think that I will be able to answer the hon. Gentleman's serious question when I finally begin my prepared speech. That will depend on the detailed steps that we can take between now and 2016 to move the policy forward. I will be able to reassure him.

I point out to the hon. Gentleman, however, that later on the page of *Hansard* I quoted a moment ago, when I said that we will move

"from nought today to 200,000 a year by 2016, and...will produce a costing."

it is recorded that he asked,

"Will the Minister give way?"

to which I replied, "In a second." I then continued my remarks, saying

"On that basis, costing by 2012 will be around £15 million a year."—*[Official Report, Finance Public Bill Committee,* 15 May 2007; c. 142.]

The hon. Gentleman must have been about to intervene. Unfortunately, I have only one page of *Hansard*, so I cannot tell him what he said subsequently, although I am sure that he made, as always, a good and astute intervention. He may have forgotten that moment, but he was undoubtedly an important player in the Committee debate.

Mark Tami (Alyn and Deeside) (Lab): If we are to meet the target of 200,000 new homes, what are my hon. Friend's views on the Conservatives' opposition to building, full stop? How on earth are we to reach that target? They level accusations at us, saying that we will not meet the target, yet in their council areas the Conservatives always oppose new building.

Ed Balls: My hon. Friend makes an important point, which is indicative of a wider problem facing Conservative Members. They know that to be part of the mainstream centre ground of British politics, it is important, in backing zero-carbon homes and in other areas, to stand up for the interests of hard-working families who find it increasingly difficult to access the housing ladder because of rising house prices, which are the result of the fact that, for some decades, we have not built enough houses to keep pace with demand. They know that they ought to be there, representing the mainstream hard-working families of our country, but at the same time their leader knows that among not only party members, but Back and Front-Bench Members, there is a continuing desire—expressed on their websites and elsewhere—to oppose house building in their local areas.

Mr. Paul Goodman: Can the Economic Secretary confirm for the record that no Government Minister has ever publicly opposed a planning application in his or her constituency?

Ed Balls: I certainly cannot claim that there has been no such occurrence. The interesting thing is how consistent the Conservatives are in their opposition to new house building. Their leader's problem is that, to unite his party, he has to do so around a position of opposition to new housing developments, which is quite contrary to the views and interests of the mainstream of British people. One could make exactly the same argument on Europe, grammar schools, tax cuts—

Mr. Deputy Speaker: Order. The debate was broadening rather, so I was poised to intervene, and then the Economic Secretary went way off to such an extent that I felt that I should do so. Whatever time constraints he has been set, I think that we should come back to the terms of the amendment.

Ed Balls: I am grateful for your guidance, Mr. Deputy Speaker. A few moments ago, I suggested that you would not indulge me in responding to the desire of the right hon. Member for Wokingham to draw me into discussing whether we should have tax reliefs or energy-saving material support for existing homes rather than new homes, because the clause is indeed about stamp duty relief on new homes. Having suggested that that might have been out of order as a way of avoiding being drawn into that area, I accept that talking about grammar schools, Europe and tax cuts is completely out of order.

Mr. Newmark: I appreciate the Economic Secretary's comments on a housing shortage, but the Government have had 10 years to provide more low-cost housing. Is it not therefore a failing of the Government that we have a shortage? Is he proposing that we should be building low-carbon homes in people's backyards? Is that his solution—more building in people's back gardens?

Ed Balls: Unfortunately, I do not have with me the quotes to demonstrate that the Government have been trying to raise the number of new homes built, year by year—and indeed we have been succeeding. Over time, we aim to make more of those homes zero-carbon, through stamp duty relief. That has been difficult to do because of the continuing opposition of Conservative Front Benchers and Conservative councils across the country. It is that political opposition to new house building that is holding back the productivity of our economy, and making life much more difficult for hard-working families.

5.45 pm

Mrs. Villiers: Is it not true that the last Conservative Government built houses at a faster rate than the present Government, and is it not scandalous that levels of home ownership are actually falling under this Government?

Ed Balls: Two million more people have mortgages today than did in 1997, and it was the Conservative Government who led to hundreds of thousands of people being in negative equity, and to very high interest rates. While we have been in government, the Conservatives have progressively opposed the housing developments that are needed to deliver prosperity and social justice.

Mrs. Villiers *rose—*

Ed Balls: Mr. Deputy Speaker, I fear that I am being lured down a path that may cause you some displeasure, but I have been seeking to answer hon. Members' questions. I am inclined to take an intervention from the hon. Member for Chipping Barnet (Mrs. Villiers), unless you rule against it.

Mr. Deputy Speaker: Order. Perhaps the hon. Member for Chipping Barnet (Mrs Villiers) will hear my ruling before she decides whether to press her point. Just when I thought that I had the Economic Secretary back in the paddock, the hon. Member for Braintree (Mr. Newmark) and the hon. Member for Chipping Barnet have managed to break down the fences, and now he is loose again. This debate is veering way off course, and I appeal to both the Minister and Opposition Members to try to get back to the specific point of the amendment.

Ed Balls: With your permission, then, Mr. Deputy Speaker, I will happily return to clause 19.

Mr. Redwood: I was speaking to amendment No. 7, the purport of which is to provide that regulations under the clause will be in place for only a year. One of the reasons why I am minded to support the amendment is that I think that we need a bigger and better scheme, and that may need a combination of primary and secondary legislation. I am quite sure that the House would be interested to know why the scheme that the Minister is defending is so narrow. That is the burden of the argument that we are having today.

Ed Balls: I did say that I would respond in detail to the contributions of Opposition Members, including the right hon. Member for Wokingham, and I hope to do so in a way that provides further substance and detail on the consultation that we are taking forward on the definitions. I hope that by the time I address amendment No. 7, I will have set out the procedures that we intend to take. They will give the right hon. Gentleman and other Opposition Members greater reassurance, and will allow us better to strike the balance between giving the industry some planning certainty on the one hand—that is very important—and making sure that we keep a close grip on that policy area and review our progress as we go along on the other. I hope that when I have made more progress, the right hon. Gentleman will find that I have addressed his point. If he does not think that I have done so, I will, obviously, take a further intervention from him.

Clause 19—he said, turning to his speaking notes after some time—deals with the exemption from stamp duty land tax for new zero-carbon homes announced by my right hon. Friend the Chancellor of the Exchequer in his pre-Budget report and his Budget statements. The clause amends the stamp duty land tax legislation in the Finance Act 2003 by inserting new sections that provide for a relief or exemption for the first sale of new zero-carbon homes. I am sure that anyone following this debate will be entirely clear that that is what we have been discussing for the past 15 minutes. The new sections enable the Government to make regulations that define new zero-carbon homes,

[Ed Balls]

quantify the amount of relief or exemption, and deal with administrative matters.

The relief is an attractive incentive to those who wish to build and live in greener homes, as it will allow a relief of up to £15,000 on stamp duty land tax; the figure will depend on the sale price of the house. The regulations will cease to have effect at the end of the five-year time limit, on 30 September 2012, unless a decision is taken to extend that period. I will come back to that point later. The regulations were made available in draft before the Public Bill Committee debate on 22 May, as the hon. Member for Wycombe said. In that debate, I said that it was an important part of the Bill and that the regulating power that we were making was significant, too. It was important that we consulted properly. We have asked for comments on the draft regulations from more than 200 different bodies with an interest in greener homes. The consultation closes at the end of July and we will consider the responses before finalising the regulations and debating them in the House. The hon. Member for Wycombe gave the impression that the response from external stakeholders was not positive, but Mr. Paul King, the chief executive officer of the UK Green Building Council and campaigns director for WWF, referred to the codes for building regulations—I shall come on to them in a moment—as

"a big step in the right direction".

He said:

"There are developers now with zero-carbon developments in the pipeline. To get from the pioneers to all developers within 10 years is realistic."

Mr. Zoltan Zavody, strategy manager of the Energy Saving Trust, said:

"Suddenly, the renewables industry can invest in capacity. It knows that there will be a requirement to use its products."

There have therefore been positive comments about the measure.

It is right, given the novelty of the regulations, that we should initially deal with them under the affirmative rather than the negative procedure as originally planned, to ensure that the House has a further opportunity to scrutinise their details before they come into effect. In Committee, I said that I would consult the business managers to see whether it was possible both to undertake proper consultation and to use the affirmative procedure. Such is the interest in this policy area that a debate on the affirmative resolution is appropriate. I am therefore pleased to tell the House that the amendment I have tabled to clause 19 provides for the first set of regulations to be made, subject to affirmative resolution by the House of Commons. We believe that that is the right approach but, because of the importance of consultation and the short window of parliamentary time between now and 1 October, we will not be able to bring the regulations into force on 1 October. That is simply a consequence of the parliamentary timetable. On present plans, we intend to lay the affirmative instrument as soon as Parliament returns from the summer recess, and once our consultation is concluded. Our objective remains to ensure that the regulations are approved by the House at the earliest opportunity allowed by the parliamentary timetable.

I have looked at the matter in detail, because I wanted to ensure that we did not hold up in any way the forward movement towards zero-carbon homes, which I am sure everyone wants. When we introduce those regulations as part of the affirmative procedure, we will provide for the measure to be made retrospective to 1 October 2007. That means that no one who completes a transaction on a new zero-carbon home between 1 October 2007 and the autumn date on which the regulations are finally agreed by the House will be deprived of the opportunity to claim relief from stamp duty land tax. After the regulations have come into force, individuals who wish to claim relief for transactions made in the period between 1 October and the date on which the regulations come into force can do so simply by amending their stamp duty land tax return and Her Majesty's Revenue and Customs will repay any overpaid tax. If, by October or November, new zero-carbon homes are still being built, that will not be too onerous a task for HMRC, and we hope to make progress. However, if new homes are in that situation, we have made provision to ensure that no one suffers a setback as a result of the slightly longer timetable required to ensure that the affirmative resolution procedure is used properly after the consultation.

We are determined to get the regulations right through consultation and parliamentary debate. It is important, too, that the regulations are set within the wider context of co-ordinated action across Government by the Minister for Housing and Planning and the Chancellor of the Exchequer to achieve zero-carbon homes. Zero-carbon homes, as we set out in the pre-Budget report and the Budget, are important if we are to achieve our target to reduce overall carbon emissions in 1990 by 60 per cent by 2050. Over 25 per cent. of all carbon emissions in the UK result from energy use in the home. By 2050, about one third of homes will have been built after 2007. If we can ensure that as many as possible of those homes—and our goal is that it should be all of them—are zero carbon and make no net carbon emissions over the course of a year, that will make a significant contribution to the 2050 target.

In recent years, we have used building regulations to improve the energy efficiency of new homes. Changes to building regulations in 2006 have achieved a 40 per cent. improvement compared with pre-2002 standards, and a 70 per cent. improvement compared with pre-1990 standards, in the energy efficiency of new homes. The importance of the regulatory context will become clear in a moment. We want to go further and use regulations to require new-build houses to meet a zero-carbon standard from 2016. We need to give the house building industry time to adjust to the changes needed in technologies and methods, which is why we have announced the target date in advance and why my right hon. Friend the Secretary of State for Communities and Local Government launched a consultation on changes to building regulations before Christmas, and set out the road map to the zero-carbon standard. The consultation has now ended, and the Government will respond to it in the summer, along with our consultation on stamp duty land tax.

Julia Goldsworthy: The Minister has said a great deal about what Government Departments can do to help to raise standards. This year, immediately after Second Reading of the Sustainable Communities Bill, the hon. Member for Gower (Mr. Caton) sought to introduce a

private Member's Bill that would allow local government to set higher environmental standards, but it was talked out by the Government. Does the Minister agree that if the Government genuinely wish to encourage lower carbon emissions from housing they should empower local authorities to set even higher standards where necessary?

Ed Balls: I certainly think that we need to work closely with local government to meet those objectives, so I agree with the hon. Lady. I fear that if my answer to her is too detailed I will stray beyond the scope of the clause, but I very much accept the tenor of her comments.

The hon. Lady will agree that building regulations are not all that is needed to meet the objective. We need to ensure, too, that the planning system helps to encourage lower carbon emissions and does not present a barrier to the development of new homes—that is a matter for local government. We have therefore consulted on a draft planning policy statement on climate change, and we will publish the final document later this year. The consultation on building regulations sets out interim steps, but we have taken other initiatives as well. We have, for example, suggested that improvements be made to building regulations in 2010 and 2013 before going to zero- carbon status in 2016. We also launched the code for sustainable homes as a voluntary standard in England. It allocates a star rating from 1 to 6 to new homes, thus assessing their overall sustainability performance, and it sets out our aspirations for new-build housing. We have proposed, too, making rating against the code mandatory from April 2008. Code level 6 represents a zero-carbon standard, and I shall explain why that is relevant to our debate.

The new stamp duty land tax exemption is an important building block, and it completes our strategy. Our long-term goal is to achieve a zero-carbon standard in all new homes by 2016, but with technology in that area moving so quickly, it is difficult and undesirable for anyone to try to predict precisely what standard we will have to meet in 2016. We do not know what technological developments lie ahead. On the other hand, we want early action to kick-start the market—in Committee, we had rather a long debate about the definition of "kick-start"—so the stamp duty land tax exemption will sit alongside code level 6 as an incentive.

Following our consultation and discussions in Government, I can set out today our view that it is important that these two initiatives, code level 6 and the definition of zero-carbon homes in our stamp duty land tax regulations, are aligned so that we can adopt the same definition of zero-carbon homes. I therefore propose, following consultation with ministerial colleagues, and subject to the outcome of the consultation and the debate that I promised Parliament later this year, that we will aim to align the stamp duty land tax exemption definition with the code level 6 definition. Starting with a common definition will maximise certainty for house builders in the crucial early stages.

6 pm

We are still consulting on these issues, but I can give hon. Members two examples of what the alignment may mean in practice. First, following the publication of our draft regulations, we are now inclining to the view that both the code and the stamp duty land tax exemption should include the provision that, initially, a zero-carbon home for stamp duty land tax purposes could be connected to the gas mains, provided that there was adequate offsetting for the gas burned through renewables provision. Similarly, we know that it is sometimes more efficient for renewable energy to be provided on a development-wide basis, rather than house by house. This is another area where we want to adopt the same approach in both instruments.

In both examples, without pre-empting the consultation that is under way, we will seek to achieve that in the regulations that we intend to put before the House under the affirmative resolution procedure.

Julia Goldsworthy: The Economic Secretary mentioned that properties connected to the gas mains may be eligible to qualify as a zero-carbon home. There will obviously be significant regional diversity. Most of Cornwall, for example, does not have access to gas mains. Will areas that do not have the benefit of such infrastructure be disadvantaged by that approach?

Ed Balls: On one reading of the draft regulations that we published, those parts of the country that do have gas mains might have been excluded. The indication that I am giving today is that we are minded to allow areas with a gas main to benefit, potentially, from the stamp duty land tax, provided that there is adequate offsetting for the gas burned through renewables provision. Clearly, in areas that do not have a gas main, the issue does not arise. That is one of two areas in which we are seeking to be clearer in regulations in order that we can align code level 6 with stamp duty land tax regulations when we publish them.

Of course, over time we will need the flexibility to change the definitions. Because it is a generous tax relief, we need, first, to be sure that the SDLT exemption is working as intended—that is, genuinely incentivising innovation through the early build-up of zero-carbon homes on the road to 2016. Secondly, as hon. Members would expect in an area of tax policy, we need to ensure that we take the right steps to tackle any potential tax avoidance. Following consultation, I am therefore committing the Treasury today to conducting an interim review of the SDLT definition of a zero-carbon home halfway through its five-year life for the express purpose of testing the exemption against those two criteria.

Furthermore, as I said in Committee, we will carry out before the end of the five-year time limit a full review to assess whether or not we should extend the tax relief, and we will

"give a clear, public signal of our future intentions well in advance"—*[Official Report, Finance Public Bill Committee,* 15 May 2007; c. 137.]

of the five years. So there will be the review in advance of the five-year end point to see whether, in order to achieve the incentivisation that we seek, we will need to extend the SDLT provision after five years, and there will also be a review after two and a half years to see whether the definitions continue to be aligned, whether we are achieving our objectives, and whether we need to tighten or loosen the definition.

By announcing that intention today, we are giving the industry and home owners fair warning that we are

[Ed Balls]

setting a high standard which we wish to see new houses reach in return for the tax relief, but that we are willing for the moment to offer flexibility in the definition to kick-start the market, particularly in the areas that I highlighted a moment ago. We need at all times to balance our requirements for a robust tax definition that delivers value for money against the need for an achievable standard in the short and medium term to incentivise the development of the market. We believe that the process that we are setting out today, the consultation in which we are engaged and the affirmative resolution procedure will allow us to do so, and to align code level 6 and our regulations to give clarity and certainty to the market.

Having set out our overall strategy, what we are doing to implement it and what additional steps I can announce today as part of the consultation, I shall deal with the amendments to clause 19 proposed by the Opposition. Amendment No. 6 proposes the deletion of subsection (2)(a). The subsection provides that the regulations may

"Refer to a scheme or process established by or for the purposes of an enactment about building"

in relation to the evidence that a building satisfies the definition of a zero-carbon home for the purposes of the relief.

The amendment would remove a paragraph which allows the regulations to refer to schemes or processes established for the purposes of another enactment. In particular, it would mean that evidence in the form of a certificate or a letter relating to the zero-carbon home criteria but issued by an assessor accredited for the purposes of the Energy Performance of Buildings (Certificates and Inspections) (England and Wales) Regulations 2007 could not be adduced as evidence that a house qualifies for relief from stamp duty land tax.

The assessors in question—SAP, or standard assessment procedure, energy assessors—are the only class of people who can produce energy performance certificates for newly built homes. They are a different group of energy assessors from the domestic energy assessors who are being trained to produce energy performance certificates for inclusion in home information packs. The new home assessors have been up and running for some time.

If we did not allow taxpayers to adduce such evidence, we would lose much of the evidence base that would be used to evaluate whether a home was zero carbon or not. That is particularly important because the decision on stamp duty is made at the moment of purchase, whereas we are trying to incentivise homes to be zero carbon throughout their lifetime. If we could not use the evidence produced by those assessors, we would have to use other, perhaps less reliable, forms of evidence to evaluate a home's entitlement to the relief.

If HMRC had to develop a new accreditation system, that would be tantamount to reinventing the wheel. Such an approach makes no sense. It would mean increased costs for builders as they would face more regulatory burdens to build zero-carbon homes, because they would face one set of mandatory tests for the purposes of the energy performance of buildings regulations and another to satisfy HM Revenue and Customs that the relief is justified.

In designing the relief we have tried to build on existing structures, and I do not see how the amendment would help. We are trying to encourage the building of zero-carbon homes by developers, not to make them go though additional tests. When developing proposals for the relief, we thought that builders should be able to draw on the use of existing material from other legislation to adduce the home's entitlement to the relief from stamp duty land tax. Energy performance certificates were initiated in January 2003 and it will be mandatory for an EPC to be issued when a new building, including a new home, is built, sold or rented out.

The criteria for zero-carbon homes draw on the same methods of establishing energy performance of buildings as used for EPCs, although the criteria for zero-carbon homes go beyond the assessment required for EPCs. The advantage of using the energy performance certificate system is that it already exists as a framework to assess the energy performance of buildings. To set up another system to deliver similar objectives and assess deliberately similar tests would be inefficient.

Amendment No. 7 would insert two new paragraphs in the clause. The first new paragraph adds a requirement that the regulations made shall expire one year after coming into force. Further regulations permitting the relief would have to be laid. The second new paragraph—paragraph (9)—states:

"Further regulations under section 58B may not be made unless they contain a provision specifying that they expire one year after coming into force."

The amendment would limit the lifetime of any such set of regulations to just one year after their coming into force, after which either the relief would not be available or new regulations would need to be made annually affording the relief. As a consequence, parliamentary and Government time would have to be deployed every year in renewing the regulations on an annual basis between now and 2012.

Obviously, like most hon. Members, I recognise that the regulations that underpin this relief will change over time. That is inevitable as the zero-carbon homes industry is in its infancy and technological developments make change inevitable. We have made allowances in the clause to amend the regulations where such technical changes are needed. Indeed, I have today announced a two-and-a-half-year review to ensure that we are achieving our objectives of alignment and progress towards our goal. There is a considerable difference between having the flexibility to make changes to regulation if required and what is being proposed in amendment No. 7, which is essentially that, every year, the relief should be allowed to run only on a year-by-year basis, depending on renewal by the House. Our fear is that that would send a negative signal. Imposing a one-year time limit and having to renew the regulations each year would not provide developers with the certainty that they need in order to plan the development of zero-carbon homes. Given the length of time needed from land acquisition to the sale of new homes, such an amendment could restrict house builders' opportunity to take full advantage of the tax exemption. In our view, the amendment would create uncertainty for homebuyers and also home builders, and significantly reduce their ability to plan ahead financially with a view to building a zero-carbon home.

Stewart Hosie: I did in fact take part in the debate in Committee, where I asked a question about definition and validity of the tax incentives. When the Economic Secretary considered the matter, he said:

"We may need to make the measure more generous, or we may find when we look in advance of 2012 that we were more generous that we needed to be and that there is a lot of dead-weight cost."—*[Official Report, Finance Public Bill Committee,* 15 May 2007; c. 143.]

That brings me to the very point that we are discussing. He is speaking about alignment in relation to the planning system, building regulations, stamp duty, definitions and all sorts of other issues. He has offered an interim review. Given that there is a requirement in the Government's mind that all the measures should be aligned across legislatures and in local government, would it not make sense to have a more frequent annual review that the industry, and developers and builders in particular, know about in advance, to ensure that the alignment continues and that he gets the linear trajectory that he expects?

Ed Balls: The hon. Gentleman is right that we need to strike this balance carefully. The two areas in which I have clarified our position in our desire to achieve alignment—gas mains and multiple homes—indeed involve ways in which we can offer the prospect, following consultation, of more generous relief through a more generous interpretation of zero-carbon homes in the early years when we produce the regulations in the autumn. We are making those concessions, but at the same time, we also have to ensure that we strike the right balance and do not open the door to substantial rebadging and tax avoidance relating to homes that do not really meet our zero-carbon objectives. We are trying to get a sensible and aligned, and in the early years generous, definition. Our two-and-a-half-year review is intended precisely to give us the opportunity to assess whether we are making that progress.

6.15 pm

As I said, however, to review year by year and particularly not to give any certainty that the regulations would continue after one year unless the House acts again, as the amendment proposes, would run the risk of holding back the market and making it too easy for Governments not to deliver on our commitment. We want to kick-start the market. Our fear is that the amendment would hamper the market's ability to kick-start, because it would be too easy to renege on an annual basis if Ministers of either party so desired.

I should like to return to our debates in Committee and quote the contributions of some Opposition Members, who unfortunately are not all present. The hon. Member for Windsor (Adam Afriyie) said: "From my business background"—this was one of the numerous occasions on which he cited his business background—

"and given how long it takes to build properties, it seems to me that putting a short time limit on the tax relief"—

at that point, he meant five years—

"sends a signal that the Government are uncertain whether the relief will continue. What confidence does that inspire in builders, who have to invest hundreds of millions of pounds developing new homes? It sends no confidence signal at all."

I set out to the hon. Gentleman why I thought a five-year limit was a sensible point at which to assess the future of the relief. In the same debate, the hon. Member for Braintree said:

"I am concerned that from the outset there is a limited window of opportunity—five years—attached to the scheme, however. As a business man, I point out that the technology required to approach the standard of a true zero-carbon home will require significant capital investment from developers to reduce the high unit cost of microgeneration technology."—*[Official Report, Finance Public Bill Committee,* 15 May 2007; c. 126-137.]

It is because we want to make sure that we achieve the incentive that we have not only set out a five-year relief, but said that well in advance of five years we will make a public decision as to whether the relief will continue.

I think that we are hearing a rather confused message. The amendment tabled by Opposition Front Benchers proposes not an extension of the five-year time limit, but annual renewal of the regulations, while two Opposition Back Benchers suggested that five years was not long enough. I genuinely value the practical experience brought to the Committee by former and, as in the case of the hon. Member for Braintree, current business men when designing the relief, I do not think that they would agree that moving to an annual basis for making the decisions would be a sensible way to proceed.

Let me quote Stewart Baseley, the executive chairman of the Home Builders Federation, another business man:

"We welcome this package of measures in setting both the goal and direction for achieving more and greener homes. Progress will be achieved most effectively through a framework in which Government sets clear objectives, industry is given the space to deliver and consumers are on board."

That is what we are trying to achieve with these measures. The amendments would not only add to bureaucracy, but by moving to an annual basis for making the decisions, they would have the opposite effect to that intended by hon. Members on both sides of the House and the Government, and also the Home Builders Federation.

In conclusion, I hope that the House will agree that the Government amendment will add value to the process of developing better legislation and fulfil the commitment that I made in Committee to do everything I could to ensure that we had an affirmative procedure on this matter. I hope that I have given reassurance to the right hon. Member for Wokingham that we are making progress on the detail in order to achieve, within the scope of the clause, the objectives that we have set out. I hope also that we have satisfied the hon. Member for Falmouth and Camborne that we are making tangible progress in providing clarity in definitions, and that we have seen off some of what I think she called the cynicism that we heard in the Committee, which is not well founded in this particular policy area.

I hope that we have persuaded hon. Members that presentation is not what this is about. I am sure that my colleague on the Labour Benches, my new hon. Friend the Member for Grantham and Stamford, would agree that this is an area where substance not spin is the way forward. I therefore urge the House to deliver our 2016 zero-carbon home objective, to support the Government amendment and to reject both the amendments tabled by the Opposition.

Mr. Goodman: I want to begin by referring back to an observation made by the hon. Member for Falmouth and Camborne (Julia Goldsworthy), who pointed out today, as she did in Committee, that there is not only uncertainty about this demand-side measure, but nothing much on the supply side to ensure that we reach the figure of 200,000 homes by 2016. That observation set the context for this debate, because there is doubt whether the Government will reach that figure, which is what we wanted to explore today.

That brings me to the Economic Secretary, who commendably spoke at some length—I thought that I heard him say, "Was I long enough?" although I cannot imagine why he would say that. I cannot possibly complain that he failed to address the detail. As this might be the last occasion when I shadow him in a debate—

Mark Tami: Are you joining?

Mr. Goodman: I would not advise the hon. Gentleman to intervene, because the last time he did so he succeeded in broadening the debate so far that the Deputy Speaker had to get to his feet. We cannot possibly have that now, can we?

Whatever happens to the Economic Secretary, we know that he is a perceptive man. He dealt with today's debate calmly and with a smile on his face, which suggested that he knows that the Government were rumbled in Committee. He was able today—we will accept this as a graceful form of retreat—to announce that there will be a two-and-a-half-year review, which we had not heard before and which he was good enough to share with us. He also provided some welcome details about the introduction of the regulations.

One accusation that is occasionally thrown at us is that we do not want the measure to succeed. Although we are still sceptical whether the 200,000 figure will be reached, and although the Economy Secretary did not answer the point originally raised by my hon. Friend the cynical and sceptical Member for Braintree (Mr. Newmark)—*[Interruption.]*. If my hon. Friend is cynical about the Government's endeavours, he is entirely right to be so. We do not want to pursue any proposal that is likely to ensure that the scheme runs into difficulty. We accept that it will produce some zero-carbon homes, although we do not know how many any more than the Economic Secretary knows how many there are currently. For that reason, we will not seek to press the amendment to a vote. I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Amendment made: No. 1, page 14, line 37, at end insert—

'"(5) The first set of regulations under section 58B (new zero-carbon homes) may not be made unless a draft has been laid before and approved by resolution of the House of Commons."—*[Ed Balls.]*

Clause 20

Income tax exemption for domestic microgeneration

Mr. Goodman: I beg to move amendment No. 3, page 15, line 10, leave out sub-paragraph (b).

Madam Deputy Speaker (Sylvia Heal): With this it will be convenient to discuss the following amendments:

No. 34, page 15, line 17, at end insert—

'(3) The Treasury shall prepare and lay before the House of Commons annually a report on the effectiveness of the tax relief mentioned in subsection (1) in achieving its objectives, with particular reference to the change in the amount of electricity generated by microgeneration systems.'.

No. 4, page 15, line 29, clause 21, leave out sub-paragraph (c).

No. 35, page 15, line 20, leave out clause 21.

No. 5, page 16, line 5, clause 21, leave out sub-paragraph (c).

No. 36, page 16, line 19, clause 21, at end insert—

'(5) The Treasury shall prepare and lay before the House of Commons annually a report on the effectiveness of the tax relief mentioned in subsections (1) and (2) in achieving its objectives, with particular reference to the change in the number of domestic microgeneration schemes.'.

Mr. Goodman: In the course of saying farewell to the Economic Secretary before he is elevated onwards and upwards to higher things, I forgot to mention that this is the Chancellor's last full day. I intend principally to discuss amendments Nos. 34 and 36, and I shall begin by marking that point.

This afternoon gives the Chancellor a final chance to act on the emerging consensus in this House that the Treasury should take a clear departmental lead on the environment in relation to microgeneration and energy efficiency. Hon. Members will recall that at this stage of last year's Finance Bill, the hon. Member for Nottingham, South (Alan Simpson), who is in his place, tabled an amendment to make the Treasury issue an annual report on fiscal measures to assist with microgeneration, energy efficiency and small-scale energy generation. Hon. Members will also recall that we supported that amendment in the Lobby along with the Liberal Democrats when it was pressed to a vote. We tabled the same amendment in this year's Committee of the whole House, when we were supported by the Liberal Democrats. The hon. Member for Falmouth and Camborne (Julia Goldsworthy) agreed with me in the closing moments of that debate that it was worth returning to the matter, and amendments Nos. 34 and 36 are that return to the matter.

Following a slight adjustment, the amendments propose that the Treasury report annually to the Commons on the effectiveness of the tax reliefs in clauses 20 and 21. In the debate in the Committee of the whole House, which was somewhat compressed, I tried to sum up the emerging consensus on microgeneration in a sentence:

"The Red Book only takes us so far."—*[Official Report,* 1 May 2007; Vol. 459, c. 1477.]

I said that the information on page 177 of the Red Book does not tell us how effective the Treasury expects clauses 20 and 21 to be or how many microgeneration systems the Treasury expects to be installed by how many people over what period of time. In that respect, this debate has an eerie resemblance to the debate that has just taken place.

In Committee of the whole House, the hon. Member for Nottingham, South pointed out that responsibilities for reporting on microgeneration and energy efficiency are spread across several Departments—the Department

of Trade and Industry, the Department for Communities and Local Government and the Department for Environment, Food and Rural Affairs—and that the Treasury is not currently one of them. He stated that Finance Ministries in other European countries have a more enhanced role and that the lack of that role here leaves

"a glaring gap in the coherence of our approach to climate change policies".—[*Official Report*, 1 May 2007, Vol. 459, c. 1477.]

In response to that debate, which was necessarily truncated, I thought that the Chief Secretary went through the motions. He said that the new clause was

"not necessary, because there is already a requirement to produce information on those subjects."—[*Official Report*, 1 May 2007; Vol. 459, c. 1480.]

There is such a requirement, but it does not apply to the Treasury outside the Red Book and the Green Book, to which the Chief Secretary referred the House. However, it is hard to see how those documents give the House what it needs, because they provide less detail than other Departments.

Sections 7.42 and 7.43 on page 177 of this year's Red Book cover microgeneration. They contain a slightly more detailed explanation of the two clauses than that provided by the Chancellor in his Budget speech. They do not answer the questions that I asked a few moments ago, such as how many extra microgeneration systems the Government expect to see installed as a result of those measures and what the overall effectiveness of the Government's strategy has been to date. In short, the emerging consensus in the House wants a continuing assessment from the Treasury of how effective the Chancellor's microgeneration measures are, and not merely a description of what those measures entail.

It is not, after all, as though the background to clauses 20 and 21 is completely encouraging. We welcome the direction of travel outlined in last year's microgeneration strategy, but if one compares our record with that of some of our international competitors, we are not setting the pace. By the end of 2004, 200,000 Japanese homes had fitted photovoltaic cells; 300,000 micro-renewable systems have been installed in Germany; more than 10 per cent. of homes in Sweden already use micro-renewable technology to heat their homes; German companies are already generating half the entire turnover of the global wind industry; Japanese firms are at the forefront of fuel cell and hybrid engine technologies; and American companies are leading the way in bringing affordable renewable technologies to the market. We clearly have some way to go to catch up.

The amendments, which, as I have said, are supported by an emerging consensus across the House, will not automatically improve our position, but the case for them—that the Treasury should publish an estimate of how successful it expects those measures to be—is surely unanswerable. I hope that the Minister will accept the principal amendments, Nos. 34 and 36, but in the event that he does not, may I ask him directly, as I did not get a chance to do so in Committee of the whole House, how many schemes the Treasury expects to be brought into effect by these provisions and over what period of time?

6.30 pm

John Bercow (Buckingham) (Con): I well recall last year's amendment tabled by the hon. Member for Nottingham, South (Alan Simpson) to which, if memory serves me correctly, I put my name. It seemed to me that its rejection was unjustified. Is it not safe to work on the assumption that if the Government did not think that their proposal will be environmentally effective they would not have introduced it, and that they therefore reckon that it will be effective? Given that, they should surely want to trumpet the fact on an annual basis for some years to come.

Mr. Goodman: Yes, my hon. Friend is entirely right. If the Government expect the scheme to be effective, as they surely do, it does not seem unreasonable to ask them for some figures. I apologise to my hon. Friend for omitting to mention his support for last year's amendment, which I must confess had slipped my mind.

Mr. Newmark: Photovoltaic solar panels cost £11,000 to install in a house, with payback in some 25 or even 30 years. Is it not important that we monitor their success, particularly in the absence of economies of scale, because there is likely to be first, little take-up, and secondly, little benefit to society?

Mr. Goodman: My hon. Friend is making the central case for the amendments. It is all very well for other Departments to produce reports, but if all we get is a brief summary of the proposals in the Green and Red Books, it is impossible to monitor how successful they may or may not be.

Amendments Nos. 3, 4 and 5 are drawn from the remarks of the hon. Member for Falmouth and Camborne, who rightly pointed out in Committee of the whole House that there is no good reason to restrict the tax incentives to homes that are producing energy only for domestic purposes. Householders may want to sell any excess electricity that they produce back to the national grid.

Today is the Chancellor's last opportunity as Chancellor to respond to this emerging consensus, and his last chance to ensure that the Treasury takes the departmental lead on microgeneration and becomes a powerhouse for energy efficiency. I commend the amendments to the House.

Julia Goldsworthy: The hon. Member for Wycombe (Mr. Goodman) talked about the need for an annual report on top of whatever is in the Green and Red Books. What we see on microgeneration in this year's Red Book makes that case more strongly than anything. It makes statements that seem on the face of it to be incredibly positive, such as:

"The Government today announces that it will allocate a further £6 million—making a total investment of over £18 million—to Phase One of the Low Carbon Buildings Programme for households."

If one considers that statement in the wider context, one realises that at that point the low-carbon buildings programme was suspended altogether, and that when it was restarted at the end of last month, the maximum grant of £15,000 that was available to households had been reduced to £2,500. As the hon. Member for Braintree (Mr. Newmark) said, the cost of photovoltaic cells is

[Julia Goldsworthy]

considerable. Many campaigning climate change organisations have been vitriolic about the impact that the change has had. They would far rather extend to more households the opportunity of taking up this option as opposed to probably making it prohibitively expensive for them to do so. The devil is always in the detail, and often the Red Book is not the place to see all the information presented in the most appropriate way.

I very much welcome the amendments, which reiterate the spirit of those tabled in Committee of the whole House. It is important to make clear the impact of such measures and to be certain that they are not a green fig leaf for a Bill that otherwise contains very few environmental measures and shows the Government's timidity in pushing forward this issue.

The hon. Member for Wycombe referred to an aspect that I highlighted in Committee of the whole House. Clauses 20 and 21 limit the amount of tax relief available on the basis of an individual's intention not to generate more electricity than would "significantly exceed" that needed for personal use. I do not see why it is necessary to limit it in that way. Surely we should be encouraging people to use the maximum capacity that they have available at a personal level.

Moreover, there is already a definition of microgeneration in section 26 of the Climate Change and Sustainable Energy Act 2006:

"the use for the generation of electricity or the production of heat of any plant".

It then lists the sources of energy and technologies that must be used to qualify for that definition: biomass, biofuels, fuel cells, photovoltaics, water, wind, solar power, geothermals and combined heat and power systems. It also defines the capacity of a microgeneration system: 50 kW for the generation of electricity and 45 kW thermal for the production of heat.

Given that we have that incredibly specific definition of microgeneration, why is it necessary for the Bill to limit the scheme on the basis of the individual's personal use and intentions? That makes absolutely no sense and prompts the question of what impact and benefit it will have. How will it affect people's behaviour, and how is the Government able to assess that? Surely, as the scheme is based only on what people intend to use, the threshold will be so low that there will not be any real incentive for them to take microgeneration on board. What happens in circumstances where they mistakenly produce more electricity than they intend for their personal use? What happens if they have a wind turbine and it blows a gale throughout the middle of the autumn? What would be their intention in that situation?

In a whole series of areas, the measure is, on the surface, very welcome, but what is not welcome is the way in which it is limited. On that basis, I commend amendments Nos. 3, 4 and 5, which are virtually identical to amendments tabled in my name and those of my hon. Friends in Committee of the whole House and the amendment tabled last year by the hon. Member for Nottingham, South (Alan Simpson). I would hope that the Minister welcomes them as a way of beefing up what is essentially a very weak green thread running through the Bill.

Alan Simpson (Nottingham, South) (Lab): I am grateful to the two preceding speakers for referring to the amendment's point of origin in an amendment to a previous Finance Bill tabled in my name and that of the hon. Member for Buckingham (John Bercow). I mention that because it reflects the genuine cross-party consensus that exists in the interests of promoting the shift into microgeneration and the move towards sustainable and renewable energies.

I have never understood why the Treasury has taken a line whereby it is willing to go along with the notion that reporting should be included in legislation as long as that reporting does not extend to the Treasury itself. The Energy Act 2004 placed reporting duties on the Department of Trade and Industry, and the Climate Change and Sustainable Energy Act 2006 placed reporting duties on the Department for Environment, Food and Rural Affairs. That is welcome, but the programmes end up being piecemeal. That starts to hit the credibility, not of the intention of policies or reporting duties, but of programmes' ability to deliver the targets to which the Government claim to be committed.

In a previous debate, there was considerable discussion about regulations that affect new, low-carbon or zero-carbon homes, and we considered the prospect of building 200,000 homes a year that might fall into that category. However, the introduction of microgeneration systems applies more appropriately to the existing 25 million properties in which people live. It is right for the Opposition to draw our attention to the scale of change that has meant the introduction of microgeneration systems into existing properties in other parts of Europe. Although the United Kingdom has a policy commitment, we are so far adrift in practice from our partners or competitors that it is embarrassing.

Perhaps I should have begun by declaring an interest. I have a roof that is full of photovoltaic panels. The house uses them in conjunction with micro combined heat and power generating systems to produce a surplus of energy, which I supply back to the grid. I hope I do not do that on a scale that would put me in breach of the law, but it would be an absurd law that punished someone for supplying too much green energy back to the system and not polluting enough. Indeed, I would relish being prosecuted for such an offence.

Jeremy Corbyn (Islington, North) (Lab): I know that my hon. Friend has studied those matters carefully, and I applaud him for it and for his house. Has he made any calculation of the amount of electricity that could be generated if the roofs of this wonderful building were covered with photovoltaic cells? Would we breach the law if we did that?

Alan Simpson: I am sure that we would not breach the law because we make the law. I suspect that a Parliament and parliamentary estate the size of ours could generate more than enough energy to fulfil its needs. We face such transformational challenges not only in Parliament but in society.

Mr. Newmark: The hon. Gentleman makes an excellent point and I support his personal initiative in using photovoltaic solar panelling in his house. When he decided to install PV on his roof, was the decision based on economics or a desire to be green and show his neighbours that he was being green? If we stuck PV panels on the whole of Parliament, it would be hugely expensive, with the payback taking some 25 years or more.

Alan Simpson: My decision was based on both factors that the hon. Gentleman mentioned. I felt that there was no point in Members of Parliament trying to preach to the public about the scale of the changes that need to happen in our society if we were not prepared to act ourselves. There was therefore an element of walking the walk as well as talking the talk to the decision. At the time, it was also an economic decision because I was one of the last beneficiaries of the Government's programme whereby one received a 50 per cent. rebate on the costs of installing solar panels. I was therefore somewhat disappointed when we changed the programme and moved to the low-carbon buildings programme, thus effectively removing such support for PV. The change has effectively doubled the cost of installing PV panels.

The panels are so expensive in the UK because, by and large, we have to import them and we do that on a minute scale. Fiscal measures that were introduced in Germany show that, if the domestic market can provide for a programme of 300,000 houses with solar roofs, the unit costs of production and installation drop like a stone. Our problem in the UK is our piecemeal set of measures, which continue to treat microgeneration as an infant industry. The fiscal measures that other parts of Europe have adopted mean that microgeneration has become a dynamic and cost-cutting part of their economy.

6.45 pm

Hermann Scheer, the architect of the German feed-in tariff law, came over a couple of weeks ago and met the Minister for Science and Innovation. He pointed out that it was calculated that each adult German citizen spends approximately €2,500 a year on energy bills—that is a combination of bills at home and energy costs in the work place. In a Land or region of approximately 1 million people, that meant annual energy expenditure of €2.5 billion. In conventional terms, that region would buy gas, oil and uranium from an external source and coal from internal and external sources. Expenditure would go outside the region for energy sources that are beginning to run out. By actively promoting microgeneration, regions have instead put the bulk of that €2.5 billion a year into their economies. The multiplier effect of that spending creates jobs and skills and generates taxes in the regions. Mr. Scheer argued to our Minister that microgeneration is not a cost but becomes a dynamic cost-saving measure that results in huge economic security.

As was said earlier, such measures have given Germany 50 per cent. of the world market in onshore wind turbines and 15 per cent. of the world market in PV. We need to measure against that the effectiveness of our fiscal strategies for promoting a similar sort of dynamic in the UK economy, and our place in the global economy in promoting microgeneration.

Mr. Philip Dunne (Ludlow) (Con): The hon. Gentleman commendably puts his money where his mouth is in his domestic power generation. Would the latest measure in the low-carbon buildings programme, to which he referred, to limit the amount of grant per household to £2,500 have deterred him from proceeding with his installation? If not, does he anticipate that it will have a significant impact on reducing take-up throughout the population?

Alan Simpson: It would not have deterred me because I had a different starting point. However, if asked to determine whether that made economic sense in the short term, I have to say that the answer would be no. All those with whom I work in the microgeneration industry and all those households that are desperately keen to be part of the process wring their hands in despair at the muddle into which we appear to have got ourselves in the low-carbon buildings programme. I understand that the programme was underfunded to begin with, and that there was a danger we would run out of funding for it within the first couple of months of the financial year. Trying to ration it out on a monthly basis has meant that, unless someone is on the phone in the first hour of the first day of each month, their prospects of getting into the programme are next to none.

There is clearly a level of public interest in the programme, but that does not make the programme adequate. It ought, however, to give the House an indication of how hungry society is to be part of such a change, and it ought to give the Treasury an indication of why it is so important that it should give a lead on the reporting of the fiscal effectiveness of the measures that it puts in place in the Budget to support that kind of shift. If what we are doing is right in principle, but the scale of intervention is simply inadequate, Parliament needs to be big enough to acknowledge and understand that, and to do something about it.

We also need to acknowledge that, in every Budget that has been presented since 2002, there have been measures to address energy efficiency in the home and to address microgeneration and the shift to sustainable and renewable energies. Having said that, it would be hard to say that those measures had been anything other than piecemeal, so far as the Treasury is concerned. So far, they have been restricted to changes in the rate of VAT and exemptions from VAT. They have also been supplemented by fiscal measures relating to capital exemptions. Those provisions are to be welcomed, but they do not, in themselves, make for a coherent programme.

There needs to be a new range of fiscal measures if we are to make our programmes coherent. I am happy for the House to have an argument about what those measures should be. At other stages, we have debated the case for attaching a reduction in the rate of stamp duty to the introduction of microgeneration systems in the home. The coherence of that argument is that it would be at the point of transfer of a property that people would look most closely at the financial savings that could be made if they had introduced microgeneration systems, or if they did so within six months, in which case they could get a rebate. That is a perfectly coherent case for fiscal intervention at a point where families and households make those decisions about change.

An alternative would be to consider fiscal intervention measures that could be applied in an ongoing way to address annual savings in household expenditure. That could take us into the arena of entitlements to council tax rebates or of the introduction of feed-in tariff systems. Such systems have now been introduced in 19 other countries across the expanded European Union; Britain is one of the few exceptions. It would be perfectly possible for the Treasury to put in place fiscal measures

[Alan Simpson]

that would promote such a shift to feed-in tariffs. That would afford households the long-term security to work out what savings could be made by taking on a substantial capital investment in the short term that could be set against substantial cash savings that could be planned over a number of years. I am somewhat agnostic as to which of the measures makes the most sense. I would be happy for us to adopt any of them, or any combination of them. They will not happen, however, unless the Treasury puts itself at the centre of the reporting process.

There is a further option in which the Treasury might be interested. Only a few months ago, the Government announced that they wanted a lead from a number of core cities to promote energy services companies. They asked for ideas on how cities could lead that initiative—

Madam Deputy Speaker: Order. The hon. Gentleman is straying a little wide of the amendments before us. Perhaps he could address his remarks to them.

Alan Simpson: The point that I was making, Madam Deputy Speaker, was that microgeneration is at the core of energy services companies, because they relate to how we use microgeneration at a collective level to support community energy needs.

In the Netherlands, fiscal measures have been used to support the introduction of microgeneration systems involving "hot road" technologies in school car parks and playgrounds, and in the car parks at health centres. Those measures are driven by fiscal incentives that get built into the costs and allowances that apply at the design stage in the framework of the approach to the built environment in the 21st century. That is a result of a Treasury lead that changed the rules of the game.

As I said earlier, it frustrates me that, during this Parliament, in every Bill that has been enacted in which targets have been set on climate change, fuel poverty eradication and carbon reduction, the Treasury has exempted itself from the duty to report. All the evidence from elsewhere in Europe and across the globe shows that real change comes when it is driven from the financial heart of the Government. Such change cannot happen if it does not start with a duty to report. What follows from a duty to report is that, when we know what will work and what will not, we can move on to a proper debate about the scale and direction of the programmes that will work. Until we get the Treasury to take ownership of that central co-ordinating role, however, we shall be left planning in fragments.

If this is the biggest challenge of our time, it will be sad to record that, at the heart of the Government, when Members on both sides of the House and members of the public in every part of the land were knocking on the door, there was no one in at the Treasury. I hope that the Minister will accept the amendments and give the lead that Parliament and the public have a right to expect.

Mr. Redwood: I rise to support the amendments, because I share the impatience of the Conservatives and the Liberal Democrats, and of the hon. Member for Nottingham, South (Alan Simpson), at how small the incentives are in the Bill as drafted. The amendments would make some contribution towards making them a little more generous.

There is a growing view in the House and outside that much more power could be generated in environmentally friendly ways by individuals and families through their own domestic property. Of course we are not talking about people having a large power station in their back garden and abusing the thing; the Government have made it quite clear that the measures are limited to microgeneration schemes, and they have a rather low threshold for their definition of such schemes. It is therefore even more strange that they should double up the restrictions by putting in clauses that prevent people from producing a little more power than they need for their own requirements on average over the days, the weeks and the months as they look at the balance in and out of their system. I hope that the Minister will succumb to the pressures from inside and outside the House and at least accept the amendments that get rid of that unnecessary restriction.

The tax reliefs on offer in the Bill as drafted are not very generous. The allowance on chargeable gains is unlikely to produce any money for most of the people who might take up the scheme. We are concentrating only on the income tax relief, which relates only to surplus generated power, so if we are told that there can be no installation that might produce surplus power on average, it means that no tax relief is on offer. The way the definitions will be phrased under the legislation means that they will give with one hand and take away with the other.

7 pm

The House, apart from Members on the Treasury Bench, is trying to persuade the Government to be more generous, ambitious and bold in future by including the requirement for annual review. We hope that will bring the Government two realisations: first, that the tax relief they are offering at present is almost zero and that from zero will come little; and, secondly, that as the schemes will not catch on quickly because the tax relief on offer is far from generous, perhaps in a future year, in a future Bill, it will be seen that something bolder and bigger is needed.

John Bercow: My right hon. Friend is forging a progressive consensus with the hon. Member for Nottingham, South (Alan Simpson) to which I am a happy subscriber, but I am puzzled and my brow is furrowed. Can my right hon. Friend explain to the House why there is an instinctive disinclination on the part of the Treasury annually to report? Is it because the Treasury thinks that others report to it and that it is not in the business of lowering itself to report, or is there a better reason that has hitherto escaped me?

Mr. Redwood: Tomorrow the progressive consensus takes over at No. 10 Downing street. We hope that the obstacle has been the current Prime Minister and that when we have a new Prime Minister who wishes to forge a progressive consensus he will want to join the hon. Member for Nottingham, South, my hon. Friends the Members for Buckingham (John Bercow) and for Wycombe (Mr. Goodman), me, and even the Liberal Democrats on this occasion, to show that he is truly

persuaded that the progressive consensus is now in favour of much more microgeneration and that he understands furthermore that fiscal incentives are an extremely good way of changing behaviour.

The House knows that I do not normally favour tax increases and regulations to change behaviour. However, if a tax reduction is on offer it is more my kind of behaviour-changing inducement, so I recommend it strongly to the Government if and when they want to join the emerging progressive consensus. I have often found that the ideas I propose in the House are a little ahead of their time, but this may be one that is not so far ahead of its time that we shall have to forgo all value from it for the foreseeable future.

Mr. Newmark: In achieving the consensus, does my right hon. Friend see a day when the new Prime Minister might install a wind turbine on the top of No. 10 Downing street?

Mr. Redwood: We shall probably not see that any time soon, even with the change of tenant at No. 10 Downing street, but as the hon. Member for Nottingham, South said, perhaps the House can do rather more under the provisions of the clause to provide examples of how we could generate more of our own energy. Members have already said that we generate a lot of hot air that could be used. I suspect we should need a spin turbine rather than a wind turbine, and the new tenant at No. 10 may be particularly good at offering a model that would offer facilities from which he and we might benefit.

I urge Members on the Treasury Bench to understand the strong feeling that much more could be done. My hon. Friends and others clearly understand that at present the technology is not cheap enough to take off across the board, which is why so few people are adopting it, apart from those such as the hon. Member for Nottingham, South and my right hon. Friend the Leader of the Opposition, who are showing the way. However, to get our constituents enthusiastic about microgeneration we need to introduce real tax relief. The provisions do not do that; the amendments would help a little, but the amendment that requires an annual report might in due course persuade even the Government that they should join this exciting progressive consensus.

Jeremy Corbyn: The Leader of the Opposition and his individualistic wind turbine sum up Tory policies—they are completely individualistic. If, as my hon. Friend the Member for Nottingham, South (Alan Simpson) has just pointed out to me, the Leader of the Opposition had gone for a community wind turbine, he might have had greater success and his chimneys would probably be safer.

Mr. David Drew (Stroud) (Lab/Co-op): Collectivism.

Jeremy Corbyn: Absolutely. Some collectivism is still alive and well on the Labour Benches, too.

I support the proposals for annual reporting on microgeneration. If we are agreed on a policy of support for the idea of microgeneration, especially photovoltaic cells on the roofs of houses, it is obvious that we should consider it every year to see how successful or otherwise it has been and if need be change policy to encourage it further. A large number of people want to put photovoltaic cells on the roofs of their houses so that they can generate some or all of their electricity, with any surplus going into the grid. However, the costs are impossible, partly because, as my hon. Friend the Member for Nottingham, South pointed out, the grant system has ended and been subsumed into the carbon-neutral homes scheme.

Secondly, because there are so few places in the country where such schemes operate, the cost of the cells is enormous. That need not be so. We simply need to provide a reasonable grant system to encourage people to produce such energy, and reasonable tax incentives. In addition, where grants are awarded for improvements to any public or private buildings a condition should be imposed, such as the standards that apply to insulation and windows, that there should be a degree of microgeneration through photovoltaic and water-heating cells. That seems eminently sensible.

As my hon. Friend pointed out, if we imposed such rules on new properties it would be helpful. We hope that there will be a big increase in the development of council and social housing, which would be a good opportunity to experiment and to encourage the use of more photovoltaic cells. However, the real issue relates to improvements to existing properties; for example, when people replace roofs or undertake major regeneration there would be a good opportunity to install microgeneration systems.

The Treasury probably agrees with almost everything that has been said on both sides of the debate, so why cannot the Government accept the amendments? They have been proposed previously and the arguments have been well rehearsed. The argument for considering the success of the provisions is blindingly obvious. If we do not want to go down the road of developing more power stations, the answer lies in our existing buildings, where we can do something towards conserving energy—we have already gone a long way in that direction—as well as generating electricity. Towns in Germany, Austria and elsewhere have taken huge steps in that direction and have thus become centres of excellence for the development of microgeneration technology. Why cannot we do the same? Why are we holding ourselves back when we so readily understand and welcome the arguments?

Mr. Newmark: I turn first to amendments Nos. 3, 4 and 5. I have no need to rehearse the careful arguments advanced earlier in the debate today and in Committee on the issue. However, in the Committee of the whole House, the Chief Secretary implied that the question was one of intention, not of the volume of production—of which we have heard much today. The right hon. Gentleman said that the Government's proposals on microgeneration were

> "targeted at people whose primary intention is to consume in their home the electricity that they generate".—[*Official Report*, 1 May 2007; Vol. 459, c. 1479.]

That may be so, but clauses 20 and 21 are drafted in terms of the amount generated, not the intention behind the generation. Will the right hon. Gentleman attempt to put a figure on what he believes constitutes significant excess?

Secondly, does the Chief Secretary anticipate any adverse impact on domestic energy efficiency if people

[Mr. Newmark]

realise that there is little incentive or indeed some risk in generating a significant excess? We have heard much about that point this afternoon. Lastly, would not it be simpler to forget the idea of intention altogether and stick with the generation limits already contained in the Climate Change and Sustainable Energy Act 2006?

There is a compelling need for the Government's policy on incentivising microgeneration to receive some scrutiny, which amendments Nos. 35 and 36 will provide. As we have heard, the most significant challenges faced by those wishing to install microgeneration are the high start-up costs and, consequently, the length of time needed to justify the initial capital costs. In principle, at least, exempting from income tax the sale of electricity from domestic microgeneration is a step forward, as it would seem to speed up the return on that initial investment. I suspect, however, that the measure will make not a jot of difference; it is a classic case of gesture politics.

First, there is no evidence whatever that HMRC has attempted to collect any tax in that context. If it had done so, the policy could have been curtailed in a memorandum of understanding rather than in legislation. Secondly, the sums involved, I suspect, will be truly minute. In any event, the Government are committed to clamping down on a significant excess of generating capacity, which suggests a policy that is pulling in two directions at once. We have no idea how successful the provisions are expected to be, or how it is thought that they will influence behaviour. While the Government are arguing over pennies, the pounds seem to be going astray. The low-carbon buildings programme seems to have restarted, but the general impression has been one of a policy in disarray and a lack of co-ordination across Government. Waiving income tax on electricity generation will not address the central issue of capital costs, and how else it can contribute remains to be seen.

A report on the benefits of the policy would be most welcome so that the issue does not continue to obscure the significant challenges faced in the quest to take microgeneration into the mass market. Clearly, we are not there yet. Recently, I met representatives of British Gas to discuss the latest phase of its innovative scheme to incentivise microgeneration: Members with an interest in climate change and energy efficiency will have heard me wax lyrical previously about its successful partnership with Conservative Braintree district council to offer council tax relief in return for cavity wall insulation. That scheme has now been extended to a subsidy of microgeneration technology. However, the numbers are still, at least to my mind, marginal. It costs £11,000 to install a photovoltaic solar panel or, slightly better, £4,300 for solar thermal installation. In return, participants qualify for a one-off council tax rebate of £500 and £300 respectively, in addition to eligibility for a subsidy of about 10 per cent. from the low-carbon buildings programme. Those technologies require some 25 or perhaps 30 years to repay the investment, and are unlikely to have mass market appeal.

I would like a report to be made to Parliament, as the amendments propose, to see whether the Government's policy has any impact on the numbers. If it does, I shall applaud them. The British Gas representatives whom I met wryly observed that one of the reasons for the scheme's success was that people preferred a tax rebate to a subsidy, even if the amount is the same. In the same spirit, perhaps a tax-free income from microgeneration will prove to be a similarly successful incentive. We shall have to wait for the report called for by the amendments, which I hope the Government will support.

7.15 pm

Mr. Dunne: I wish to speak briefly in support of the amendments, which are to clauses that I recall describing in Committee as a "puny measure"—because of their impact on the revenue, and because they illustrated the Chancellor's attempts to position the Budget as a green Budget without having any significant impact on take-up of microgeneration. The amendments will therefore highlight and expose for the Government and the public at large the fact that the measure will be meaningless.

There are two inconsistencies in the Government's approach to microgeneration and renewable energy. First, as the Chief Secretary will know if he has read the National Audit Office's report, the Government have an opportunity to encourage renewable energy in their own building programme. They spend some £3 billion a year, across different agencies, on new buildings and refurbishing existing premises, and they have committed themselves to introducing energy efficiency into those buildings. But when it comes to actual measures—surprise, surprise—they find, as my hon. Friend the Member for Braintree (Mr. Newmark) was saying, that the lack of cost-effectiveness is unfortunately prohibitive. In the case of Nottingham prison, it would have cost more than £2 million to install the energy efficiency measures that the prison authorities wanted; they did not have the budget, so none of them was installed. In the public sector, the payback on solar panels is approximately 18 years. Action taken on such measures would be far more effective than the clause under consideration.

Secondly, in relation to the low-carbon buildings programme, which, as other Members have highlighted, has been introduced in a shambolic fashion, the companies proliferating around the country trying to help domestic consumers to make such installations have been subject to regulatory overload in the form of the Building Research Establishment. It has now started a system of registration of those installers—a registration process that is adding considerably to the costs and risks of being in business. Most of them have relied on the low-carbon buildings programme grant to encourage customers to take up installations. Not only do they find that those grants are cut from month to month and are unreliable as to availability, but they are now being charged to be registered as installers—£1,800 to get registration, plus an additional £600—

Madam Deputy Speaker: Order. The hon. Gentleman is going rather wide of the amendments.

Mr. Dunne: The point of my illustration, Madam Deputy Speaker, was to show that far from easing microgeneration, the Government are making it more difficult through such measures. The Chief Secretary ought to address those issues, rather than introduce gesture clauses.

Mr. Timms: We have had an interesting debate, marked by passion and commitment across the House. We have had debates of a similar tenor on such matters previously.

Let me remind the House of the purpose of clauses 20 and 21. They aim to remove a barrier, or hurdle, which has discouraged householders from investing in microgeneration. As we have heard, microgeneration is defined in section 4 of the Climate Change and Sustainable Energy Act 2006. That Act requires the Secretary of Sate to consider by next year whether the introduction of targets for microgeneration is appropriate, and to report annually on measures taken to meet that target. We will return to that in relation to the amendment about reporting. The list of eligible technologies is set out in that Act.

The low-carbon buildings programme has been discussed this afternoon. Between 2002 and 2006, we provided £11.6 million of funding for householder microgeneration installations. The low-carbon buildings programme will provide householders with £18.7 million over two years, including the additional moneys announced in the Budget—a significantly improved level of funding. We are aiming, however, for a sustainable UK industry that is not dependent on subsidy. Grant funding for householders has certainly played its part, but we need to look to longer-term measures that will support the industry in future, such as the energy efficiency commitment, the removal of planning barriers and the zero-carbon homes commitments, including the removal of stamp duty, which we debated earlier.

Mr. Drew: I hear what the Chief Secretary says, but surely the policy would be more credible if we were trying to achieve economies of scale. One problem with the low-carbon building programme is that it is aimed at individual households. To make a real difference, as we see in parts of Europe such as Germany, we need to generate by using renewables on a street-by-street or estate-by-estate basis. What are the ways in which the Government are seeking to achieve that?

Mr. Timms: We are considering a variety of ways, in particular through the renewables obligation. It is a powerful market-based mechanism that is a lever for bringing about the changes that we need. It introduces advantages for householders, but even more advantages for generators. Offshore wind generation has started and other new technologies are being introduced. That is how we can achieve a sustainable and long-term way forward, avoiding the huge costs of some of the feed-in tariff systems on the continent.

Alan Simpson: Will the Chief Secretary reconsider his point about huge costs? As I understand it, according to the figures, the scheme in Germany cost its Exchequer nothing last year, and it cost the energy industry a total of €15 per household bill per year to finance. So far as the Germans are concerned, the claims of huge costs do not stack up.

Will the Chief Secretary also reconsider what he said about renewables obligation certificates? It would help if the Treasury could examine whether they work in terms of accessibility. I am a generator of surplus energy who has been defeated by the process of claiming ROCs. If those of us who are anoraks cannot get through the maze, then those who are keen but are not anoraks will give up, too, and the system of ROCs will defeat all the Government's intentions.

Mr. Timms: The renewables obligation is proving to be an effective lever for raising the proportion of electricity generated from renewable sources. We have seen that rise pretty sharply over the past few years in response to the renewables obligation. There has been an animated debate in Germany about the costs of the feed-in tariff and other processes. I did not follow the election debate there closely, but I am told that that was a significant element of it. It is certainly not the consensus in Germany that the feed-in tariff measures are inexpensive. I am sure that one can present the figures in a variety of ways, but there is serious political concern about the costs of the arrangements.

I am disappointed to hear that my hon. Friend has been unable to claim any ROCs for his own electricity generation. I shall take that point away and consider it. I agree that the mechanisms need to be accessible to change behaviour. There is no doubt, however, that the renewables obligation is starting to bring about the large-scale changes that we need for an up-scaling of electricity generation from renewable sources.

The primary purpose of microgeneration is for people to generate their own domestic electricity, but they can, and are most welcome to, sell surplus electricity back to the national grid, as my hon. Friend has done. ROCs are available. I am confident that people are receiving those from domestic generation, although I shall check that point further. The certificates can then be sold to energy companies.

However, receipt of income in that way raises the question of liability for tax. Uncertainty about the tax position has been a disincentive to the take-up of microgeneration. Clauses 20 and 21 aim to remove that disincentive. Together they ensure that householders do not face a tax bill by investing in microgeneration equipment for their own domestic use. They exempt from income tax and capital gains tax the proceeds from the sale of surplus electricity and from the receipt and disposal of ROCs. They remove the uncertainty and therefore the disincentive. I think that the House will agree that that is a welcome change.

The precise value of the income tax exemption will depend on how much surplus electricity a householder will generate. A householder can expect to make between £120 and £240 a year from a wind turbine and perhaps £40 a year from a solar photovoltaic system, although that will depend on the weather conditions and the contracts that are in place. We announced in the Budget that the Government will ask Ofgem to examine how householders can benefit more from the prices paid to them when they export electricity to the grid. Perhaps that will give us an opportunity to address the problem of microgenerators accessing ROCs.

The tax exemptions are available only for householders who have installed microgeneration primarily for their own domestic use. They do not apply to individuals who invest in microgeneration with the intention of selling surplus electricity or of dealing in ROCs as a commercial activity. That is right. The test of significantly exceeding the amount that they use themselves is simple and straightforward, and it ensures that the tax exemptions are properly targeted.

[Mr. Timms]

It has been argued that the "significantly exceeding" test should be removed from both the exemptions, so widening the scope of the tax exemption to include those individuals who are seeking to make a commercial profit from domestic microgeneration. I argued in Committee, and argue again now, that that would be ill advised. The clauses provide clarity for householders who are involved in microgeneration. They ensure that unless an individual is trying to make a significant profit, he will not face a tax charge as a result of microgenerating electricity.

Mr. Redwood: What would happen if a family of five put in generation equipment that was suitable for their requirements and shortly afterwards the children went to university, one of the two adults left home, the family broke up and only one person was left living in the house? Would that person be deemed to be generating far more power than he should and therefore have a tax liability?

Mr. Timms: The test is based on intention. Most householders are not installing microgeneration systems that substantially exceed their total consumption in a year. As long as that is the case at the point of installation, depending on the circumstances, I do not think that they would be caught. However, it is right that a business based on commercial microgeneration should pay tax on its profit just like any other commercial activity. To do as the amendments propose would be unfair. They address a problem—uncertainty about the tax position—that does not exist if the primary purpose is commercial. It would be odd to give tax incentives to electricity companies to set up power stations in people's homes, to use the right hon. Gentleman's phrase. Why should there be a tax unfairness against renewable generators? That would be the wrong way to go. The "significantly exceeding" test is the right approach. I hope that the amendment will be withdrawn.

By deleting clause 21, amendment No. 35 would remove entirely the exemptions for both income tax and capital gains tax which apply to the receipt and sale of ROCs. That would simply perpetuate the uncertainty—indeed, it would make the uncertainty worse for householders who have invested in microgeneration equipment for their home—and undermine the aim of removing uncertainty, which from the tenor of the debate is something that I think the whole House would support. That uncertainty has discouraged take-up of domestic microgeneration. Removing the clause would make the position worse again.

7.30 pm

Finally, I come to amendments Nos. 34 and 36, which would impose a statutory obligation on the Treasury to publish an annual report on the effectiveness of the new income tax exemptions. I noted in particular the heartfelt nature of the calls by my hon. Friend the Member for Nottingham, South (Alan Simpson) that the Treasury should take that on. I know that we have had this debate before, but I make the point to the whole House again. Last year, the Government published their microgeneration strategy, which included the commitment to assess progress on a continual basis and publish a report each year as part of the annual report on the energy White Paper. There is no case for duplicating that with another report along those lines.

Nor do I agree with my hon. Friend that nothing ever happens unless the Treasury takes charge of it. That is a counsel of despair. The Secretary of State with responsibility in that area rightly has the lead responsibility and has to report in collaboration, of course, with the Treasury. I can tell the House that Treasury officials have met representatives of the microgeneration industry a couple of times just in the last six weeks. The Treasury is firmly engaged with this issue, but does not have the policy lead, which rightly rests with the Secretary of State, and that is also where the reporting duty should rest.

Jeremy Corbyn: I am delighted to hear that the Treasury is firmly engaged in this process, and that is good news, but my right hon. Friend understates the power of the Treasury. Clearly there are tax issues and costs involved, as well as huge benefits for the community. What is the problem with reporting on microgeneration issues once a year? Decisions made by the Treasury will have a huge impact on whether or not we promote microgeneration.

Mr. Timms: Of course the decisions of the Treasury have a wide impact on a broad range of issues, but it would be wrong to say that therefore the Treasury should lead on all of them. The appropriate Secretary of State is the right person to lead and, in this case, there is a clear statutory obligation to annual reporting. The annual reports should address the kind of issues that we have discussed in this debate and, no doubt, information from the Treasury will enable those reports to be completed. However, it would be a mistake to say that the Treasury should lead on this or all the other issues to which one might apply the same argument. The right person to make the report is the appropriate Secretary of State.

Mr. Paul Goodman: As an indication of the Treasury's willingness to report, will the Chief Secretary now answer the question that I put to him initially? How many microgeneration schemes does he expect these tax reductions to produce?

Mr. Timms: As I said earlier, the Climate Change and Sustainable Energy Act 2006 requires that the Government consider, by November next year, whether it is appropriate to introduce targets for microgeneration and, if they are introduced, to report annually on things done to meet those targets. That decision will be made by November next year—*[Interruption.]*

Madam Deputy Speaker: Order. The level of conversation in the Chamber is rising. Members who have been present throughout the debate are entitled to hear the closing remarks.

Mr. Timms: I am grateful to you, Madam Deputy Speaker. I am about to draw my remarks to a conclusion—[HON. MEMBERS: "Hear, hear."] I note the enthusiasm of the House for my concluding observations. The amendments are unnecessary and I ask the House to reject them.

Mr. Goodman: This has been an interesting debate and it has formed itself around an observation by the hon. Member for Nottingham, South (Alan Simpson). He argued that what one does not report on, one is less likely to be held accountable for. What one is not held accountable for, one is not likely to have much of an incentive to improve. If the Treasury were to report once a year on the effectiveness of its microgeneration strategy, it would set out clearly how successful it expects the strategy to be; it would raise expectations and standards; the Treasury Committee would take great interest in it; and it would enable the Government to be held to account for what they are doing under these two clauses.

The main amendments that we propose, amendments Nos. 34 and 36, are simple. They ask the Government to give an assessment not of their wider strategy, but simply of how successful they expect the clauses to be.

John Bercow: My hon. Friend will agree that the Chief Secretary is a prodigiously intelligent fellow, but although we listened intently we have not heard of any ill effect that could possibly flow from the adoption of the amendments. As an earnest of good intent, therefore, why does not the Chief Secretary accept them?

Mr. Goodman: The Chief Secretary has simply argued that it would be duplication for the Treasury to produce a report about tax, which is its responsibility and not the responsibility of other Departments. The Chief Secretary, who is indeed prodigiously intelligent, was radiating institutional resistance to the idea that once a year the Treasury should be required to report on how effective the measures are likely to be.

I cannot ask the House to vote on all the amendments, but I will pluck out the main one, so it is our intention to press amendment No. 34 to a vote. We regret that, in his last full day as Chancellor, the Chancellor and his Ministers have not taken the chance to join the consensus that has been demonstrated across the House this evening. I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Amendment proposed: No. 34, in page 15, line 17, at end insert—

'(3) The Treasury shall prepare and lay before the House of Commons annually a report on the effectiveness of the tax relief mentioned in subsection (1) in achieving its objectives, with particular reference to the change in the amount of electricity generated by microgeneration systems.'—*[Mr. Paul Goodman.]*

Question put, That the amendment be made:—

The House divided: Ayes 205, Noes 269.

Division No. 153] **[7.37 pm**

AYES

Afriyie, Adam
Alexander, Danny
Amess, Mr. David
Arbuthnot, rh Mr. James
Atkinson, Mr. Peter
Bacon, Mr. Richard
Baker, Norman
Baldry, Tony
Barker, Gregory
Baron, Mr. John
Barrett, John
Bellingham, Mr. Henry
Benyon, Mr. Richard
Bercow, John
Beresford, Sir Paul
Blunt, Mr. Crispin
Bone, Mr. Peter
Brady, Mr. Graham
Brazier, Mr. Julian
Breed, Mr. Colin
Brokenshire, James
Brooke, Annette
Browning, Angela
Bruce, rh Malcolm
Burns, Mr. Simon
Burrowes, Mr. David
Burstow, Mr. Paul
Burt, Alistair
Butterfill, Sir John
Cable, Dr. Vincent
Campbell, rh Sir Menzies
Carswell, Mr. Douglas
Cash, Mr. William
Clark, Greg
Clifton-Brown, Mr. Geoffrey
Conway, Derek
Corbyn, Jeremy
Cox, Mr. Geoffrey
Crabb, Mr. Stephen
Davey, Mr. Edward
Davies, Mr. Dai
Davies, David T.C. *(Monmouth)*
Davies, Philip
Djanogly, Mr. Jonathan
Dorrell, rh Mr. Stephen
Dorries, Mrs. Nadine
Drew, Mr. David
Duddridge, James
Duncan Smith, rh Mr. Iain
Dunne, Mr. Philip
Ellwood, Mr. Tobias
Fabricant, Michael
Fallon, Mr. Michael
Farron, Tim
Featherstone, Lynne
Foster, Mr. Don
Francois, Mr. Mark
Fraser, Mr. Christopher
Garnier, Mr. Edward
Gauke, Mr. David
Gillan, Mrs. Cheryl
Goldsworthy, Julia
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gove, Michael
Grayling, Chris
Greening, Justine
Grieve, Mr. Dominic
Hammond, Stephen
Hands, Mr. Greg
Harper, Mr. Mark
Harvey, Nick
Hayes, Mr. John
Heald, Mr. Oliver
Heath, Mr. David
Heathcoat-Amory, rh Mr. David
Hemming, John
Hendry, Charles
Herbert, Nick
Hermon, Lady
Hoban, Mr. Mark
Hogg, rh Mr. Douglas
Hollobone, Mr. Philip
Holloway, Mr. Adam
Holmes, Paul
Horam, Mr. John
Horwood, Martin
Hosie, Stewart
Howarth, David
Howarth, Mr. Gerald
Hughes, Simon
Huhne, Chris
Hurd, Mr. Nick
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Johnson, Mr. Boris
Jones, Mr. David
Kawczynski, Daniel
Keetch, Mr. Paul
Key, Robert
Kirkbride, Miss Julie
Knight, rh Mr. Greg
Kramer, Susan
Lamb, Norman
Lansley, Mr. Andrew
Laws, Mr. David
Leech, Mr. John
Leigh, Mr. Edward
Letwin, rh Mr. Oliver
Lewis, Dr. Julian
Liddell-Grainger, Mr. Ian
Lidington, Mr. David
Llwyd, Mr. Elfyn
Loughton, Tim
Mackay, rh Mr. Andrew
Maclean, rh David
MacNeil, Mr. Angus
Main, Anne
Maples, Mr. John
May, rh Mrs. Theresa
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Miller, Mrs. Maria
Milton, Anne
Mitchell, Mr. Andrew
Moore, Mr. Michael
Moss, Mr. Malcolm
Mulholland, Greg
Mundell, David
Murrison, Dr. Andrew
Neill, Robert
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Öpik, Lembit
Osborne, Mr. George
Ottaway, Richard
Paice, Mr. James
Paterson, Mr. Owen
Pelling, Mr. Andrew
Penning, Mike
Penrose, John
Price, Adam
Pritchard, Mark
Pugh, Dr. John
Randall, Mr. John
Redwood, rh Mr. John
Reid, Mr. Alan
Rennie, Willie
Robathan, Mr. Andrew
Robertson, Hugh
Robertson, Mr. Laurence
Rogerson, Dan
Rosindell, Andrew
Rowen, Paul
Ruffley, Mr. David
Russell, Bob
Sanders, Mr. Adrian
Scott, Mr. Lee
Selous, Andrew

Shapps, Grant
Shepherd, Mr. Richard
Simmonds, Mark
Simpson, Alan
Smith, Sir Robert
Soames, Mr. Nicholas
Spicer, Sir Michael
Spink, Bob
Spring, Mr. Richard
Stanley, rh Sir John
Streeter, Mr. Gary
Stuart, Mr. Graham
Stunell, Andrew
Swinson, Jo
Syms, Mr. Robert
Tapsell, Sir Peter
Taylor, Matthew
Teather, Sarah
Thurso, John
Tyrie, Mr. Andrew
Vara, Mr. Shailesh
Viggers, Peter
Villiers, Mrs. Theresa
Walker, Mr. Charles
Wallace, Mr. Ben
Waterson, Mr. Nigel
Watkinson, Angela
Webb, Steve
Whittingdale, Mr. John
Widdecombe, rh Miss Ann
Wiggin, Bill
Williams, Hywel
Williams, Mark
Williams, Mr. Roger
Willis, Mr. Phil
Willott, Jenny
Wilson, Mr. Rob
Wilson, Sammy
Winterton, Ann
Winterton, Sir Nicholas
Wishart, Pete
Wright, Jeremy
Yeo, Mr. Tim
Young, rh Sir George
Younger-Ross, Richard

Tellers for the Ayes:
Mr. David Evennett and
Mr. Mark Lancaster

NOES

Abbott, Ms Diane
Ainger, Nick
Ainsworth, rh Mr. Bob
Allen, Mr. Graham
Anderson, Mr. David
Anderson, Janet
Atkins, Charlotte
Austin, Mr. Ian
Bailey, Mr. Adrian
Baird, Vera
Balls, Ed
Banks, Gordon
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Begg, Miss Anne
Bell, Sir Stuart
Benn, rh Hilary
Benton, Mr. Joe
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Blunkett, rh Mr. David
Borrow, Mr. David S.
Bradshaw, Mr. Ben
Brennan, Kevin
Brown, Lyn
Brown, rh Mr. Nicholas
Browne, rh Des
Bryant, Chris
Burden, Richard
Burgon, Colin
Burnham, Andy
Butler, Ms Dawn
Byrne, Mr. Liam
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Ronnie
Caton, Mr. Martin
Cawsey, Mr. Ian
Challen, Colin
Chapman, Ben
Chaytor, Mr. David
Clapham, Mr. Michael
Clark, Ms Katy
Clarke, rh Mr. Tom
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Cook, Frank
Cooper, Rosie
Cooper, Yvette
Cousins, Jim
Crausby, Mr. David
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Curtis-Thomas, Mrs. Claire
Darling, rh Mr. Alistair
Davidson, Mr. Ian
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobbin, Jim
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Dunwoody, Mrs. Gwyneth
Eagle, Angela
Ellman, Mrs. Louise
Ennis, Jeff
Farrelly, Paul
Fisher, Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, Caroline
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gapes, Mike
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gilroy, Linda
Godsiff, Mr. Roger
Goggins, Paul
Goodman, Helen
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom
Havard, Mr. Dai
Healey, John
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hillier, Meg
Hood, Mr. Jim
Hope, Phil
Hopkins, Kelvin
Howarth, rh Mr. George
Howells, Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Hutton, rh Mr. John
Iddon, Dr. Brian
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Lynne
Jones, Mr. Martyn
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Kemp, Mr. Fraser
Khan, Mr. Sadiq
Kidney, Mr. David
Knight, Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, Mr. David
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Love, Mr. Andrew
Lucas, Ian
Mackinlay, Andrew
Malik, Mr. Shahid
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Marshall-Andrews, Mr. Robert
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCabe, Steve
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonnell, John
McFadden, Mr. Pat
McFall, rh John
McGovern, Mr. Jim
McGrady, Mr. Eddie
McGuire, Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, Mr. Tony
Meacher, rh Mr. Michael
Merron, Gillian
Miliband, Edward
Miller, Andrew
Mitchell, Mr. Austin
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Moran, Margaret
Morden, Jessica
Morgan, Julie
Morley, rh Mr. Elliot
Mountford, Kali
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, Mr. Jim
Murphy, rh Mr. Paul
Osborne, Sandra
Owen, Albert
Palmer, Dr. Nick
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, James
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Roy, Mr. Frank
Ruane, Chris
Ruddock, Joan
Russell, Christine
Ryan, Joan
Salter, Martin
Seabeck, Alison
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, rh Jacqui
Smith, John
Snelgrove, Anne
Soulsby, Sir Peter

Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Stringer, Graham
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, David
Thomas, Mr. Gareth
Timms, rh Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Ussher, Kitty
Vaz, rh Keith
Walley, Joan
Waltho, Lynda
Ward, Claire
Wareing, Mr. Robert N.
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Mr. Alan
Wills, Mr. Michael
Winnick, Mr. David
Winterton, rh Ms Rosie
Wood, Mike
Woodward, Mr. Shaun
Woolas, Mr. Phil
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Noes:
Jonathan Shaw and
Huw Irranca-Davies

Question accordingly negatived.

Clause 35

Industrial and agricultural buildings allowances

Julia Goldsworthy: I beg to move amendment No. 39, page 27, line 2, leave out clause 35.

The intention behind the amendment is to raise concerns about the impact of changes to the industrial and agricultural buildings allowances on particular businesses. I want to highlight the comments of the Institute of Chartered Accountants in England and Wales, which said at the outset:

"We recognise that the changes to the capital allowances rules are part of a balanced package that has also seen the headline rate of corporation tax reduced from 30 per cent. to 28 per cent."

However, it goes on to say:

"Nevertheless, we have many concerns about the proposed changes and the underlying policy, particularly given that smaller businesses will not benefit from the 2 per cent. cut in the main rate of corporation tax."

The key concern is that there does not appear to have been sufficient consultation on the impact of the changes. Although there is a consensus that there is a need for reform to the tax system, questions have been raised about the motivation for the proposal we ended up with in this year's Finance Bill. Was it a considered attempt to reform the tax system or was it something included at the last minute to try to make the corporation tax proposals as a whole add up?

The allowance or charge for businesses on disposing of agricultural and industrial buildings is being withdrawn for disposals taking place after 20 March 2007. I understand that in next year's Finance Bill the annual writing-down allowance will be phased out. If the move was a considered one, it is certainly not regarded in that light by businesses directly affected by the changes. Like other members of the Public Bill Committee, I have been contacted by an organisation called Towngate Estates Ltd, which will be greatly affected by the changes.

The person who wrote the letter wanted to highlight the impact that the changes would have on his business and, in particular, he wanted to highlight the lack of consultation. He writes:

"Over the past few years the Inland Revenue has produced a number of consultation documents on the reform of corporation tax. I am aware of documents in August 2002, August 2003 and December 2004."

In his comments, he quotes the August 2003 paper, which says:

"it is envisaged that the new relief would replace and extend the current Industrial Buildings Allowances and Agricultural Buildings Allowances".

As he goes on to say, there was no reference to the fact that IBAs would be stopped altogether. In fact, the language is about extending and reforming the existing allowance, rather than about getting rid of it. The same goes for the December 2004 paper. Again, the paper suggests that the allowance could be extended. The person writing the letter concludes by saying that, in 2011, the proposals

"will cost the company an extra £53,000".

That is a real example of what I am talking about. There has not been adequate consultation.

My other concern is how the change will impact on different sectors. One of the concerns raised by the Institute of Chartered Accountants is that it is more likely to impact on a number of UK business sectors, including manufacturing, farming and capital intensive sectors such as the hotel trade, which is currently anticipating the need for capital investment prior to the forthcoming Olympics. My concern is that people involved in those businesses will be affected by the changes on the basis of decisions that they may have made up to 24 years previously. In that respect, the change has a retrospective impact. That relates to the comments we made yesterday about how the small business rate increases would impact on different sectors and regions of the economy, depending on how they were weighted in terms of how capital intensive they were, the size of the business and what it was focusing on.

That concerns me, because I have businesses in my constituency that will be affected. There is a farm in my constituency—like most farms in Cornwall, it is very small—that made one of the first commercial objective 1 grant applications for European funds that were available to try to help develop the economy in some of the poorest parts of Europe. The farm made use of that allowance to diversify into cheese production and it qualified for agricultural buildings allowance. The farm has an ABA residue of only about £15,000; the dairy, which is newer and has been more heavily invested in, has a residue of more than £300,000. The point is that decisions to invest were made in good faith and jobs have been created as a result, but now that is being placed under threat because of a decision taken at a much later date. I am sure that there are similar examples all over the country.

I am reminded of the merits of the new clause tabled by the right hon. Member for Birkenhead (Mr. Field), which we discussed yesterday. He talked about the need for real clarity in terms of the impact of personal taxation changes on particular groups. This is another classic example of where we need to understand the interrelated impact of lots of taxation decisions in the

[Julia Goldsworthy]

Finance Bill on different business sectors in different regions. Businesses also need to understand how all the proposals interact.

As I bring my remarks to a close, I want to highlight again the concerns of the Institute of Chartered Accountants. There are concerns that there has not been sufficient time for detailed consultation and consideration and there is a feeling that the Government should withdraw the clause at this point in order to undertake more consultation and consideration. If they will not do that, will they grandfather existing assets so that companies such as the farm in my constituency do not face a much more uncertain tax future?

Mr. Drew: I rise to support what the hon. Lady has said. I have a farmer in my constituency, Rob Warren of Moreton Valence, who has undertaken a major capital project that involves building a new milking parlour. The cost of the whole project comes to something over £1 million. Part of the proposal to undertake that work was predicated on getting the agricultural buildings allowance, which, as far as I understand, is tapered down over a period of time. To lose that allowance at this time is, at the very least, problematic to his farm and his business. Without the allowance, it would have been much more difficult for him to develop his proposal—certainly at this time.

I have sat down with Mr. Warren at his table in his kitchen—as most of us do when we meet farmers—and I am the first to accept that we are talking about something that is hideously complicated. My simple economist's brain went no way towards grasping the fine mesh by which the measure has been working over the years. Nevertheless, it seems to have worked in the sense that Mr. Warren and various other people in the agricultural industry have been encouraged to undertake major improvements to increase the efficiency of their businesses—as the hon. Lady said—and, in the case of Mr. Warren's business, to achieve a greater milk yield. I have seen Mr. Warren's impressive operation.

8 pm

Will my right hon. Friend the Chief Secretary explain why the proposed change was brought forward? While there has been a reduction in corporation tax, the measure will not help business planning in this particular industry. Indeed, it will create a disincentive because farmers who were thinking about making major capital investment have probably reconsidered that. I hope that my right hon. Friend will be able to persuade me and Mr. Warren that the Government have alternative plans so that such important projects can be brought forward. I hope that the measure has not been rushed through, given that it could damage the agricultural trade, which has taken advantage of the allowance. The industry might be peculiar in that it has had a special arrangement with the Treasury. However, it would not be helpful if that arrangement was lost at a time when the agriculture sector is in difficulty and the milk business, especially, is in a somewhat parlous position. I hope that my right hon. Friend will give me some good news and that he can reassure Mr. Warren that his investment was worth while and that the Government are helping him.

Mr. James Paice (South-East Cambridgeshire) (Con): I want to address the way in which the agricultural buildings allowance affects tenant farmers. I am sure that my hon. Friend the Member for Fareham (Mr. Hoban) will cover the wider aspects of the amendment. However, I doubt that the Treasury talked to the Department for Environment, Food and Rural Affairs about the matter and examined the agricultural holdings legislation.

Some 40 per cent. of farmers in this country are tenants who do not own the land on which they farm. Agricultural holdings legislation—tenancy legislation—allows them, with the permission of the landowner, to construct buildings on the land, but they never own the buildings. The ownership reverts to the landowner either at the end of the tenancy, or at the end of any fixed period agreed between the landowner and the tenant.

In the past, the agricultural buildings allowance has been the only form of return for tenant farmers constructing such buildings, apart from the benefit of the buildings. They have no capital asset to sell or let because they are not the owners of the land. The retrospective nature of clause 35 means that they will lose the ABA and have nothing. As the hon. Members for Stroud (Mr. Drew) and for Falmouth and Camborne (Julia Goldsworthy) said, the measure will hit all farmers, but it will hit especially hard those tenant farmers who do not own the land on which a building is constructed.

I appreciate the Chief Secretary's interest in my speech. I suspect that what I am saying is news to him and that he did not know about the agricultural holdings legislation. It would be a tremendous gesture if he were to agree that the approach in the Bill is not sensible, at least until he has talked to DEFRA officials about the impact that the measure will have on the 40 per cent. of farmers in this country who do not own their farms and rely on the ABA as the only way of getting back the capital that they have invested in a farm building that will never be theirs to dispose of, or to benefit from in any other way.

I support the gist of the amendment. I hope that the Chief Secretary will think about the damage that the measure will do to an important sector of our agricultural industry.

Mr. Peter Atkinson (Hexham) (Con): I agree entirely with my hon. Friend the Member for South-East Cambridgeshire (Mr. Paice). The change could not have happened at a worse time for the farming industry, which has gone through a funding revolution following the introduction of the single payment scheme. All sorts of new things are spinning out as a result of that. Farmers are advised to put their houses in order by farming for profit, not for subsidy. That requires structural changes to agricultural holdings, especially buildings.

As we heard from the hon. Member for Stroud (Mr. Drew), farmers have recently been investing considerably in reorganising their buildings and structures. Such investment leads not to appreciating assets, but depreciating ones. It results in metal buildings that are designed for a particular purpose, and their time will expire over the next 20 or 30 years. That is why farmers who invested large sums of capital took into consideration the fact that they would benefit from the agricultural buildings allowance. In effect, the change will bring about retrospective taxation that will cause farmers considerable problems.

Let me cite an example. A farmer in my constituency used to leave his cattle out for a large part of the winter because a disused quarry on his land was a particularly good place in which do so. Environmentalists discovered rare plants in that quarry and said that they would love him to move the cattle out of the quarry over the winter and put them in a building. Given that he was moving up to higher level stewardship, he invested some tens of thousands of pounds in new buildings. When he did so, he took account of the fact that he would receive the ABA, but now he will not. I urge the Chief Secretary to consider whether people who have made such investment should receive grandfather rights because the measure brings about unfair retrospective taxation.

Stewart Hosie: Hon. Members have made incredibly valid points. The hon. Member for Stroud (Mr. Drew) mentioned the dairy industry. We have heard about the situation facing tenant farmers who have no rights to their properties. We have also heard the key point that many structures covered by the allowance will depreciate in value from day one, even if a landowner has the rights to them. That point was glossed over in Committee. Hon. Members on both sides of the House have argued strongly that the matter should be considered again.

I want to make a point about the industrial buildings allowance, as I did in Committee. The change to that allowance will have an impact on the tourism sector. When we had a brief debate in Committee about investment in hotels, the Chief Secretary rightly said that things are not the same as they were in 1978, which was when the allowance was first introduced. It is worth reiterating that in the light of a conversation that I have had since that debate.

Things have changed since 1978 because the market for city breaks, long weekends and short breaks is now huge. There are places in the UK that were not tourist destinations even 10 years ago, let alone 20 or 30 years ago. Restaurateurs and hoteliers, especially, wish to invest in such areas so that they can provide the correct quality of offering to allow their businesses to compete in such a massive market. I raise that point because much of the tourism and hospitality sectors, as well as large parts of the farming sector, especially the dairy sector, are made up of businesses with incredibly low margins.

In Committee, the Chief Secretary cited alternative allowances that will be made available, especially for the tourism sector. I discussed that with friends in the hospitality sector, including an ambitious hotelier who is determined to drive up the quality of his establishment so that it becomes a destination for the city-break market. He requires the IBA to assist him to invest, given that margins are tight and the costs are high. When I told him about the other allowances that might be available to help him to deliver what he wants for his business and the area, he just laughed. The new allowances go no way towards taking the place of the IBA to assist the kind of projects that such ambitious hoteliers and business men wish to put in place.

I hope that the Chief Secretary takes on board all the comments made during the debate, especially about the removal of the IBA from those in the tourism sector. The measure will have an impact on my constituency. The removal of the ABA will have an especially large impact on the dairy sector. As we know, that sector has been absolutely hammered due to the squeezing of margins. I am sure that the constituent of the hon. Member for Stroud thought long and hard about making his investment. I hope that his business manages to survive and that the Government will consider how to deal with the situation, whether through grandfather rights for existing investments, or a more fundamental rethink about changes to the IBA and ABA.

Mr. Mark Hoban (Fareham) (Con): I do not wish to go over all the ground of tonight's debate and the quite extensive debate in Committee. The comments by my hon. Friends the Members for South-East Cambridgeshire (Mr. Paice) and for Hexham (Mr. Atkinson) and the hon. Member for Stroud (Mr. Drew) demonstrate the importance of Report stage on the Floor of the House, during which people with constituency experience can make powerful points on the impact on their constituents of changes announced in the Budget.

No one can argue that the system of capital allowances can remain unchanged for ever. When my hon. Friend the Member for Tatton (Mr. Osborne) announced before the Budget our plans to cut corporation by 3p, he said that some reform of the system was needed. However, I believe that where significant changes are made, there should be proper consultation with the people who are most closely affected. The reliefs that we have been discussing are valuable; the Red Book indicates that the saving to the Treasury from the 1p reduction in IBAs and ABAs in the 2008-09 financial year will amount to approximately £250 million. Only 13 per cent. of property qualifies for the two reliefs, so the benefit is concentrated on relatively small but important sectors of the economy. When such a significant change is made, it is important to consult, so that Ministers can understand the consequences more clearly.

In Committee, the Chief Secretary did not give me the impression that the changes had been fully thought through. Now that we are moving to a period of more open and consultative government, perhaps the Treasury should start thinking more carefully about such matters. In Committee, the right hon. Gentleman said:

"it is not customary to consult on changes in rates of taxation or on the reduction or removal of tax reliefs."—[*Official Report, Finance Public Bill Committee*, 22 May 2007; c. 292.]

In fact, the Government had launched a consultation on the future of corporation tax. In its representations on the changes, the British Property Federation referred to the consultation document on capital allowances that had been published, and to the conclusions of that process. The federation pointed out:

"In fact, the consultation actually highlighted the lack of tax relief for most taxpayers' expenditure on business premises which is regarded as putting the UK at a competitive disadvantage to its competitors."

The BPF also said that the other point that emerged from that consultation was:

"There was general support for a commercial buildings allowance, incorporating the current Industrial, Hotel and Agricultural Buildings Allowances."

[Mr. Mark Hoban]

During the consultation that took place only a couple of years ago, strong support was expressed for the existing system of allowances. Given that support, it is even more important that the Government should have consulted properly, instead of rushing to cobble together a package in response to my hon. Friend the shadow Chancellor's proposal of a cut in corporation tax.

Mr. Timms: Will the hon. Gentleman clarify that point? I do not think that there was support for the current system of allowances. There was support for a universal allowance for commercial buildings, but the present system, with its distortions and inconsistencies, did not attract wide support.

Mr. Hoban: Let me read the quotation again:

"There was general support for a commercial buildings allowance, incorporating the current Industrial, Hotel and Agricultural Buildings Allowances."

There was therefore support for a wider allowance, but not for the abolition of the existing allowances. I am not sure what point the Chief Secretary is trying to make. There was support for a broader set of allowances.

My point is that, despite what the Chief Secretary said in Committee about it not being customary for the Government to consult on tax reductions and reliefs, they had already conducted a consultation on the future of corporation tax which indicated industry's views on particular allowances, so it seems strange that they did not consult before making changes that are significant to a number of sectors. In Committee, the right hon. Gentleman referred to the regulatory impact assessments produced for the annual investment allowance, saying that that might cover some of the same areas, but in a sense, the die had already been cast: the changes in the Finance Bill set in train a series of events that would lead to the abolition of these other allowances. Regardless of the rights and wrongs of particular allowances, there should have been consultation on the changes and it was wrong of the Government to proceed so quickly, without having thought through the points that had been made after the Budget was announced.

8.15 pm

In Committee, the Chief Secretary argued that, despite the end of IBAs and ABAs, the tax system still contained recognition for those buildings, because repairs and maintenance could be offset against a company's profits in determining their tax charge. Of course that is true—but that also applies to other assets that qualify for capital allowances. That is therefore not an especially strong argument to deploy in connection with IBAs and ABAs. He also said that depreciation would be reflected through the capital gains tax calculation on disposal of the assets, but CGT also applies to the disposal of other assets that qualify for capital allowances.

Furthermore, as my hon. Friend the Member for South-East Cambridgeshire pointed out, holders of agricultural tenancies do not own the buildings, so if the buildings are sold, their investment will not be reflected in that process. The implicit relief that the Chief Secretary referred to will not benefit them, because they do not own the buildings. They will gain no tax benefit other than in relation to the costs of repair and maintenance. In Committee, I mentioned representations that I had received from various people in the agricultural sector on the sums that had been locked up in unrelieved capital expenditure. Tenant farmers will find that particularly difficult now: they made the investment on the basis that the relief would continue, but it is being taken away from them.

The agriculture sector is not alone in being affected by the change. The hon. Member for Dundee, East (Stewart Hosie) talked about the hotel sector, and I know that Bob Cotton of the British Hospitality Association has gone to the Treasury to discuss the impact of the changes in capital allowances on the sector that he represents. Many hoteliers have invested heavily in new property in the expectation that the relief would continue.

Small businesses, too, are affected by the change. In Committee, it was argued that they will qualify for the annual investment allowance, but that applies to future investment; they will not benefit in respect of past investments. Small companies will be hit by the increase in the small business rate of corporation tax, and we know that the changes in IBAs, ABAs and other capital allowances have been used to fund the decrease in the mainstream rate of corporation tax, so many small companies face a double whammy: their corporation tax rate will increase, but they will lose the benefit of the industrial and agricultural buildings allowances.

The Government have got themselves into a real mess. They did not properly think through the impact on those sectors of the removal of the allowances and how it would affect those who had made investments. Tonight, the Chief Secretary must not just make the case again, but demonstrate that the Treasury thought the changes through and was aware of their effects on those important sectors. If he cannot make that case, many people will wonder how much thought goes into putting together a corporation tax reform package such as the one that the Chancellor announced in March. At the moment, the evidence suggests that the package was cobbled together rather hastily and was not well thought through.

Mr. Timms: Let me start by outlining the purpose of clause 35 and how it fits into the wider package of business tax reforms in this year's Budget. The main feature of the package is the forthcoming reduction in the main rate of corporation tax from 30 to 28 per cent., giving the UK the lowest rate of corporation tax in the G7. The package of reforms to the business tax system is the most comprehensive for more than two decades, and it has three main objectives. The first is to maintain and strengthen the UK's internationally competitive position. The second is to encourage further growth in the UK economy through higher levels of investment, more efficient markets, and greater innovation. The third is to deliver a fairer result for the UK taxpayer, and a more efficient use of Exchequer resources.

I am grateful to the hon. Member for Falmouth and Camborne (Julia Goldsworthy) for quoting, I think correctly, what the Institute of Chartered Accountants

said about the measures being a balanced package. She also raised a number of concerns, which were repeated by other contributors to the debate, and I shall deal with them in turn. First, she asked about consultation. I want to emphasise that the allowances are not being withdrawn without prior warning, or without our giving people time to plan for the changes. The rate of writing-down allowances remains unchanged for this year, and it will be gradually reduced between 2008 and 2011.

The hon. Member for Fareham (Mr. Hoban) quoted me accurately on customary practice with regard to such changes: it is not customary to consult about changes in rates of taxation, or the reduction or removal of tax reliefs. There was consultation on corporation tax reform between 2002 and 2005, and that consultation explicitly recognised that limiting allowances to certain types of buildings, as currently happens, is a specific distortion affecting investment in property. The idea of a general commercial buildings allowance was mooted, but in all frankness I say to the hon. Gentleman that that would be prohibitively expensive. I am not sure whether he was arguing for such an allowance, but if every new building in the City, or in Canary Wharf, attracted a buildings allowance, even though buildings of that kind never have done so before, it would be hugely costly. One can understand why the property industry would favour a move of that kind, but it would be prohibitively expensive.

If one accepts the argument that it is a distortion for allowances to apply to some buildings and not others, the logical approach is to do what we have done, and to move, in a well managed and phased way, towards abolition. That is particularly the case given that most commercial and industrial property, and the land on which it stands, appreciates rather than depreciates in value, although we have heard about some exceptions. I think it is right to draw the conclusion that we drew: other reforms would be more beneficial to the UK economy than a commercial buildings allowance.

On manufacturing, I say to the hon. Member for Falmouth and Camborne that industrial buildings allowances account for only about 4 per cent. of the total capital allowances received by manufacturing, so I do not expect the withdrawal of the allowances to have widespread effects on the sector. Since the announcements, I have met representatives of the Engineering Employers Federation, who told me about the high degree of confidence in the manufacturing sector. Only about a third of all industrial buildings allowances are claimed by manufacturers, and on the whole those claims tend to be fairly small and are spread among a wider population. Of course, the cut in the main rate of corporation tax will stimulate domestic and foreign investment, and overall our analysis shows that there is a positive revenue impact on large manufacturers.

To pick up the question asked by the hon. Member for Fareham, a lot of careful analysis has gone into the judgments that lie behind the announcements in the Budget. The package is designed to promote investment and growth. Manufacturing firms which invest will continue to benefit from the new arrangements. The issue of small manufacturers was rightly raised separately, but they will be among the main beneficiaries of the new £50,000 annual investment allowances. The increases in research and development tax credits for small and medium-sized enterprises, as well as for large companies, will also bring significant benefits for manufacturing.

The hon. Member for Dundee, East (Stewart Hosie) asked about hotels. We also had an exchange on the subject in Committee. He is right that it was in 1978 that the industrial buildings allowances regime was extended to qualifying hotels, in order to assist with the growth of UK tourism. I say to him today, as I did in Committee, that the position is now very different. It is difficult to claim that the situation for the tourism sector is such that exceptional allowances are required to support it. The sector is doing well and growth is strong, and I am delighted about that, but I really do not think that there is the case today that there was then for extending particular allowances to hotels.

Stewart Hosie: That is the same argument that the Chief Secretary to the Treasury made on the previous occasion. Not all towns and cities are established tourist destinations with high-margin, good-quality provision. Many locations, and cities in particular, are striving to get there. They still need investment in a market which is bigger than it was in 1978 but is highly competitive. The ability to fund the provision of quality services is key, and I ask him to consider that point.

Mr. Timms: The hon. Gentleman may well be correct that it is right that there should be geographically targeted regeneration help, not just in the hotel market but in other sectors, to assist the regeneration that all of us want. However, I suggest that there is no case for a generalised allowance for the tourism sector, although there was 30 years ago. In general, the sector enjoys high levels of profitability. The sector as a whole will derive significant benefits from the 2 per cent. cut in the headline rate of corporation tax. As I said to him in Committee, for smaller hoteliers, the annual investment allowance of £50,000 will be a significant incentive for investment.

My hon. Friend the Member for Stroud (Mr. Drew) and the hon. Members for Falmouth and Camborne, for South-East Cambridgeshire (Mr. Paice) and for Hexham (Mr. Atkinson) raised issues concerning agriculture. I say to them that the withdrawal of allowances is not an isolated measure. In the Budget, we announced cuts in the basic rate of income tax and the main rate of corporation tax. We also announced the new annual investment allowance, which is particularly important for small farmers. It is an allowance of £50,000 for business investment from 2008; that will be extremely helpful. It is possible that farmers who continue to invest will find that once the annual investment allowance is in place they will be better off as a result of the package as a whole, rather than worse off.

Mr. Paice: The Minister implies that a farmer who has already invested in a new building in the past few years and is unable to claim the 4 per cent. allowance can in future claim against the £50,000 allowance. That is not my understanding, and the Minister is indicating that I am correct. In that case, there is no succour for all those people who have investments on the ground now but cannot continue to claim the agricultural

[Mr. Paice]

buildings allowance. To be honest, to suggest that the £50,000 will help them is a distraction from reality, as they will be stuck with an investment for which they cannot claim any allowance.

Mr. Timms: The point that I want to underline is that farm businesses that have invested in the past and that continue to invest in future will benefit from the new annual investment allowance. In many cases, as a result of the package as a whole, they will find that they are better off, rather than worse off. I am not saying that that is the case for every farmer, but we are explicitly changing the system to provide additional incentives for investment.

8.30 pm

The hon. Member for South-East Cambridgeshire made a particular point about tenant farmers. On the cessation of an agricultural tenancy, the tenant farmer, I am advised, is often compensated for building works on the land, although that depends on the terms of the tenancy agreement. In future, no doubt, agreements will be negotiated that reflect the tenant's intended expenditure. We want to adopt a consistent approach that ensures fairness for taxpayers in all sectors. We have not adopted sector-specific measures: we have introduced arrangements that will apply across every sector, as that is the right approach.

Mr. Drew: May I make two observations? First, farming is different, as many farm buildings are specialised. With the best will in the world, a milking parlour cannot be converted into flats—it is a particular building on which a farmer makes an investment decision, considering the fact that it will depreciate in value over time. Secondly, to take up the point made by the hon. Member for South-East Cambridgeshire (Mr. Paice), the changes in tenancy law have resulted in more farm business tenancies. In some respects, tenant farmers are better able to get on to the land, but they may lose the advantage of not being subject to discrimination because they are unable, as a result of the shorter tenancies, to secure those benefits. We must consider the way in which we give those farmers incentives to invest in their business, otherwise they will never take it forward.

Mr. Timms: The point that I would make to my hon. Friend and to the House is that the new annual investment allowance will be an effective incentive. Farming and other businesses in his constituency, as he will know better than I, will continue to invest. I hope that as a result of the arrangements they will invest more than they would otherwise invest. If they continue to invest and benefit from the new allowance, they may find that they are better off as a result of the package as a whole.

Mr. Atkinson *rose—*

Mr. Timms: I should like to make a little more progress, as I know that there is concern that we should be expeditious.

Retrospection is an important point. Corporation tax and the accompanying allowances are set annually. It is not legally retrospective to reduce or remove an annual tax allowance. That is a legal point, but it is important to underline it. We will withdraw the allowances in a phased manner between 2008 and 2011 to give businesses certainty and time to plan for their eventual withdrawal. One of the objectives of the exercise is simplification. Industrial buildings allowances have been recognised, not least in the work of KPMG, as a significant compliance burden. To leave those allowances in place for up to 25 years, for example, would have resulted in the retention of that burden throughout that period. I do not agree that the measure is retrospective, and the changes that we have made will certainly contribute to simplification.

Clause 35 is integral to those reforms, as it paves the way for the gradual withdrawal of industrial and agricultural buildings allowances over a four-year period. Those allowances were first introduced over 60 years ago, replacing the old mills and factories allowance in the 1940s. The needs of the economy have changed dramatically since then, and the old allowances do not reflect the reality of modern business. I simply put this point to the House: there is no good economic case for a subsidy for some buildings but not for others. The time has come to grasp the nettle and take a much more rational approach.

We did not want to withdraw the allowances overnight, however outdated they are. Instead, we have given a year's notice of their withdrawal and then, as I said, the allowances will not be withdrawn straight away. From April 2008 the writing-down allowances will be gradually reduced by 1 percentage point per year until 2011, so there will be time to plan and adjust to the changes.

Clause 35 removes, with effect from 21 March this year, balancing adjustments and the recalculation of writing-down allowances when a qualifying building changes hands or ceases to qualify for the allowances. It is designed to prevent manoeuvres which would have allowed some businesses to accelerate allowances in an unfair way. Our intention is that the withdrawal of the allowances should be fair and orderly. The House will, I think, share that intention. The amendment would delete the clause.

Ninety-five per cent. of the benefit of the allowances go to large businesses, and 50 per cent. of the total amount of industrial buildings allowances goes to the 100 largest companies in the country. Those companies will gain from the reduction in the main rate of corporation tax. On small businesses, I repeat what I said in Committee: for small businesses, as separately for large businesses, each package is fiscally neutral in each of the years set out in the scorecard in the Red Book.

The real impact of the amendment to remove clause 35 would be to permit forestalling and other activities so that some businesses could gain an unfair advantage. There would also be a huge cost to the Exchequer—around £300 million. We pre-announced that the allowances will be phased out. Removing the clause would create a huge risk in property transactions between the Budget day announcement and the main provisions in the Finance Bill next year. It would scupper the ambition to withdraw the allowances in a

fair and orderly way, so I hope that the hon. Member for Falmouth and Camborne will decide not to press the amendment to a Division.

Julia Goldsworthy: The Chief Secretary continually referred to the package of measures as a whole and the positive impact that that would have on many businesses, but that is cold comfort to the many farmers who, as we learned this evening, will be adversely affected by the changes. The Minister may talk about annual investment allowances that will be available for decisions in future, but the changes will affect decisions that have already been made. Businesses will not have the relief going forward.

I understand the legal definitions of retrospectivity, but those decisions were made in anticipation of a certain tax environment. That has suddenly changed. What confidence can people have in any new allowance systems that are set up, after those under discussion have been changed without notice? The clause will reduce confidence in any future decisions that they may make. Research and development tax credits were mentioned, but these are the kind of businesses that would not consider using them. Questions have been raised about whether the availability of R and D tax credits affects the decision to invest, or whether that is investigated after the decision has been made.

The debate has been worthwhile and given us the benefit of expertise, particularly in relation to tenant farming, which we did not explore in detail in Committee. It demonstrates a lack of understanding in the Treasury about how these issues will affect vulnerable groups. The contributions of the hon. Members for Stroud (Mr. Drew), for South-East Cambridgeshire (Mr. Paice) and for Hexham (Mr. Atkinson) highlighted the different ways in which the changes will be felt. They will have a devastating impact on businesses.

I shall withdraw the amendment, but with a heavy heart. As I said at the outset, there is a need to review the allowances system. More work should be done to understand its impact on various sectors. I hope the Minister will initiate work to identify those that will be most adversely affected. The changes may be revenue-neutral as a whole, but for some sectors they will be a devastating blow. I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Clause 70

ANTI-AVOIDANCE

Julia Goldsworthy: I beg to move amendment No. 37, page 47, line 21, leave out lines 21 to 25.

Amendment No. 37 relates to anti-avoidance measures in this year's Finance Bill. Like the amendments discussed earlier this afternoon, it is a probing amendment. It focuses on proposed new section 75C, which is a stamp duty land tax anti-avoidance provision that refers to Treasury provisions to make exceptions to its application. My question is whether there are further areas in which avoidance may be taking place.

We broadly welcome clause 70, which permanently implements regulations that were approved by the House of Commons in January—until that point, the regulations were valid for only 18 months. We note that those provisions are different from the initial regulations, because they make it clearer how the legislation relates to relief in areas in which anti-avoidance measures should not apply. However, I want to draw the Chief Secretary's attention to a particularly topical area—special purpose vehicles.

I have spoken to people involved in commercial property transactions, and it seems that there has been a clampdown on special purpose vehicles, but there has also been considerable growth in their use for residential properties. On 19 June, *The Times* stated:

"Figures from Savills, the estate agent which specialises in properties at the top end of the market, show that some 68 per cent. of properties selling for more than £5 million last year went to foreign buyers."

Part of the problem with SPVs is the fact that people pay a lower rate of stamp duty by buying a residential property through an offshore company. The article continued:

"As a case study, The Times examined the Land Registry records for properties on the west side of Cadogan Square...Of 13 properties looked at, five were held by offshore companies...A further three were registered to companies not listed at Companies House."

In a similar vein, the *Daily Mail* reported:

"Latest Land Registry figures show that a total of 827 homes sold for between £500,000 and £1 million in February. A further 207 sold for between £1 million and £2 million...On Bishop's Avenue in Barnet, one of London's most exclusive addresses, almost 40 per cent. of the 83 houses are owned by companies or trusts."

That means that the properties are liable for a stamp duty rate of 0.5 per cent. rather than 4 per cent.

The concern is that non-domiciles or people who want to invest in a second home or country estate are using that vehicle, which provides an opportunity to secure massive benefits. Of course, if the property is that person's primary residence, they would be liable for capital gains tax if they were to purchase and sell in that way. The vehicle is being portrayed as the standard way to buy a high value residential property that is not a primary residence.

After looking on the internet for a few minutes, I found a company—I will spare its blushes—which is specifically advertising ways to minimise tax in buying residential properties. It uses the peg of the 2012 Olympics in London to highlight the impact of the Olympics on residential property prices and provides information on how property prices increased in Barcelona, Atlanta, Sydney and Athens. It states that with the correct structure in place, it is possible for an offshore company owner to live in the property on a full-time basis or enjoy occasional use of the property when travelling to the UK without removing the associated tax benefits of offshore ownership. It also states:

"The most straightforward way of holding your investment property is through a private limited liability company",

which it recommends should be an offshore company. It is clearly standard practice for many conveyancing solicitors dealing with high value properties to recommend this as a way of minimising stamp duty

[Julia Goldsworthy]

payments. Does the Minister think that that should be looked into? Many of the candidates in the deputy leadership election singled it out as an area where there does not appear to be a level playing field. It offers significant savings for those able to understand how these vehicles work and to employ specialists to advise them and for those buying very high value properties, whereas those buying properties at lower prices are paying proportionately much higher rates of stamp duty.

8.45 pm

Rob Marris (Wolverhampton, South-West) (Lab): I have been listening to the hon. Lady's remarks and cannot square them with the amendment, which as I understand it—I may well be misreading it—would remove two subsections giving the Treasury the power, by order, to disapply certain anti-avoidance measures. Can she help me on that?

Julia Goldsworthy: The hon. Gentleman is right to say that the amendment applies to that specific part of the Bill. My point is that the Treasury should perhaps be looking to extend the provision further instead of disapplying it.

Does the Treasury intend to respond to the concerns raised by deputy leadership candidates, and does it have any estimate of the extent to which SPVs are being used to minimise stamp duty land tax? I hope that it will look into that issue and perhaps address it in next year's Finance Bill.

Mrs. Villiers: I should like to deal first with the substance of amendment No. 37. I welcome the opportunity to look again at the anti-avoidance provisions in clause 70, which the amendment seeks to change, as the hon. Member for Wolverhampton, South-West (Rob Marris) pointed out. I will address the points made by the hon. Member for Falmouth and Camborne (Julia Goldsworthy) in due course.

I am concerned about the amendment because it would remove subsection (11) of new section 75C, which contains one of the few safeguards in the new anti-avoidance regime and as such is an important provision. It is not without its problems, but it is better to keep it in than take it out, as there will be cases where it is important for the Treasury to ensure that new section 75A is disapplied in the way provided for by new section 75C(11). That is because, as I pointed out in Committee, new section 75A is very wide-ranging, as well as controversial. Subsection (11) will provide a bit of a safety valve if the fears that I expressed in Committee materialise in the operation of the section.

The drafting of new section 75A and the anti-avoidance provisions in clause 70 have been described by the Chartered Institute of Taxation as "fundamentally deficient" and so wide as to render the provision "almost unworkable". Similar concerns have been expressed by the Law Society, the Institute of Indirect Taxation and the CIOT's stamp taxes practitioners group. I am advised that the impact of the provisions is so wide-ranging that checks will probably have to be carried out in virtually all property transactions. That will cause serious conveyancing headaches and give home buyers yet another problem to worry about.

The key problem is that new section 75A could catch wholly innocent transactions simply because they involve a series of steps. It requires only that "one person (V)" disposes of property and "another person (P)" acquires it, that a number of transactions have taken place "in connection with" the disposal and acquisition, and that the amount of stamp duty land tax payable in respect of those transactions is less than that due on a notional direct transaction between V and P. Where the conditions apply, SDLT is charged on the notional transfer between V and P. The problem is that the wording of proposed new subsection 75A(1) is so broad that even transactions linked only through conveyancing succession could trigger the operation of the proposed new section 75A and its anti-avoidance provisions.

The concern is even greater when one realises that the transactions could take place years apart yet still trigger the operation of the proposed new section, as there is no temporal limit on the operation of the anti-avoidance provisions. For example, if V sells a property to A for £300,000, and A sells it a year later to P for £250,000, proposed new section 75A could apply, thus making P liable for SDLT on £300,000 even though he had no involvement in the earlier transaction. I am told that virtually all sub-sales, in which the sale on to P happens straight away, would be caught. Getting hold of the information about earlier transactions that is needed to check whether there is any danger of triggering proposed new section 75A could add significant delays and costs to home buyers and other property purchasers.

HMRC appears to think that all problems can be solved by producing guidance, and it has responded to concerns essentially by producing a white list of transactions, which it believes will not be caught by the proposed new section. However, guidance is not a sufficient substitute for properly drafted legislation. The Bill could affect every high street solicitor and conveyancer in the country, and many of them simply will not have the expertise or resources to keep track of HMRC guidance. Relying on guidance is difficult enough in specialist matters, such as group relief and real estate investment trusts, when a relatively small, well defined body of practitioners is affected, but it gives rise to far greater problems in the context that we are considering.

There is an even more important problem, which has recurred throughout our debates on the Bill. As Lord Upjohn once famously commented:

> "A taxpayer should be taxed by law not untaxed by concession."

It is not acceptable for the Government to adopt excessively wide anti-avoidance legislation, which catches a range of innocent transactions, and then seek to give HMRC discretion about the taxpayers to whom to apply it. That contravenes not only the principles set out by the House of Lords in the Wilkinson case that a tax-collecting authority cannot ignore legislation and cannot have significant discretion in tax collection, but the constitutional principle that Parliament, not the Executive, has the right to determine taxation in this country.

Proposed new subsection 75C(11), which amendment 37 would delete, enables the white list of cleared transactions to be given legal force via secondary legislation. In a sense, proposed new subsection (11) is an admission that proposed new section 75A is excessively wide. I hope that it will be useful in giving statutory force to the white list in future. However, enabling exemptions for specific sorts of transaction—and even for specific taxpayers—is an unsatisfactory method of solving the problems of an excessively wide provision. I believe that the Chief Secretary acknowledged in Committee that specific taxpayers could be exempt. That is a strange way to draft one's tax measures. It would be better to draft a more rational and targeted anti-avoidance clause. However, deleting proposed new subsection (11) would not be helpful.

Let me deal with the issues that the hon. Member for Falmouth and Camborne raised. I listened with interest to the points that she made about the methods used to avoid paying stamp duty. If she presented detailed, costed and fully researched proposals, my colleagues and I would be happy to consider the case for change. However, I advise against rushing to judgment on the matter. The deputy leadership election in the Labour party and the row about private equity has pushed non-domiciliary tax rules up the political agenda, but we do not want the tax law equivalent of the Dangerous Dogs Act 1991. We need more empirical evidence and an opportunity for thoughtful, objective and considered reflection based on the facts.

Julia Goldsworthy: I agree with the hon. Lady that discussions in the press about private equity tend to lock on to something that is easy to define. Yet not only non-domiciliaries but anybody who wants to put a residential property into an offshore company may benefit from the mechanism. We must be clear that we are not specifically attacking non-domiciliaries but that we need to target the mechanism.

Mrs. Villiers: I am grateful to the hon. Lady for that intervention; she has made a useful point. There might well be areas in which the rules on non-doms—or indeed, on the use of offshore companies—could be reformed and tightened. However, I would emphasise that, before embarking on any reform of the system, it is vital that we properly assess the impact of any change on our gross domestic product, on the City of London and on tax revenues. Carefully targeted reform of the non-dom rules—or indeed, the rules on the use of offshore companies—aimed at closing unfair loopholes is of course worth considering, and the Conservatives would be prepared to do that. It is vital, however, that any move to change those rules should not result in ill-advised or ill-thought-through legislation adopted in response to tabloid headlines.

We must ensure that we approach this issue with caution, particularly given the importance of the City of London and its attractions for mobile foreign professionals. Reforms, if they are to go ahead, must be carefully thought through and conducted only after serious and proper analysis and extensive and effective consultation, to ensure that we get this issue right.

Mr. Timms: Clause 70 is one of two clauses in this year's Finance Bill that we have introduced to tackle stamp duty land tax avoidance schemes. This clause counters two types of scheme: those using leaseholds and those using sub-sales that have been specifically developed to avoid payment of stamp duty land tax. Clause 71 addresses another kind of avoidance. The two schemes that clause 70 tackles have sought to avoid payment of stamp duty land tax by adding often complex additional stages into the sale of a property in such a way as to remove the need to pay tax on the transaction.

When we debated this clause in Committee, concerns were expressed that it could affect those engaged in innocent transactions rather than those involved in deliberately seeking to avoid payment of tax. I explained in that debate how we intended to protect innocent taxpayers, and how we had listened to the representations made to us about the measure. I also pointed out how we had shown that we were willing to change the clause in order to protect those involved in innocent transactions. I hope that I also demonstrated how we would operate the provisions fairly—for example, by ensuring that retrospective taxation powers would be used only if they favoured the taxpayer. The hon. Member for Chipping Barnet (Mrs. Villiers) was right to say that the amendment would remove one of the very safeguards that we have included in order to protect innocent taxpayers who might unintentionally be caught by the clause.

I shall confine my remaining remarks to the amendment, other than to say in response to the hon. Member for Chipping Barnet that we have tried to ensure that the scope of the clause is limited, so that it covers only the specific avoidance methods that we wish to prevent. We have acted on representations that we have received, and our amendments will help legitimate transactions. In drafting the clauses, we became aware that if they were too specific, they might allow some avoidance schemes to continue without challenge. We have therefore included proposed new subsection (11) so that transactions inadvertently caught can be excluded. That is a helpful move.

The amendment seeks to delete some lines in clause 70 that will allow the Treasury to disapply the main provisions of the clause—proposed new section 75A—in specified circumstances. We had hoped that this proviso would rarely, if ever, have to be used by the Government, but we need it in case the need arises. If the amendment were accepted, HM Revenue and Customs would have no option but to tell a taxpayer in such circumstances, "I am very sorry, but although we know you weren't trying to avoid paying us stamp duty land tax, what you have done has inadvertently triggered our anti-avoidance provisions and unfortunately you have to pay us tax as prescribed by this provision." That would be unfortunate. That is the reason why the clause reads as it does.

The hon. Member for Chipping Barnet referred to a famous comment which she attributed to Lord Upjohn, although I am advised that it was actually Mr. Justice Walton who uttered the remark that

> "A taxpayer should be taxed by law not untaxed by concession".

I see the sense in that comment, but in circumstances such as those I described an innocent taxpayer might have to pay tax in situations that we did not expect

[Mr. Timms]

when we drafted the legislation. I suspect that a reference to the words of Mr. Justice Walton, or indeed Lord Upjohn, would probably not satisfy someone who found themselves in that position.

9 pm

Finally, I welcome the concern of the hon. Member for Falmouth and Camborne (Julia Goldsworthy) to deal with avoidance. She is perfectly right to make the point that we need to be vigilant, as new avoidance mechanisms may arise. However, we have demonstrated in the changes we made in previous legislation to end relief on seeding trusts that we are prepared to act to prevent tax avoidance when we become aware of it. We have done so again in the Bill.

The hon. Lady asked about special purpose vehicles and residential properties. At present, only a small number of properties are affected, but I confirm that we will keep the matter under review. Once again, we shall not hesitate to act robustly if the legislation on stamp duty land tax is abused. Given that reassurance, I hope that the hon. Lady will, as she indicated, not press the amendment to a vote.

Julia Goldsworthy: As I said at the outset, the amendment is intended to be probing, so that we can understand why that aspect of avoidance, which appears to be a growing issue, was not tackled in the Bill. As I pointed out earlier, Savills estate agent said that of 300 homes in London that sold for more than £5 million in 2006, only 118 were registered with the Land Registry, which suggests that the remainder were sold through offshore companies and thus not registered.

The debate has given us the opportunity to raise legitimate concerns about the use of special payment vehicles to minimise stamp duty land tax. As the hon. Member for Chipping Barnet (Mrs. Villiers) and the Chief Secretary know, there are certain difficulties in trying to formulate an amendment that does not have revenue-raising implications, so our proposal was the easiest way of raising the issue. I shall certainly try to find out if there is a more detailed way to tackle it, because at present SPVs not only mean that there is not a level playing field for property buyers in London; they could also be further inflating the property market at the top end. They could have a wider destabilising influence on the housing market, so I shall find a way of raising the issue again if the Chief Secretary does not make proposals himself, as I hope he will in the next Finance Bill.

The concerns raised by professional bodies about the provisions are that they are a mini general anti-avoidance rule. The subsections singled out by the amendment are a way of trying to limit that. One proposed solution was to implement a clearance procedure, so perhaps the Chief Secretary will comment on that.

I have been reassured that the right hon. Gentleman is taking the issue seriously, so I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Clause 97

VAT: JOINT AND SEVERAL LIABILITY OF TRADERS IN SUPPLY CHAIN WHERE TAX UNPAID

Amendment made: No. 2, page 70, line 13, at end insert—

'( ) In section 97(4) of that Act (orders ceasing to have effect unless approved by House of Commons), after paragraph (ea) insert—

"(eb) an order under section 77A(9) or (9A);".'.—*[Mr. Timms.]*

Schedule 3

MANAGED SERVICE COMPANIES

Mrs. Villiers: I beg to move amendment No. 8, page 92, line 21, leave out from 'person' to first 'the' in line 22 and insert

'whose sole or main business (either alone or together with that of any associate) is the provision or facilitation of'.

Mr. Deputy Speaker (Sir Michael Lord): With this it will be convenient to discuss the following amendments:

No. 9, page 92, line 23, leave out 'involved with the company' and insert

'regularly involved (either directly or through an associate) with all or most aspects of running the company on an ongoing basis'.

No. 11, page 92, line 29, leave out 'influences or'.

No. 12, page 92, line 29, at end insert 'or'.

No. 13, page 92, line 30, leave out lines 30 to 34 and insert—

'(c) exerts a substantial degree of influence over the provision of those services by providing a standardised company product to the individual ("the worker") whose services are then provided by the company.

(2A) For the purposes of subsection (2), arrangements involve a standardised company product if—

(a) the arrangements have standardised, or substantially standardised, documentation—

(i) the purpose of which is to enable the implementation, by the worker, of the arrangements; and

(ii) the form of which is determined by the provider, and is not tailored, to any material extent, to reflect the circumstances of the worker;

(b) the worker enters into a specific arrangement or series of arrangements; and

(c) that arrangement or that series of arrangements is standardised, or substantially standardised, in form and is connected with the provision of services by the worker.'.

No. 10, page 97, line 14, at end insert—

'(3A) References in section 61B to an associate of a person ("P") shall include a person who, for the purposes of securing that the individual's services are provided by a company, acts in concert with P (or with P and other persons).'.

No. 14, page 98, line 15, leave out 'an officer of Revenue and Customs considers'.

No. 15, page 98, line 22, leave out 'encouraged or'.

No. 16, in page 98, line 26 [Schedule 3], at end insert—

'(2A) No person shall fall within the scope of subsection (2)(c) above unless they knew or could have reasonably been expected to know that the services of the individual were being provided by a managed service company.'.

No. 17, page 98, line 32, at end insert—

'(3A) HM Revenue and Customs may not pursue any person mentioned in any paragraph of subsection (2) under the provisions of this section unless, in the opinion of an officer of Revenue and Customs—

(a) it is impossible to recover the specified amount from any other person mentioned in any of the preceding paragraphs of subsection (2), or

(b) it is impracticable to recover the specified amount from any of those persons.'.

Mrs. Villiers: Throughout the debate on schedule 3 and managed service companies, the Opposition have recognised that there is an avoidance problem at the borderline between the employed and the self-employed, and that not all workers currently operating through managed service companies are genuinely in business on their own account. We would support measures to tackle that problem, but only if they were clearly drafted and appropriately targeted. Schedule 3 complies with neither of those two conditions, which is why we tabled amendments both in Committee and on Report to try to remedy the problems.

Anne Swain of the Association of Technology Staffing Companies has told me of her concerns about the

"huge amount of uncertainty around these provisions."

The uncertainty around schedule 3 is costing people their jobs and their livelihoods. There is a real danger that innocent parties—contractors who are clearly in business on their own account—will be hit by collateral damage simply because they choose to outsource aspects of the management of the companies through which they provide their services.

After the IR35 debacle and the millions spent on compliance checking, many in the contractor community feel victimised by this Chancellor. They resent the fact that the legislation will make it more difficult to use advisers who specialise in the contractor market. They also find it hard to understand why restrictions are being placed on their ability to outsource matters relating to their company, but larger businesses face no such constraints.

Before addressing the amendments directly, I should make it clear that I welcome the Financial Secretary's clarification in Committee of a number of points relating to how the legislation should be interpreted. I shall refer to a number of his statements during the debate. The Opposition seek to persuade the House, however, that amendments are still necessary. Welcome though the Financial Secretary's words of comfort in Committee were, and welcome though HMRC guidance will be, the protection of a change in the statute will still be needed to remedy the problems with the drafting of schedule 3.

It is possible to use *Hansard* in interpreting legislation, but only in limited circumstances. In Pepper *v.* Hart, the House of Lords restricted that to instances in which the relevant statute was

"ambiguous or obscure, or leads to an absurdity".

Nor can HMRC guidance provide an adequate answer to the problems in relation to the legislation. Certainly, it is useful, and it is regrettable that it has yet to be published, despite the fact that the regime has been in operation since April. One cannot, however, realistically expect thousands of contractors potentially affected by the legislation to check HMRC's website and keep track of guidance, as with the problems to which I referred in relation to clause 70.

Moreover, guidance cannot be relied on in court and can be changed or withdrawn at any time. In a number of examples, HMRC indicated in guidance that legislation did or did not apply in a certain way, and then changed its mind and sought to use it in exactly the way that it said that it would not: for example, in Bibby *v.* Prudential Assurance, and in Sema Group Pension Scheme Trustees *v.* Commissioners of Inland Revenue. In both cases, HMRC had given a clear indication of how it expected the legislation to work in guidance, and then sought to go back on that.

Relying purely on guidance would also contravene the principle in the House of Lords decision in Wilkinson, and the constitutional principles to which I drew the House's attention during the debate on stamp duty. HMRC's controversial record on the enforcement of IR35, and the numerous cases in which an allegation of failure to comply with IR35 has been made and later dropped, show the risks of leaving tax inspectors with too much discretion. Relying wholly on guidance rather than making sure that the legislation is clear would give tax inspectors too much discretion.

On amendments Nos. 8 to 10, schedule 3 means that any freelancer must ask the key question whether his professional advisers could fall into the category of an MSC provider, which would change his tax status from that of a service business to that of an employee. The definition of an MSC provider is contained in paragraph (d) of proposed new section 61B in schedule 3, and covers any

"person who carries on a business of promoting or facilitating the use of companies to provide the services of individuals".

As many professional bodies have repeatedly pointed out, that is exactly what many accountants do. They will frequently advise their clients as to the best corporate structure to use, establish companies for them and go on to provide company secretarial services and process payments relating to those companies. Similar issues arise for company formation agents and other professionals providing company secretarial services.

It is true that the Financial Secretary gave some comfort on that point in Committee, stating that even when the specific exclusion for professionals in subsection (3) does not apply,

"the purpose of the legislation is not to include within the definition of MSC provider accountants, tax advisers, lawyers and company secretaries who provide advice or other professional services to companies in general. Those persons are not in the business of promoting or facilitating the use of companies to provide the services of individuals, nor are they regarded as involved with the company in the way in which the legislation envisages."—*[Official Report, Finance Public Bill Committee, 15 May 2007*; c.175-76.*]*

That is a welcome clarification, but as Professor Anne Redston of King's college London has pointed out:

"the worry is that this is not what the legislation actually says".

[Mrs. Villiers]

There is no exclusion for those who facilitate the use of companies to provide the services of individuals only in the course of providing services to companies generally. Indeed, it would be quite difficult to draft such a provision without leaving loopholes. It seems to me that looking at the drafting of paragraph (d), the mere provision of services to a range of different companies, some of which happen to be used for the provision of services of individuals, would be enough to bring the adviser within the scope of the legislation, whether the Financial Secretary says so in Committee or not.

Amendment No. 8 would remove the threat from accountants and other professionals who carry out such activities as part of a wider practice of accountancy and business advice. Amendment No. 9 would ensure that only those who had a close day-to-day involvement with the running of the service company and a wide range of its activities would trigger the MSC provisions.

The two amendments would focus the legislation on the sort of situations in which the provider and not the worker is in the driving seat—where the company is essentially an emanation of the provider rather than a separate entity run by the worker. The effect would be to target the MSC provisions at the people the Government seem to have in mind—those for whom the provision and facilitation of service companies is a core and discernable part of their business.

The amendments are revised versions of those tabled in Committee. Amendment No. 10 has been added in response to the concern expressed by the Financial Secretary in Committee that an MSC provider could combine its business with other services to avoid being caught by the legislation. I hope that the changes would ensure that the provider cannot use the cover of linked services provided by associates to avoid measures in the legislation. The amendments are tighter than those rejected in Committee.

Amendments Nos. 10, 11, 12 and 13 address similar concerns, but they can stand alone and should be considered independently by the Financial Secretary. They address the serious problems with proposed new section 61B(2), which provides that if a third party influences the service company, it is sufficient to amount to involvement and to trigger the MSC provisions.

Taking a commonsense interpretation, every professional adviser could be said to influence their client. There is no point in engaging professionals unless the intention is at least to consider acting on their advice. Why would people pay their fees if they are not interested in being influenced by their advice? Again, some welcome comfort can be drawn from the Financial Secretary's comments in Committee:

"I think that hon. Members would accept that there is a difference—between a person who provides independent, tailored advice to a client, who is then able to consider that advice before accepting it or rejecting it, and the person who simply supplies a client with a standard solution or product that the client accepts. It is not the intention that the former situation—the provision of advice—be considered to be influencing in this context. However, the latter situation—supplying a standard solution or product—is regarded as influencing."—*[Official Report, Finance Public Bill Committee,* 15 May 2007; c. 175.]

There are two reasons why amendments are still needed despite those assurances. The first concerns the practical difficulties. They are outlined by Institute of Chartered Accountants:

"We are concerned that the definition of 'involved', as explained by the Financial Secretary...is difficult to apply in practice. This relies upon the client of the MSC Provider receiving advice rather than a 'solution' which the client accepts without fully understanding the consequences. This may be determinable if HMRC were present at the conversation with the client but there will be little evidence that can distinguish between the two situations after the event."

Any accountant, particularly one specialising in a particular area, may offer a fairly standardised package to a significant number of clients if they have similar requirements. After the event, it may be difficult to determine whether individual tailored advice has been given but the similarities between the customers has resulted in the same arrangements being made, or whether a standardised solution has been provided into which the adviser has pushed the customer.

The second and more serious problem with relying on the Financial Secretary's statement is the same as before: it is simply not consistent with what the legislation actually says. The explanatory notes say that "influences" should bear its normal meaning. The OED defines "influences" as "to affect the condition of" or "to have an effect on". The Minister's interpretation of "influence" as involving essentially a take it or leave it situation in which the client has little say over the nature of the structure or how it operates is a gloss on the statute and is at odds with the common-sense interpretation of the word.

9.15 pm

Amendments Nos. 11 to 13 seek to take what the Minister has said and insert it into the legislation, so that the provision of a standardised service will trigger the MSC provisions but not a bespoke one. While not ideal, such an approach would at least reduce the risk that contractors who use accountants will inadvertently bring their service companies within the MSC provisions.

Another important reason to amend subsections (1) or (2) or both is that the safe harbour proposed in subsection (3) for those who provide only

"legal or accountancy services in a professional capacity"

gives inadequate protection to advisers and their contractor clients. There are of course several concerns about what is included in the term "legal or accountancy services" and they were aired in Committee. However, a further worry is revealed when one examines what the explanatory notes have to say about the words "in a professional capacity", which is that

"professionally qualified persons normally would not be considered to be an MSC provider except to the extent that they are in the business of promoting and facilitating the use of companies to provide the services of individuals."

So in looking at the meaning of subsection (3) one is simply thrown back on to subsection (1). It seems that subsection (3) will be of limited use unless the problems with subsection (1) that I have outlined are resolved.

If the Minister will not accept the amendments to subsections (1) and (2), I hope that he will at least address the questions that I put to him in Committee, which he was unable to answer then, about the scope of the safe harbour for professional services.

First, is it the nature of the services provided that determines whether someone is an MSC provider, or is the question determined by the qualification or the professional status of the person providing the service? Is it possible for anyone who is not part of a regulated profession to use the subsection (3) safe harbour? Do people need a current practising certificate to use it? What about accountants and other tax professionals, who are not registered, but who are employed in-house? And to what extent can service providers outside the remit of the traditional professional set-up use the safe harbour?

In the past, I understand that the Government have always been resistant to attempts to control or regulate the term "accountant" on the grounds that that could be anti-competitive. It certainly restricts competition if the outcome of the legislation is that freelancers and contractors can no longer outsource accountancy services to specialist providers but are forced to use only traditional accountancy practices. There is at least a risk that differentiating tax treatment on the basis of whether one holds a qualification from a professional body might be either anti-competitive or breach EU discrimination law.

This debate also gives the Minister an opportunity to address some of the other questions that he did not answer in Committee about different service providers and how they are dealt with by subsections (1), (2) and (3), including in particular franchise advisers; factoring and invoice discounting houses, which help to follow up unpaid invoices; and back-office companies which provide services relating to payroll, supplier payments and so on. Those firms provide some of the very services the legislation uses to identify MSC providers. For example, they often pay the worker's tax and trade creditors. Is it the intention to turn all the clients of back-office service companies into MSCs even when the workers in question are clearly in business on their own account?

I turn now to the second limb of the Government's proposals on MSCs, which is the third party debt rules contained in proposed new section 688A. Those are far reaching and leave professional advisers potentially on risk for thousands of pounds of their clients' taxes, even if they have no avoidance motivation and their involvement with the MSC is inferential or unwitting. Section 688A could leave accountants and other advisers up and down the country liable to the last penny of their personal wealth. In making directors liable, the rules are much more powerful than the normal circumstances where such people are liable for the debts of their companies, never mind the tax debts of people with whom their companies might be loosely connected.

Even a lowly payroll clerk working for a scheme provider could be bankrupted should the Revenue proceed against him or her as someone "actively involved" in the provision of services via an MSC within subsection (2)(c) of section 688A. The Financial Secretary said in Committee that he did not intend ordinary employees of either MSCs or relevant third parties to be caught. However, whether he likes it or not, they are in scope and so their protection will be the tenuous one of a few words in *Hansard* and the discretion of Her Majesty's Revenue and Customs.

That degree of discretion is a hugely powerful tool in the hands of the Revenue. Serving notice, for example, on a company's employees that they are in danger of having to pay out thousands of pounds in tax debts for their employers' clients could have a startling effect. It could certainly force the employer to pay up to the Revenue in double-quick time, regardless of whether the demand for payment was justified.

"So much the better," the Minister might respond, but there, I think, we have the truth of it. It seems to me that these provisions have been drafted in a deliberately wide-ranging and ambiguous way in order to scare people away from a particular type of service provision, regardless of whether a tax avoidance motive is involved or not.

To use tax legislation to deter and punish in this way raises some significant constitutional concerns. That is not what the tax system is supposed to be used for, and this is no victimless constitutional question. Already, some contractors are finding their work drying up because third parties are afraid to engage them for fear of falling foul of the third party debt rules.

Many of the concerns about section 688A flow from the fact that paragraph (c) of subsection (2) provides that any party who "encourages" the provision of the services of a worker by an MSC could become liable for the tax due on the deemed employment payment imposed by the legislation. That is why we have tabled amendment No. 15 to delete "encourage" from paragraph (c). This probing amendment is designed to elicit some clarity for the many businesses potentially affected by the MSC legislation and deeply worried about whether their day-to-day activities might be viewed as "encouraging" within the meaning of paragraph (c).

For example, by providing companies to be used by contractors an accountant or company formation agent could be said to have encouraged the provision of the services via MSCs. Any accountant who provides advice on the appropriate corporate structure could also, as a matter of logic, be said to be encouraging the use of that structure and hence the provision of services by the MSC. If accountants advertise or promote corporate services to contractors, that surely would amount to encouraging people to use these services. If the legislation were targeted on those who encouraged individuals to use MSCs, one could perhaps see the logic, as that would more accurately focus section 688A on those actively pushing workers into MSCs.

I think that they are the people whom the Government want to target, but that is not what section 688A says, as it refers only to encouraging the provision of the services by the MSC. So as long as a person encourages the company to provide the services, it seems to me that that person is at risk of being caught by section 688A, regardless of whether he or she knew that the company was an MSC.

Arguably, that means end-clients may find themselves liable for the tax debts of the contractors and freelance workers whom they engage. Surely by paying a company to provide services, an end-client is encouraging that company to provide them. What clearer example of encouragement could there be than direct financial inducement? Equally, a worker who

finds other contractors to take part in a project could be said to be encouraging the provision of services by those companies.

A further anxiety surrounding the term "encourage" is that it could prevent recruitment businesses from holding an approved list of company suppliers and advisers. Any recommendation or advice regarding a company supplier given to a worker could constitute "encouraging", and the Financial Secretary confirmed in Committee that holding such a list could give rise to problems under the legislation—contrary to the indications given by HMRC on that point. The unfortunate effect of that would be to remove a useful compliance check that at present serves to steer contractors away from dubious operators in the market.

Many of the problems surrounding the concept of "encouraging" fall away if we could insert a requirement of culpability, and that brings me to amendment No. 16. As I have said, these are very powerful provisions and there are very important arguments in favour of restricting those caught by them to people who bear a degree of blame for, or at least had an idea of, what was going on.

In particular, it is critical to remove the risk that I have highlighted—that end-clients could be liable for the tax debts of their contractors—since that risk could have a seriously damaging impact on the flexibility of the UK labour market. The Government seem to think that the use of the term "actively facilitate" imports an element of deliberation or culpability, but that is simply not clear. A person could be actively involved, on a daily basis, with the provision of services but not know much about the corporate structure through which they were provided. As long as someone was actively involved with the provision of services by the company, they could be caught even if they had no knowledge that the company was an MSC or was being used to avoid tax.

Amendment No. 13 would remedy that situation by ensuring that section 688A catches only those who knew, or could reasonably be expected to know, that the company through which the services in question were being provided was an MSC. In Committee, the Minister was unable to explain why he resisted the amendment despite the fact that the Treasury's own consultation document on the provisions indicates that that is exactly how HMRC believes that section 688A will apply in practice.

That was confirmed in a letter to me from the Financial Secretary, dated 10 May this year. He stated:

> "Our clear objective is that those who don't know or could not reasonably be expected to know that they are dealing with an MSC should not be within scope of the debt transfer provision".

How does he reconcile that statement with his statement in Committee, when he rejected a defence based on ignorance? By doing that he in effect accepted that it is possible for unwitting third parties to be caught by the third party debt rules. Nor did he explain in Committee why such provisions are acceptable in other areas of legislation, such as the Insolvency Act 1986, but not in this context, where they could do so much to clarify the legislation and reassure people who are connected with freelancers and contractors.

As for amendment No. 14, the Financial Secretary has taken steps to remove almost all reference to "HMRC thinks" in the Bill. The amendment would see the back of "HMRC considers", which suffers from the same defects. Either a tax debt is due or it is not. What HMRC considers to be the case should not be relevant. What should count is whether the situation falls within the scope of the legislation. If we were to grant HMRC the power to levy taxes when it considered them to be due, that would give it far too much discretion and would undermine yet again the principle that it is for Parliament, not the Executive, to determine whether citizens should be taxed. If the Minister is prepared to junk "HMRC thinks", why does he continue to inflict "HMRC considers" on the public?

Amendment No. 17 is designed to prevent local tax inspectors from using section 688A as a shortcut to collect taxes from third parties simply because it is easier than pursuing the taxpayer directly. I have received a number of representations on this point. The Professional Contractors Group is understandably anxious, given the unhappy experience that many of its members have had with HMRC's heavy-handed approach to IR35. It says:

> "PCG feels uncomfortable with the prospect of HMRC being able to 'pick low-hanging fruit' by transferring debts to an easier target if the first transferee seems unlikely to pay."

Amendment No. 17 would limit HMRC's discretion in this area and essentially require it to adopt the sequence set out in section 688A(2) in pursuing the different parties. Given the powerful nature of the new power to impose a liability to pay other people's tax debts, it would give huge comfort to know that constraints are in place to require HMRC to pursue the real offenders first, before coming after those whose involvement was inferential and unwitting.

In conclusion, contract working is of key importance to thousands of workers, who value the freedom and flexibility it gives them. I am sure that Treasury Front-Bench Members would agree that it is also critical when competing in a global world economy. The reality is that many hard-working, law-abiding contractors could be hit by the legislation even when they are not dodging taxes or misrepresenting the nature of their relationship with their end clients. It is also clear that the cost of the professional advice that they need could be driven up by the flaws in the legislation and that the uncertainties generated by the Bill could significantly undermine the flexibility of the UK Labour market, about which the Chancellor has frequently boasted.

Above all, the legislation will provide yet another set of complex tax hurdles for small start-up businesses to try to jump over. We should remember that today's one-man service company could easily become tomorrow's Apple, Amazon or Google. If we smother these enterprises at birth, the only people who will gain will be the entrepreneurs of China and India, who are already anxious to move in on our service industries. I urge the House and the Minister to take this final opportunity to grapple with the flaws in the legislation and to deflect the blow that is about to land on so many small services businesses across the nation.

Rob Marris: I am sure that the whole House will be just as pleased as me that the hon. Member for Chipping Barnet (Mrs. Villiers) has done her homework. She

referred to outsourcing and back-office service companies. While there is an issue to address, I should put this in context. The Treasury must take all reasonable steps to ensure that tax and national insurance are paid. Apart from anything else, social justice requires that, as does the provision of public services to the people of this country on which the Government have such a good record. Those services must be paid for, so tax must be collected.

9.30 pm

It is entirely appropriate to clamp down on loopholes because we do not want to support tax dodgers. However, the loopholes must be plugged in a way that does not penalise unduly legitimate and compliant managed service company businesses that attempt to assist entrepreneurs by dealing with their administrative or accountancy needs—those are the back-office functions. Of course, the Treasury must always examine the impact in practice of the legislation that it implements. It must also ensure that people do not get away with dodging taxes, which has undoubtedly been happening in some sectors of the managed service company industry. Schedule 3 is somewhat controversial. Fear has been expressed that the provision might drive people from managed service companies to personal tax companies, which, paradoxically, might decrease the tax take because some people would try to avoid making national insurance payments.

I have received representations from an established managed service company that rejoices in the name of No Longer Limited. The company offers a tax planning and administration service for contractors on a fixed or percentage fee, regardless of their IR35 status, and the self-employed who can join its limited liability partnership. Every contractor undertakes a full compliance check with the company. If that is successful, NLL pays tax and national insurance on its profits on its behalf into a quarterly self-assessment account and ensures that the due dates of 31 January and 31 July are met timeously. For contractors that are businesses in their own right, the alternative to the back-office functions provided by organisations such as No Longer Limited is to set up their own personal service company. Under the classic model for such a company, contractors pay themselves, as employees, a small salary—perhaps just the minimum wage—while the remainder is paid as a dividend, which avoids national insurance and cuts the tax take. That is not in the spirit of what I would like to see.

NLL is owned by Mr. Colin Howell. Part of the purpose of his business is to ensure that there is full compliance and that the right tax bills are paid quickly. He tells me that the new law could have the perverse and unintended consequence that such back-office companies would become no longer viable, which would mean that No Longer Limited would become "No Longer There", which would lead to the loss of up to 40 jobs. It is clearly not for me or the House to adjudicate on such claims today, but I wanted to convey Mr. Howell's representations.

I understand that Mr. Howell will be seeking an exemption, given that that is allowed under proposed new section 61B(3) and (4). If he does that, Her Majesty's Revenue and Customs officials will make a judgment with the full facts in front of them. It would be wholly inappropriate for me to ask my hon. Friend the Financial Secretary for a direction or a decision today—he would not give one; I would not seek one—but I would ask companies such as Mr. Howell's to be given full consideration if and when they claim an exemption to ensure that the law does not result in rough justice. If Mr. Howell's claims are correct, it would be likely, perversely, that the measure would result in a lower tax take and that jobs would be lost as companies moved away from managed service companies. In such circumstances, his firm would have to close down.

I hope that my hon. Friend the Financial Secretary will reassure us about how back-office companies, in contradistinction to the legal and accountancy companies covered by the exemption under proposed new section 61B(3), would be able to obtain an exemption so that a company such as No Longer Limited would not have to close down because its business had migrated elsewhere. I stress that I do not want a decision on that company's case. I am merely citing it as an example of a company providing back-office services that feels that it might be adversely affected by the Bill, yet unable to obtain an exemption. It would be most helpful if my hon. Friend would give us a rough indication of the exemption procedure.

Mr. Colin Breed (South-East Cornwall) (LD): It is fairly obvious that, even after extensive debate in Committee and the speeches made tonight, considerable uncertainty remains about the proposals. The aim is to protect legitimate managed service companies, which do a fine job, while seeking out those who use that as a means of avoiding tax and national insurance. Our senses are heightened by the debate in the broad industry that surrounded IR35; we anticipate the same sort of problems arising now.

It is perhaps impossible to get the drafting exactly right, but the amendments represent a valiant attempt to tackle some of the problems that remain even after the assurances that the Minister gave in Committee. We are also concerned about the guidance, because we know that guidance cannot be relied upon, especially when cases are pursued as far as the courts. Guidance is therefore rather insecure. It is Parliament's job to make legislation as accurate as possible and not provide scope for wide interpretation by HMRC personnel. Interpretation is inevitable, and I believe it will be interpreted differently in different parts of the country, which will create problems. I acknowledge that Ministers have striven to improve the clarity, but much uncertainty remains. A number of professional advisers have spoken or written to us and lobbied us.

I assure the Minister that the Liberal Democrats understand the principle and support what the Government are trying to do. However, we are concerned that unless the legislation is tightened—perhaps along the lines set out in the amendments—it will prove to be problematic and may endanger some legitimate businesses that will not wish to continue as managed service companies. The legislation may well prove to be difficult to interpret and be applied differently in different parts of the country.

[Mr. Colin Breed]

We support the amendments. I accept that some of them are probing, but the Government must answer them if we are to achieve legislation that is as accurate as we can make it.

Stewart Hosie: I thank the hon. Member for Chipping Barnet (Mrs. Villiers) for going through the amendments in considerable detail. I know that it is late and we have been through this debate in Committee, but it is important because of the potential scale of the impact of the measure.

I share the concerns voiced by many people, including the hon. Member for Wolverhampton, South-West (Rob Marris), that some companies, particularly legitimate recruitment and accounting services companies, as well as other back-office firms, may be defined as managed service companies when they are not. I shall go through the definition of an MSC, but first I shall talk about the amendments.

Amendment No. 8 would amend the description of an MSC by tightening the criterion in proposed new section 61B(1)(d) of the Income Tax (Earnings and Pensions) Act 2003, changing the wording from

"a person who carries on a business of promoting or facilitating"

to a person

"whose sole or main business...is the provision or facilitation of"

MSC services. That is a useful safeguard to avoid the legitimate back office-type of operation being deemed to be an MSC merely by association. It would also offer some comfort to legitimate recruitment firms, which may be deemed to be MSCs by association with genuine MSCs, because they present as a candidate for a legitimate contract job someone who may not even know their own employment status but who may have been used by an MSC—a real one—that was no more than a gangmaster operation.

Amendment No. 9 would leave out "involved with the company" and tighten the provisions by including the words

"regularly involved...with all or most aspects of running the company on an ongoing basis".

That change offers real protection to companies that place people from an MSC who are presented as bona fide contract workers, but who, as I have said, may not even know their own employment status. That is an extremely important protection.

Amendment No. 11 would leave out "influences or" from proposed new section 61B(2)(b), and would require control to be the criterion that determines whether an MSC provider is involved with the company. Amendment No. 13 would specify in proposed new clause 61B(2)(c) that the company must be required to exert

"a substantial degree of influence over the provision of...services".

Amendments Nos. 11 and 13 are necessary to protect third party companies that are not MSCs from being defined as such; that is particularly important for recruitment firms or accounting companies that facilitate contract employment. By that I mean a recruitment firm that offers any other services—even advice on the nature of payment, on how to invoice or on which contract to take—or an accounting services company with a recruitment arm that assists in the final negotiation of a contract once the contract is put forward by a recruitment firm.

It is easy to see that a third party firm could be defined as an MSC without that protection. The description of an MSC in proposed new section 61B(1)(a), (b), (c) and (d) is clear. Paragraph (a) says:

"its business consists wholly or mainly of providing (directly or indirectly) the services of an individual to other persons".

A recruitment firm would come under that, and an accounting services company might do so if it had any input into the negotiation of a contract. Paragraph (b) says:

"payments are made (directly or indirectly) to the individual...of an amount equal to the greater part or all of the consideration for the provision of the services".

That concerns payment. Paragraph (c) says that a company is an MSC if the way in which the payments are made would result in the individual receiving more than they would if they were a normally employed member of staff, but that is the reason why many people become self-employed contractors; they take a risk and go it themselves, but there are tax advantages, and the income received may be slightly greater. Paragraph (d) mentions

"a person who carries on a business of promoting or facilitating the use of companies to provide the services of individuals".

That is the whole purpose of a recruitment firm. The paragraph would possibly catch an accounting services company with a recruitment arm, too.

Of course there are some protections, but I do not believe that they are sufficient. That is why I will support the amendments tonight. A protection is offered in proposed new section 61B(4), which says that the only time when a person does not fall within subsection (1)(d)—that is the description of an MSC—is when they only place individuals with persons who wish to obtain their services. As a recruitment firm may well provide assistance with visas for an overseas contract, or specialist training for an offshore contract, or accommodation for a contract in a strange place, they are not only placing individuals; they are doing other things, too, so the protection in new section 61B(4) does not necessarily apply, as subsection (5) allows an opt-out.

Subsection (5)(a) excludes the protection in subsection (4) if the person or associate does anything in subsection (2)(c)—that is, anything that

"influences or controls the way in which payments to the individual...are made".

If a recruitment firm or an accounting services company suggests that the individual contractor invoices weekly, fortnightly, monthly, or three-monthly, according to what suits the contractor, that influences the way in which payments to the individual are made, and therefore the protection in proposed new section 61B(4) does not apply.

Reference has been made to the safe harbour in subsection (3), which says:

"A person does not fall within subsection (1)(d) merely by virtue of providing legal or accountancy services in a professional capacity."

At face value that sounds fine, but if the firm, particularly in an accounting services company

context, has a recruitment or personnel arm that offers advice on visas, training or accommodation, or that assists in any way with the final negotiation of a contract, that safe harbour would not apply.

As the hon. Member for Chipping Barnet said, the Minister gave the Committee certain assurances, and it will be useful to hear what he has to say today. The volume and detail of representations, however, in the real world outside the Chamber are such that he may wish to toughen up what he is going to say or, indeed, tell us that he is prepared to reconsider the Bill's provisions so that we do not have to rely on guidelines and regulations in future.

9.45 pm

Mr. Speaker: I call Mrs. Villiers to reply. *[Interruption.]* I call the Minister to reply.

The Financial Secretary to the Treasury (John Healey): Thank you, Mr. Speaker. I would hate to miss the opportunity to respond to the debate.

The hon. Member for Dundee, East (Stewart Hosie) is right that we have been through this in some detail more than once. He is right, too, that it is an important matter, as hon. Members have emphasised. The hon. Member for Chipping Barnet (Mrs. Villiers) recognises—and I am glad that she did so so clearly—the need to tackle the avoidance that undoubtedly results from the existence of MSCs. She supports our proposals on two conditions: the provisions should be clearly drafted and appropriately targeted. I hope that I can give her that reassurance tonight, as I have tried to do in previous debates on the Bill. I hope that that reassurance will help the hon. Member for South-East Cornwall (Mr. Breed), too, as well as my hon. Friend the Member for Wolverhampton, South-West (Rob Marris). I am glad of my hon. Friend's support in principle, as well as his recognition, which was shared by the hon. Member for South-East Cornwall, of the difficult need to balance provisions to catch those whom we want to catch against the need not to bring into the net those whom we do not want to catch or indeed, introduce provisions that will have perverse consequence.

I shall try to deal with concerns about back-office companies that offer administrative services and, in so doing, tackle the question of exemption and whether or not provisions that have been in place for some time have had an effect on employment. I shall then deal specifically with the amendments tabled by the hon. Member for Chipping Barnet so that, without delaying the House unduly, I can deal with hon. Members' concerns. The hon. Lady reiterated, as she has done consistently, understandable concerns about the position of freelancers. Freelancers who outsource any part of their administration are not, and should not be, in danger of being caught by the legislation, which is not intended to, nor does it, catch persons genuinely in business on their own account who receive help to run their company. The legislation catches those who have simply been provided with a company as a means to an end. In achieving that end, they need the company to be run for them.

The legislation therefore does not prohibit small contractors from outsourcing the administration of their companies. They can obtain the support services that they need, but there is a distinct difference between someone who offers back-office services to client companies generally and someone who is in the business of promoting or facilitating the use of companies to provide the services of individuals who, as part of that business, offer support services. Of course, such people can operate through MSCs if they choose—that is not a problem, and we do not discourage it—but they will have to pay the proper employed levels of tax and national insurance.

Let me try to make the point slightly differently so as to pick up a set of associated concerns. Simply because someone is not exempt by virtue of proposed new section 61B(3) does not mean that they are caught by the legislation—a point that I have made in previous debates. If that is to happen, someone must fulfil wholly the criterion of proposed new subsection (1)(d), which links directly to proposed new subsection (1)(B), too. They must first be in the business of promoting or facilitating the use of companies to provide individuals' services.

HMRC will give careful consideration to requests to consider the application and qualification for exemption, but I stress that those providing corporate solutions to persons seeking to disguise employment use a wide variety of structures. Any examination should not provide scope for MSC providers to exempt themselves from the legislation.

Let me tackle the question whether people are going out of business. It seems that some MSC providers are winding up or changing their businesses because there is no longer a tax and national insurance advantage from operating an MSC scheme. That reinforces the point that such schemes existed only to avoid tax and national insurance, and now that that has been stopped, they have no real reason to continue in business.

Mrs. Villiers: I did not have in mind people being laid off by MSC providers. I was concerned about the contractors who have written to me saying that their source of work is drying up, and about people who organise and provide recruitment services for contractors and who are laying people off because there is so much anxiety about the legislation that they are afraid to get involved in providing services to contractors in case they get caught by the third party debt provisions.

John Healey: The hon. Lady caught me in mid-sentence. Perhaps I should not have been so generous or ready to give way. I was going on to say that as she would expect, we have been watching carefully the impact of the legislation in the sectors that it might affect, and we have no evidence that it has had any adverse effects on employment. Our assessment to date is that the new rules have been operated by many providers since April with no apparent disruption to the labour market.

I turn to the specifics of the amendments. Amendments Nos. 8 and 9, which deal with the definition of an MSC provider, would enable MSC providers determined to sidestep the definition to seek to run a dual business, of which the provider element comprised only 49 per cent. Hon. Members will see immediately that that is an obvious way of

[John Healey]

restructuring the business to sidestep rules if they were amended as proposed. For the same reason the term "sole" would provide even greater scope for circumvention. Far from tightening the definition, as hon. Members have argued, the amendment would loosen the scope for avoidance—the very problem that we are trying to deal with.

On the tests for involvement with the MSC, amendments Nos. 11 to 13 seek to change these tests, creating tests which would be easy to circumvent. There is no reason why a person purportedly providing business services to a company through which a worker provides their services should seek to influence the way in which a client company provides the worker's services. I explained that clearly and on the record in Committee.

The question of influence, as I explained, is clearly distinct from independent tailored advice which is normally given by accountants and other advisers. Importantly—this is the proposition in the amendments—if the test were merely control, it is likely that many providers would take steps to ensure that their arrangements gave the impression that control lay with the company. Influence would be less easy to disguise.

Amendment No. 13 would remove three of the five tests, and import terms such as "substantial degree of influence" in reference to a standardised product. The weakness with these amendments is that to prescribe involvement in this way would inevitably result in MSC providers claiming that their services did not fall within the detailed strategy description, creating significant risk to the aims of the legislation.

Amendment No. 14 is presumably an attempt to remove the possibility of an officer of HMRC using his discretion to transfer an amount that in other situations would not be considered due. That is not necessary. An HMRC debt can arise only by virtue of one of the existing provisions in the PAYE legislation.

On amendments Nos. 15 and 16, we have listened carefully to the concerns expressed about the scope of the debt transfer provisions. We have already made amendments to ensure that there is greater clarity and certainty about who is or is not involved. Amendment No. 15 would substantially undermine the effectiveness of the transfer of debt provision. The removal of the word "encouraged" would enable those third parties to continue to encourage workers into MSCs without themselves facing financial risk. Amendment No. 16 would open the door to abuse by allowing ignorance as a defence. Finally, amendment No. 17 contains detail that would be more appropriate in the guidance.

In the Public Bill Committee, I indicated that the regulations relating to schedule 3 would be published by HMRC in draft and would be laid before the House once the Finance Bill has received Royal Assent. I also gave the undertaking that HMRC would informally consult interested parties to ensure that the guidance on the legislation provides the clarity that those groups seek. We have held detailed discussions with representatives and experts and are building many of their suggestions into the guidance. We anticipate that the guidance will be published next week, and I think that hon. Members accept that it will be entirely in keeping with the approach that we have taken since the first draft regulations and legislation were published alongside the pre-Budget report.

We have improved the legislation and taken into account the views expressed at every stage of the process. I hope that I have reflected that tonight and provided the reassurance the hon. Members seek. The amendments are unnecessary or would jeopardise the intent of the clause.

Mrs. Villiers: The Financial Secretary has not reassured me. He has not added anything to his remarks in Committee, but the problems are still significant. The fact that the provision has been proposed at all indicates that IR35 has failed. If the legislation is adopted as drafted, I fear that the Government will be back in a year or so asking for further complicated legislation to try to deal with the problem. I therefore seek leave to withdraw the lead amendment, but I ask the House to divide on amendment No. 13.

Amendment, by leave, withdrawn.

Amendment proposed: No. 13, page 92, line 30, leave out lines 30 to 34 and insert—

'(c) exerts a substantial degree of influence over the provision of those services by providing a standardised company product to the individual ("the worker") whose services are then provided by the company.

(2A) For the purposes of subsection (2), arrangements involve a standardised company product if—

(a) the arrangements have standardised, or substantially standardised, documentation—

(i) the purpose of which is to enable the implementation, by the worker, of the arrangements; and

(ii) the form of which is determined by the provider, and is not tailored, to any material extent, to reflect the circumstances of the worker;

(b) the worker enters into a specific arrangement or series of arrangements; and

(c) that arrangement or that series of arrangements is standardised, or substantially standardised, in form and is connected with the provision of services by the worker.'.—*[Mrs. Villiers.]*

Question put, That the amendment be made:—

The House proceeded to a Division.

Mr. Speaker: Order. I ask the Serjeant at Arms to investigate the delay in the Aye Lobby.

The House having divided: Ayes 201, Noes 279.

Division No. 154] **[9.57 pm**

AYES

Afriyie, Adam	Beresford, Sir Paul
Alexander, Danny	Blunt, Mr. Crispin
Amess, Mr. David	Bone, Mr. Peter
Arbuthnot, rh Mr. James	Brazier, Mr. Julian
Atkinson, Mr. Peter	Breed, Mr. Colin
Bacon, Mr. Richard	Brokenshire, James
Baldry, Tony	Brooke, Annette
Barker, Gregory	Browning, Angela
Baron, Mr. John	Bruce, rh Malcolm
Barrett, John	Burns, Mr. Simon
Bellingham, Mr. Henry	Burrowes, Mr. David
Benyon, Mr. Richard	Burstow, Mr. Paul
Bercow, John	Burt, Alistair

Butterfill, Sir John
Campbell, Mr. Gregory
Campbell, rh Sir Menzies
Carswell, Mr. Douglas
Cash, Mr. William
Clark, Greg
Clegg, Mr. Nick
Clifton-Brown, Mr. Geoffrey
Conway, Derek
Cox, Mr. Geoffrey
Crabb, Mr. Stephen
Davey, Mr. Edward
Davies, David T.C. *(Monmouth)*
Davies, Philip
Dorrell, rh Mr. Stephen
Dorries, Mrs. Nadine
Duddridge, James
Duncan Smith, rh Mr. Iain
Dunne, Mr. Philip
Ellwood, Mr. Tobias
Fabricant, Michael
Fallon, Mr. Michael
Farron, Tim
Featherstone, Lynne
Field, Mr. Mark
Foster, Mr. Don
Fox, Dr. Liam
Francois, Mr. Mark
Fraser, Mr. Christopher
Garnier, Mr. Edward
Gauke, Mr. David
Gillan, Mrs. Cheryl
Goldsworthy, Julia
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gove, Michael
Grayling, Chris
Greening, Justine
Grieve, Mr. Dominic
Gummer, rh Mr. John
Hammond, Mr. Philip
Hammond, Stephen
Hands, Mr. Greg
Harper, Mr. Mark
Harvey, Nick
Hayes, Mr. John
Heald, Mr. Oliver
Heath, Mr. David
Heathcoat-Amory, rh Mr. David
Hemming, John
Hendry, Charles
Hoban, Mr. Mark
Hogg, rh Mr. Douglas
Hollobone, Mr. Philip
Holloway, Mr. Adam
Holmes, Paul
Horam, Mr. John
Horwood, Martin
Hosie, Stewart
Howarth, David
Howarth, Mr. Gerald
Hughes, Simon
Huhne, Chris
Hurd, Mr. Nick
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Jenkin, Mr. Bernard
Jones, Mr. David
Kawczynski, Daniel
Keetch, Mr. Paul
Key, Robert
Kirkbride, Miss Julie
Knight, rh Mr. Greg
Kramer, Susan
Lamb, Norman
Lansley, Mr. Andrew
Laws, Mr. David
Leech, Mr. John
Leigh, Mr. Edward
Letwin, rh Mr. Oliver
Lewis, Dr. Julian
Liddell-Grainger, Mr. Ian
Lidington, Mr. David
Lilley, rh Mr. Peter
Llwyd, Mr. Elfyn
Loughton, Tim
Mackay, rh Mr. Andrew
Maclean, rh David
Main, Anne
Maples, Mr. John
May, rh Mrs. Theresa
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Miller, Mrs. Maria
Milton, Anne
Moore, Mr. Michael
Moss, Mr. Malcolm
Mulholland, Greg
Mundell, David
Murrison, Dr. Andrew
Neill, Robert
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Öpik, Lembit
Osborne, Mr. George
Ottaway, Richard
Paice, Mr. James
Paterson, Mr. Owen
Pelling, Mr. Andrew
Penning, Mike
Penrose, John
Pickles, Mr. Eric
Price, Adam
Prisk, Mr. Mark
Pritchard, Mark
Pugh, Dr. John
Randall, Mr. John
Redwood, rh Mr. John
Reid, Mr. Alan
Rennie, Willie
Robathan, Mr. Andrew
Robertson, Angus
Robertson, Hugh
Robertson, Mr. Laurence
Rogerson, Dan
Rosindell, Andrew
Rowen, Paul
Ruffley, Mr. David
Russell, Bob
Sanders, Mr. Adrian
Scott, Mr. Lee
Selous, Andrew
Shapps, Grant
Shepherd, Mr. Richard
Simmonds, Mark
Simpson, David
Smith, Sir Robert
Soames, Mr. Nicholas
Spicer, Sir Michael
Spink, Bob
Spring, Mr. Richard
Stanley, rh Sir John
Streeter, Mr. Gary
Stunell, Andrew
Syms, Mr. Robert
Taylor, Matthew
Teather, Sarah
Thurso, John
Tredinnick, David
Tyrie, Mr. Andrew
Vara, Mr. Shailesh
Viggers, Peter
Villiers, Mrs. Theresa
Walker, Mr. Charles
Wallace, Mr. Ben
Waterson, Mr. Nigel
Watkinson, Angela
Webb, Steve
Whittingdale, Mr. John
Widdecombe, rh Miss Ann
Wiggin, Bill
Williams, Hywel
Williams, Mark
Williams, Mr. Roger
Willott, Jenny
Wilson, Mr. Rob
Wilson, Sammy
Winterton, Ann
Winterton, Sir Nicholas
Wishart, Pete
Wright, Jeremy
Yeo, Mr. Tim
Young, rh Sir George
Younger-Ross, Richard

Tellers for the Ayes:
Mr. Mark Lancaster and Mr. David Evennett

NOES

Abbott, Ms Diane
Ainger, Nick
Ainsworth, rh Mr. Bob
Allen, Mr. Graham
Anderson, Mr. David
Anderson, Janet
Atkins, Charlotte
Austin, Mr. Ian
Bailey, Mr. Adrian
Baird, Vera
Balls, Ed
Banks, Gordon
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Begg, Miss Anne
Bell, Sir Stuart
Benn, rh Hilary
Benton, Mr. Joe
Betts, Mr. Clive
Blackman-Woods, Dr. Roberta
Blizzard, Mr. Bob
Blunkett, rh Mr. David
Borrow, Mr. David S.
Bradshaw, Mr. Ben
Brennan, Kevin
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Burden, Richard
Burgon, Colin
Burnham, Andy
Butler, Ms Dawn
Byrne, Mr. Liam
Caborn, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Caton, Mr. Martin
Challen, Colin
Chapman, Ben
Chaytor, Mr. David
Clapham, Mr. Michael
Clark, Ms Katy
Clarke, rh Mr. Tom
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cook, Frank
Cooper, Rosie
Corbyn, Jeremy
Cousins, Jim
Crausby, Mr. David
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Darling, rh Mr. Alistair
Davidson, Mr. Ian
Davies, Mr. Dai
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobbin, Jim
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Dunwoody, Mrs. Gwyneth
Durkan, Mark
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Ennis, Jeff
Farrelly, Paul
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, Caroline
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gapes, Mike
Gardiner, Barry
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gilroy, Linda
Godsiff, Mr. Roger
Goggins, Paul
Goodman, Helen
Griffiths, Nigel
Gwynne, Andrew
Hall, Mr. Mike

Hall, Patrick
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom
Havard, Mr. Dai
Healey, John
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hermon, Lady
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hillier, Meg
Hood, Mr. Jim
Hope, Phil
Hopkins, Kelvin
Howarth, rh Mr. George
Howells, Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Iddon, Dr. Brian
Irranca-Davies, Huw
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Lynne
Jones, Mr. Martyn
Jowell, rh Tessa
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Keen, Ann
Kemp, Mr. Fraser
Khan, Mr. Sadiq
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, Mr. David
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Love, Mr. Andrew
Lucas, Ian
Mackinlay, Andrew
Mactaggart, Fiona
Malik, Mr. Shahid
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Marshall-Andrews, Mr. Robert
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCabe, Steve
McCarthy, Kerry
McCarthy-Fry, Sarah
McDonnell, John
McFadden, Mr. Pat
McFall, rh John
McGovern, Mr. Jim
McGrady, Mr. Eddie
McGuire, Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, Mr. Tony
Meacher, rh Mr. Michael
Merron, Gillian
Michael, rh Alun
Milburn, rh Mr. Alan
Miliband, rh David
Miliband, Edward
Miller, Andrew
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Moran, Margaret
Morden, Jessica
Morgan, Julie
Morley, rh Mr. Elliot
Mountford, Kali
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
Olner, Mr. Bill
Osborne, Sandra
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, James
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Robertson, John
Rooney, Mr. Terry
Roy, Mr. Frank
Ruane, Chris
Ruddock, Joan
Russell, Christine
Salter, Martin
Seabeck, Alison
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, rh Jacqui
Smith, John
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Stringer, Graham
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Taylor, David
Thomas, Mr. Gareth
Timms, rh Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Ussher, Kitty
Vaz, rh Keith
Waller, Joan
Waltho, Lynda
Ward, Claire
Wareing, Mr. Robert N.
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Mr. Alan
Wills, Mr. Michael
Winnick, Mr. David
Winterton, rh Ms Rosie
Wood, Mike
Woodward, Mr. Shaun
Woolas, Mr. Phil
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Noes:
Liz Blackman and
Mr. Ian Cawsey

Question accordingly negatived.

DEFERRED DIVISIONS

Motion made, and Question put forthwith, pursuant to Standing Order No. 41A(3)(Deferred Divisions),

That, at this day's sitting, Standing Order No. 41A (Deferred Divisions) shall not apply to the Motion in the name of John Healey relating to Off-Road Vehicles (Registration) Bill [Money].—*[Mr. Watts.]*

Question agreed to.

Schedule 9

INSURANCE COMPANIES: TRANSFERS ETC

10.15 pm

Ed Balls: I beg to move amendment No. 19, page 148, line 33, at end insert—

'( ) In section 431 of ICTA, at end insert—

"(2ZG) The Treasury may by order amend the definition of "insurance business transfer scheme" given by subsection (2) above where it is expedient to do so in consequence of any amendment of section 105 of the Financial Services and Markets Act 2000.

(2ZH) The power conferred by subsection (2ZG) above includes power to make incidental, supplementary, consequential or transitional provisions and savings (including provision amending any provision of the Corporation Tax Acts relating to insurance companies).".'

Mr. Speaker: With this it will be convenient to discuss Government amendments Nos. 20 to 32.

Ed Balls: Schedule 9 includes a range of measures designed to simplify and clarify the tax law for transfers of life insurance business. We had a long and interesting debate on those matters in Committee. They are complex provisions and the Treasury and the industry have held extensive consultations on them over the past year. Amendments Nos. 19, 20 and 21, on transfers of business, relate to part of that consultation.

Amendments Nos. 22 to 29 apply to schedule 10. Although the schedule deals with a range of issues in insurance tax law, the amendments concentrate on only one aspect of the schedule—the treatment of structural assets, on which I wrote to the hon. Member for

Fareham (Mr. Hoban) on 5 June, following our interesting debate in Committee. Amendments Nos. 30 to 32 are consequential amendments to the repeals schedule. I shall first cover the schedule 9 amendments on transfers of business and then the schedule 10 amendments on structural assets.

Amendment No. 19 introduces a regulation-making power to enable a quick and flexible response if the regulatory legislation in the Financial Services and Markets Act 2000 changes. It allows regulations to be made amending the tax law definition of insurance business transfer scheme. The definition is important as all the legislation in schedule 9 depends on it. It is wider than the definition that applies in the Financial Services and Markets Act, because the Act allows some types of scheme where policyholder protection issues are not as relevant as in most schemes carried out without court approval. However, tax law allows those excluded schemes to get the benefit of the tax-neutral treatment given by schedule 9.

The UK has to transpose the European reinsurance directive into UK law before the end of the year. That work is being done by the Treasury, and has been developed in close conjunction with Her Majesty's Revenue and Customs. A consultation document will be issued by the Treasury shortly and will contain draft regulations amending FSMA to take the directive into account. In recent weeks, as the regulations were being prepared at the Treasury, it became apparent that changes would be needed to tax legislation as a result, because the latest draft of the regulations will create a new class of excluded schemes for reinsurance transactions. Under the current tax law definition, such a new class of excluded schemes would not get the benefit of the tax-neutral treatment. That is not sensible, so we are introducing this power to enable the tax law to be changed in line with changes to FSMA. The method we have adopted gives us the ability to make the changes quickly, and in particular to have them in place when the regulations come into force towards the end of the year.

Mr. Nicholas Soames (Mid-Sussex) (Con): It is clear from the pace at which the hon. Gentleman is dealing with these matters that he is not only uncomfortable but unsure about what he is saying. Given that tomorrow, the architect of the destruction of the British pensions industry becomes Prime Minister, does the hon. Gentleman not think that he, as the agent of the Prime Minister-to-be, should take these provisions away, reconsider them and bring them back to the House?

Ed Balls: I thank the hon. Gentleman for that intervention. I did not know that he was an expert on the European Community reinsurance directive. If he is, and he has views on the regulations that we will produce for consultation in the coming weeks, I look forward to his submission. If he would like to meet to discuss the details, I would be happy to do so. We could meet in the House or in the Treasury. If he would like to cross the Floor of the House, we could meet as colleagues.

Mr. Soames: The hon. Gentleman clearly does not know a lot, as Opposition Members are aware. We did think that it was all Brown, but now we know that it is all Balls.

Ed Balls: I think that I might move on and get back to the substance rather than "jokes"—I think that that is the word. I enjoyed that one very much.

In response to representations received from the life insurance industry, amendment No. 20 restores a provision that was unintentionally deleted by the Finance Bill, which we therefore correct. Amendment No. 21 adjusts the regulatory powers in schedule 9 to provide the flexibility needed to deal with future representations from the insurance industry. At present, the regulatory power provided in paragraph 60 of schedule 9 applies only to transfer schemes taking place from the day to be appointed under paragraph 17, which is likely to be in spring next year.

Not all the provisions in schedule 9 start from that appointed day. One such is proposed new section 444ABD, which starts from the Budget day. Discussions with the life insurance industry on the detail of the transfers of business legislation are continuing, and proposed new section 444ABD and other earlier starting provisions might need amending as a result. I do not know whether the hon. Member for Mid-Sussex (Mr. Soames) has views on that too; if he has, I would be happy to hear them. To give the flexibility to bring in agreed changes from the earliest possible date, Government amendment No. 21 amends the regulatory power. The regulations will be consulted on extensively and will be debated in this House, as they are subject to the affirmative procedure.

Some concern has been expressed by the industry that bringing forward the date from which regulations can have effect should not be used to impose changes to tax retrospectively. It is not our intention to do that, and in any case a statement of compatibility with the Human Rights Act will have to be made in relation to the regulations.

Amendments Nos. 22 to 29 amend the part of schedule 10 about structural assets. We had a substantial debate on the issue in Committee, which focused mainly on the complex issues of capital gains and the interaction with the tax law on life assurance companies as it affects structural assets. During that debate, the hon. Member for Fareham asked me some detailed questions, and I sent him an even more detailed written reply, which I hope cleared up his questions. Since that debate, we have consulted in further detail with the insurance industry on the issues that he and others raised, and have reached agreement about what is to be done. The amendments, particularly amendment No. 26, are the result.

The other amendments to schedule 10 correct minor errors or make technical adjustments to improve definitions and to improve that section of the Bill overall. All the amendments improve the working of schedules 9 and 10, and the insurance industry is fully satisfied with them. On that basis, I commend them to the House.

Mr. Hoban: I am grateful to the Minister for spending some time discussing the amendments, although on several occasions he has referred to the debate in Committee on schedule 10 and structural assets. I asked lots of questions in that debate, and did not get many answers. I am therefore grateful for the letter that he sent to me explaining the Government's views on structural assets, and the issues that the life

[Mr. Hoban]

assurance industry raised about the way in which assets held in funds were treated when sold, and what the appropriate capital gains tax treatment would be. It is important to acknowledge that the Treasury and the industry, by working together, have reached a satisfactory solution, and have made progress towards simplifying the tax regime for life assurance companies.

In the Economic Secretary's letter to my hon. Friend the Member for Chipping Barnet (Mrs. Villiers) on 21 June, he referred to regulations needing to be made for more complex areas. I would be grateful if he could outline when those will be introduced and what discussion there will be with the industry to ensure that consensus is reached on the right way of treating those more complex issues. Will they be decided on a case-by-case basis, or will general rules be introduced to cover all those complicated matters?

Ed Balls: We will continue to consult the industry and will introduce the regulations at the earliest opportunity for consultation. We will ensure that we set out in writing the position case by case so that all the details are available. We will produce them when the consultation is completed. It is important to get the detail right. That is what we have done. We will consult fully to ensure that they are operational as soon as possible, but that will happen only once the consultation has been completed in a satisfactory manner.

Mr. Soames: I rise only to ask the hon. Gentleman if he will note with care the very powerful strictures to the Chancellor of the Exchequer—the future Prime Minister—from the hon. Member for Grantham and Stamford (Mr. Davies), who was most critical of the pensions policy—

Mr. Speaker: Order. I have a great deal of affection for the hon. Gentleman, but he is going too far. We are discussing a set of amendments that are very tightly drafted. I know that he will have every respect for the Chair and will not proceed in that manner. I ask him not to do so, and I notice that he has been very kind in agreeing to my suggestion.

Amendment agreed to.

Amendments made: No. 20, page 159, line 34, leave out 'omit "or as a business transfer-out"' and insert

'for "as a business transfer out" substitute "by being netted off against incomings in lines 11 to 15 of a revenue account"'.

No. 21, page 161, line 32, leave out from 'made,' to end of line 35.—*[Ed Balls.]*

Schedule 10

Insurance companies: miscellaneous

Amendments made: No. 22, page 162, leave out lines 39 to 41.

No. 23, page 163, line 29, at end insert—

'(7A) In subsection (6) above "the relevant time" means—

(a) in a case where assets become structural assets held in any of the company's non-profit funds by virtue of the commencement of this section, the end of the last period of account of the company beginning before 1st January 2007, and

(b) otherwise, the time when the assets become structural assets held in any of the company's non-profit funds.'.

No. 24, page 163, line 38, leave out 'subsection (6) above' and insert 'this section'.

No. 25, page 163, leave out lines 43 to 48.

No. 26, page 164, leave out lines 1 to 5 and insert—

'(11) Regulations made by the Treasury may make provision for computing for the purposes of the Taxation of Chargeable Gains Act 1992 any gain or loss arising on a disposal by an insurance company of a structural asset held in a non-profit fund in any case where the condition in subsection (11A) is met.

(11A) The condition in this subsection is met if, in any period of account of the company in which the asset was held by it—

(a) income arising from the asset was (or, had there been any, would have been) referable to any category of long-term business the profits of which fell for that period of account to be computed in accordance with the provisions applicable to Case I of Schedule D, or

(b) the company was charged to tax on the profits of its life assurance business under Case I of Schedule D.'.

No. 27, page 164, line 18, at end insert—

'( ) Regulations under subsection (3) or (11) above may be made so as to have effect in relation to periods of account current when they are made (as well as periods of account beginning later).".'.

No. 28, page 170, line 1, leave out 'sub-paragraph' and insert 'sub-paragraphs (4A) and'.

No. 29, page 170, line 21, leave out '84(2) to (6)' and insert '84(2), (3), (5) and (6)'.—*[Ed Balls.]*

Schedule 19

Alternatively secured pensions and transfer lump sum death benefit etc

Mr. Hoban: I beg to move amendment No. 44, page 226, line 8, leave out from 'least' to end of line 9 and insert

'equivalent to minimum retirement income (see sub-section 8 below)'.

Mr. Speaker: With this it will be convenient to discuss the following amendments: No. 47, page 226, line 9, at end insert—

'(1A) The total amount of a spouse's, or civil partner's alternatively secured pension paid to a spouse or civil partner of a member of a registered pension scheme in each alternatively secured pension year in respect of a money purchase arrangement under the pension scheme must be at least equivalent to the Minimum Retirement Income for the alternatively secured pension year (but subject to sub-section 5 below).'.

No. 45, page 226, line 10, after 'dependants", insert '(other than spouses' or civil partners')'.

No. 46, page 226, line 11, after 'dependant', insert '(other than the spouse or civil partner of a member)'.

No. 49, page 226, line 31, after '(1)', insert '(1A)'.

No. 48, page 227, line 7, at end insert—

'(8) In relation to minimum retirement income as mentioned in subsection (1) above, the following provisions shall apply—

(a) the amount of the minimum retirement income in respect of each tax year shall be set by the Treasury by order at the level of the standard minimum guarantee prescribed under section 2 of the State Pension Credit Act 2002 (c.16);

(b) before making an order under this subsection, the Treasury shall consult such persons as it considers appropriate;

(c) an order under this subsection (other than the order that applies to the first tax year during which this section is in force) must be made on or before the 31st January of the tax year before the tax year to which the order applies.'.

Government amendment No. 33

Mr. Hoban: The amendments would amend schedule 19, which introduces a minimum draw-down from alternatively secured pensions. Those pensions have been a feature of Finance Bill debates in three of the past four years. It may help hon. Members if they understand some of the background.

In response to concerns expressed by the Christian Brethren, the Government legislated in 2004 for alternatively secured pensions, which in effect ended compulsory annuitisation at age 75. In 2006, they introduced new rules to determine the tax on the annuitised pot of ASP members on death. However, the Economic Secretary decided that even the new complex rules on inheritance tax and ASPs were not enough to discourage people from buying them and therefore introduced even more draconian rules, increasing the tax rate on death to a maximum of 82 per cent. and introducing a new minimum draw-down from the funds, which is the focus of the amendments.

The amendments are relatively modest compared with those tabled in previous years. The Pensions Bill was amended in the other place to reflect proposals made by my right hon. and learned Friend the Member for Kensington and Chelsea (Sir Malcolm Rifkind) in his private Member's Bill to set up a retirement income fund as an alternative to compulsory annuitisation. We will have a longer and fuller debate on the issues when the Pensions Bill returns from the Lords shortly, but my amendments are narrowly drafted to reflect one particular aspect: the draw-down.

10.30 pm

Schedule 19 as drafted stipulates that an ASP member must withdraw a minimum of 55 per cent. of the basis amount for the ASP year. That amount is determined on an annual basis by the Government Actuary based on the life expectancy of a 75-year-old. My approach is to substitute 55 per cent. with the minimum amount of income required to ensure that someone does not need to rely on state benefits—a concept that underpins the Bill of my right hon. and learned Friend and the amendments passed in the Lords.

I accept that setting any minimum level of draw-down is difficult, but by setting the minimum threshold in that way, it would give members of ASPs more freedom over the use of their retirement assets. My concern about the Government's approach is that it compels members to draw down income that could be surplus to their immediate needs if they have income from other sources. Based on the way in which the schedule is drafted, if members do not draw down 55 per cent. of the basis amount, they will be penalised. My measure could be criticised for being as crude as the Government's approach, in that it does not take into account other sources of income, but it would give members of the ASP scheme more flexibility. That would increase the flexibility and attractiveness of ASPs and would make the product much more suited to the needs of pensioners.

As the debate in the Lords demonstrated, there is a growing consensus on creating more flexibility in pension arrangements. In the debate on that point in the other place, Lord Turner of Ecchinswell, who is the architect of the pensions reforms going through Parliament at the moment, said that

"there are two arguments, but two arguments only, for compulsory annuitisation. One is that people should not fall back on the means-tested benefits of the state; the other…is that tax relief is given to pension contributions as they go into the scheme, and it is therefore reasonable that as money comes out of the scheme, those are taxed moneys out."

He also argued that

"if we took those two principles, we might well end up with a rule establishing a minimum level of annuity that people had to buy, plus an appropriate set of rules as to the tax treatment…I have found it difficult over the years to understand what the arguments against that approach are."

Lord Turner hits the nail on the head. Increasingly, it is the Government who are out of step with the views of pensioners and the industry, and it is the Government who need to understand more about the pressures that are arising in the pensions debate.

My amendments do not tackle the exit charge on death, which is also addressed in Lord Turner's comments, but they do tackle the amount to be drawn down from the fund. Increasingly, people will look for alternatives to annuitisation as the growth in defined contributions schemes increases, and my amendments would make an ASP more attractive to those approaching retirement. It is worth reflecting on the pressures in the system. The Office for National Statistics shows that between 1997 and 2005 employee membership of defined benefit pension schemes, such as the scheme that hon. Members benefit from, fell from 46 per cent. to 35 per cent., while membership of defined contribution schemes increased from 10 per cent. to 15 per cent. Those are the people who will end up on retirement with a pot of money to be invested in annuity or some alternative way to provide a retirement income—perhaps something that is more flexible than the arrangements on offer at the moment.

The switch from defined benefit to defined contribution schemes has been especially evident for smaller employers. That is an indicator of the potential increase in demand for annuities, but as Lord Turner indicated in the same debate:

"The bigger the imbalance is between demand for and supply of that capacity, the lower the annuity rates will be.

There is an interest for everyone who buys an annuity in ensuring that those who do not need to buy one do not push their demand into the market and therefore decrease yields."—[*Official Report, House of Lords*, 6 June 2007; Vol. 692, c. 1142-1148.]

If, through amendments such as these we can make alternatives to annuities more attractive, that will benefit those who wish to buy annuities instead of making their own arrangements in retirement. That reflects the growing consensus in the House of Lords debate. Lord Turner supported that principle, as did Baroness Hollis, a former Minister at the Department for Work and Pensions. Lord Howarth of Newport, having seen the damage that the Chancellor had caused to pension funds, also supported the proposals.

There is a progressive consensus on this issue, but the Government are out of step with it—

Mr. George Osborne (Tatton) (Con): Indeed! Once he gets his peerage, the Economic Secretary will agree with us.

Mr. Hoban: Compulsion to take out annuities is increasingly regarded as a barrier to saving for retirement, so we need a wider range of options. The amendments would give greater flexibility as to the minimum income to be drawn down from an ASP, thus creating a more attractive alternative to an annuity. There is cross-party support in the Lords for the principle, and it is time for the Government to decide whether they want to be part of the consensus, or to continue in their dogged determination to oppose giving people choice over how they manage their retirement funds.

Ed Balls: I listened carefully to the hon. Member for Fareham (Mr. Hoban), and will try to deal with the points that he made. Ministers faced some distraction from those on the Opposition Front Bench, but we managed to focus on the issue at hand.

We are very keen to see a progressive consensus being formed in this House, and I encourage pretty much all hon. Members—not all, but almost all—to consider joining us in that cause in due course.

Mr. Soames: Stamford and Spalding already has!

Ed Balls: Before I turn to alternatively secured pensions, I shall speak briefly about Government amendment No. 33, which makes a minor change to the pension commencement lump sum rules included in schedule 20. One of the technical improvements in schedule 20 will allow more time for the tax-free pension commencement lump sum to be paid, and to allow it to be paid after a member has reached age 75, if the entitlement to that lump sum arose before that age. However, the published Bill omitted a consequential amendment to a regulation-making power in the Finance Act 2004, with unintended and potentially adverse results. Government amendment No. 33 will be welcomed by the industry, because it allows the regulations to continue to operate as originally intended. I am sure that the proposal will be uncontroversial for most hon. Members.

I turn now to ASPs, the subject of amendments Nos. 44 to 49 and one I spoke about at length in our debate on pension term assurance during the Committee of the whole House. Unfortunately, I was not able to attend the Committee stage, as I had to attend the ECOFIN meeting in Brussels—

Mr. Osborne: Why? Where was the Chancellor?

Ed Balls: I think that he was quite busy at the time, but I cannot remember exactly why. I think that he is quite looking forward to his new job—

Madam Deputy Speaker (Sylvia Heal): Order. The Economic Secretary should respond to the debate.

Ed Balls: Thank you, Madam Deputy Speaker.

As my right hon. Friend the Chief Secretary to the Treasury made clear in the debate in the whole House, it is important to set out the principle behind the generous tax relief that we provide for pension savings. First, we believe that generous tax relief is provided to support pension saving, where that produces an income in retirement. Pension tax relief is not there to support pre-retirement income, nor to support accumulation or inheritance.

Secondly, we believe that pensions should get more favourable tax treatment compared to other forms of savings, in recognition of the fact that they are less flexible than other savings and are locked away until retirement. Thirdly, we believe that incentives for employer contributions should be provided and, finally, we consider the pensions tax incentives must be affordable and fall within the current fiscal projections. Given that we are talking at the moment, in 2006-07, about a total of £16 billion of tax incentives to encourage people to save for retirement, as a sensible and proper Government we need to make sure that we use that £16 billion wisely. That is why it is right to take these issues seriously.

Stewart Hosie: How much of that £16 billion goes towards tax incentives for those saving on alternatively secured pensions? I just want to get an idea of the scale of the issue.

Ed Balls: I cannot give the hon. Gentleman a detailed answer. I would say that, in Finance Bill terms, it would count as "neg"—negligible. Without wanting to return to the earlier debates about the philosophical difference between zero and close to zero, my guess is that it would be pretty close to zero.

The Government believe that the best way for the majority of people to save is to secure an income in retirement by saving through a pension and then purchasing an annuity. An annuity provides an income for life, regardless of how long life turns out to be. As one of our steps towards a progressive consensus, I should point out that the Pensions Commission endorsed that basic principle in its report when it said:

"since the whole objective of either compelling or encouraging people to save, and of providing tax relief as an incentive is to ensure people make adequate provision, it is reasonable to require that pensions savings is turned into regular pension income at some time".

On that point, as on many other points, I can agree with the conclusions of the Pensions Commission.

Mr. Hoban: Given the consensus that the Economic Secretary mentioned and the way he warmly commended the conclusions of the Pensions Commission, does he also agree with the views of Lord Turner expressed in the debate on pensions in the House of Lords two weeks ago?

Ed Balls: As I said, we are looking to forge a progressive consensus and I look forward to doing so. It should be possible to have a consensus that is progressive if we can involve most Members of the House—although perhaps not all. I quoted the Pensions Commission in that context as an example of one area where we can reach a consensus. On the particular opinions that Lord Turner set out in the House of Lords, I disagree with him and will set out why during the course of my speech.

Mr. Soames *rose—*

Ed Balls: I am sorry to disturb the hon. Gentleman. I see that he has sprung back into life. I am happy to take his intervention.

Mr. Soames: The hon. Gentleman does not have to apologise at all. He is boring us all sideways as it is. Just for the convenience of the House of Commons, would he have the good manners to define for all of us who sit on this side of the House what exactly a progressive consensus is?

Madam Deputy Speaker: Order. I do not see that in any of the amendments. Perhaps the Minister will continue.

Ed Balls: I will therefore hesitate to attempt to give the hon. Gentleman a definition either of progressive consensus or of good manners.

Mr. Dunne: Will the Economic Secretary kindly enlighten us on another matter? When talking about the way in which the Government are approaching the issue, he referred to principles. What is his view of principle 6 from the Financial Services Authority, which is entitled "Treating customers fairly"? What about pensioners who die the day before they reach their 75th birthday? Their pension estate is effectively untaxed. Then there are those who, unfortunately for them, die shortly afterwards. The tax rate that applies varies between 0 and 82 per cent. How is that fair?

Ed Balls: If I can make some progress, I will explain why the approach we are taking to ASPs is right and why it would be quite wrong to go down the route of the amendments. I would point out to the hon. Gentleman that the vast majority of pensioners have bought an annuity well before the age of 75 and would never be able to consider the option of an ASP in any case. It is only those with the largest pension pots who would be able to consider doing so. *[Interruption.]* From a sedentary position, the hon. Member for Tatton (Mr. Osborne) asked why we introduced ASPs. He knows very well that in the Committee on the Finance Bill in 2004, the then Financial Secretary said:

"We have made this concession because people hold significant, principled, religious objections to the pooling of mortality risk."—[*Official Report, Standing Committee A*, 8 June 2004; c. 485.]

We thus introduced a way of allowing people with principled religious objections to save in a pension after the age of 75.

10.45 pm

As we have discussed many times in Committee, it is impossible in tax law to distinguish between people with different religious convictions. More importantly, in the year or so after we introduced ASPs, it became increasingly clear that people were using ASP vehicles as a way of substantially avoiding tax. We thus acted in last year's Budget to tighten the laws on inheritance tax to prevent people from using ASPs as a vehicle for passing on tax advantage for inheritance. Even after those changes, such practices continued, so we acted in the pre-Budget report to protect properly the principle that pensioners' tax relief was provided to produce income in retirement, rather than to give a tax advantage to inheritance. That is what we are doing through the ASP changes in the Bill.

Our application of the principles has been consistent. Furthermore, we have consistently demonstrated that when people are trying to get round the principles by giving a tax advantage to inheritance, we are willing to act decisively, as we did in the pre-Budget report. We have made it clear that an annuity is the best way for the vast majority of individuals to secure an income in retirement. An ASP allows those with religious objections to the pooled mortality risk in annuities to have a guaranteed lifetime income without an annuity and without a tax advantage to inheritance. While the ASP is not a mainstream product—it is blind to religion—the Bill allows a small minority, if they are well advised, to continue to use ASPs to draw an income in retirement without buying an annuity, but only in a way that is consistent with our principle that pension tax relief should not be used to give a tax favour to inheritance.

The Conservative amendments would replace the proposed minimum income for ASPs of 55 per cent. with an amount that would substantially jeopardise our objectives for ASPs. As I said, the purpose of tax relief is to encourage and support pension saving to produce an income in retirement. The danger of the official Opposition's proposals arises from the specific income from pension savings that they specify must be delivered. Under those proposals, a person with an ASP fund worth £1 million would receive an income that was 10 times lower than that allowed under the Bill. Someone with a large pension pot would have to take a small income and would thus have a large tax advantage pot to pass on to their successors. On the other hand, a person with a much smaller pension fund—£50,000, for example—would draw an income that could well lead the fund to run out much earlier than would be sensible. The proposals would put the most vulnerable in a dangerous and disadvantaged position, while they would give the richest a substantial tax advantage to inheritance.

Let me cite a tax adviser who responded to our announcement in the pre-Budget report. Mr. Tom McPhail, the head of research at financial advisers Hargreaves Lansdown, told the *Financial Times* on 22 March that the changes in the Bill mean that the

"door has effectively been closed on using pensions for inheritance tax planning purposes".

The problem with the Opposition amendments is that they would reopen that door and allow some of the £16 billion of tax relief to be used to the advantage of inheritance tax planning. There might be some Conservative Members who would think that that would be a step forward, but I think it would represent a substantial step away from the progressive consensus that Labour Members wish to reach. I hope that the hon. Member for Fareham will not attempt to advantage inheritance tax planning, so I urge him to withdraw the amendment, rather than trying to waste taxpayers' money through breaking our principles and encouraging inheritance tax planning.

Mr. Soames: On a point of order, Madam Deputy Speaker. You refused to allow the Economic Secretary to define a progressive consensus, but the flim-flam

[Mr. Nicholas Soames]

argument that he has recently constructed to oppose the amendment is wholly based on a progressive consensus, and no one on this side of the House has the remotest idea what he is talking about.

Madam Deputy Speaker: That is not a point of order for me. However, following this debate there will be a debate on Third Reading, and perhaps the hon. Gentleman will wish to catch my eye.

Mr. Hoban: The reality is that in the Finance Act 2004 the Government let the genii out of the bottle. They introduced changes that led people to think that ASPs were an appropriate form of tax planning and of securing an income in their retirement. The Government legislated for that. Only last year, in the Finance Act 2006, the Government introduced changes to tighten up the rules, and this year they have come back and tried to restrict ASPs to make them less flexible and less attractive to people as a means of providing flexibility in retirement.

The problem with the Government's approach is that they are out of step with the desire of most people in this country to have greater control over their pension funds. They are out of step with the people of this country who want choice—*[Interruption.]*

Madam Deputy Speaker: Order. The House must come to order.

Mr. Hoban: The Government are out of step with people who want to have choice in their lives, who do not want to be patronised or directed by the Government as to how they use their pension funds in retirement. On that basis, I urge my colleagues to vote in favour of amendment No. 44.

Question put, That the amendment be made:—

The House divided: Ayes 149, Noes 324.

Division No. 155] **[10.52**

AYES

Afriyie, Adam
Amess, Mr. David
Arbuthnot, rh Mr. James
Atkinson, Mr. Peter
Bacon, Mr. Richard
Baldry, Tony
Barker, Gregory
Baron, Mr. John
Bellingham, Mr. Henry
Benyon, Mr. Richard
Bercow, John
Beresford, Sir Paul
Blunt, Mr. Crispin
Bone, Mr. Peter
Brazier, Mr. Julian
Brokenshire, James
Browning, Angela
Burns, Mr. Simon
Burrowes, Mr. David
Burt, Alistair
Butterfill, Sir John
Campbell, Mr. Gregory
Carswell, Mr. Douglas
Cash, Mr. William
Clark, Greg
Clifton-Brown, Mr. Geoffrey
Conway, Derek
Cox, Mr. Geoffrey
Crabb, Mr. Stephen
Davies, David T.C. *(Monmouth)*
Davies, Philip
Dorrell, rh Mr. Stephen
Dorries, Mrs. Nadine
Duddridge, James
Duncan Smith, rh Mr. Iain
Dunne, Mr. Philip
Ellwood, Mr. Tobias
Fabricant, Michael
Fallon, Mr. Michael
Field, Mr. Mark
Fox, Dr. Liam
Francois, Mr. Mark
Fraser, Mr. Christopher
Garnier, Mr. Edward
Gauke, Mr. David
Gillan, Mrs. Cheryl
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gove, Michael
Grayling, Chris
Greening, Justine
Grieve, Mr. Dominic
Gummer, rh Mr. John
Hammond, Mr. Philip
Hammond, Stephen
Hands, Mr. Greg
Harper, Mr. Mark
Hayes, Mr. John
Heald, Mr. Oliver
Heathcoat-Amory, rh Mr. David
Hendry, Charles
Hoban, Mr. Mark
Hogg, rh Mr. Douglas
Hollobone, Mr. Philip
Holloway, Mr. Adam
Horam, Mr. John
Howarth, Mr. Gerald
Hurd, Mr. Nick
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Jenkin, Mr. Bernard
Jones, Mr. David
Kawczynski, Daniel
Key, Robert
Kirkbride, Miss Julie
Knight, rh Mr. Greg
Lansley, Mr. Andrew
Leigh, Mr. Edward
Letwin, rh Mr. Oliver
Lewis, Dr. Julian
Liddell-Grainger, Mr. Ian
Lidington, Mr. David
Lilley, rh Mr. Peter
Loughton, Tim
Mackay, rh Mr. Andrew
Maclean, rh David
Main, Anne
Maples, Mr. John
Maude, rh Mr. Francis
May, rh Mrs. Theresa
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Miller, Mrs. Maria
Milton, Anne
Moss, Mr. Malcolm
Mundell, David
Murrison, Dr. Andrew
Neill, Robert
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Osborne, Mr. George
Ottaway, Richard
Paice, Mr. James
Paterson, Mr. Owen
Pelling, Mr. Andrew
Penrose, John
Pickles, Mr. Eric
Prisk, Mr. Mark
Pritchard, Mark
Randall, Mr. John
Redwood, rh Mr. John
Rifkind, rh Sir Malcolm
Robathan, Mr. Andrew
Robertson, Hugh
Robertson, Mr. Laurence
Rosindell, Andrew
Ruffley, Mr. David
Scott, Mr. Lee
Selous, Andrew
Shepherd, Mr. Richard
Simmonds, Mark
Simpson, David
Soames, Mr. Nicholas
Spicer, Sir Michael
Spink, Bob
Spring, Mr. Richard
Stanley, rh Sir John
Syms, Mr. Robert
Taylor, Dr. Richard
Tredinnick, David
Tyrie, Mr. Andrew
Vara, Mr. Shailesh
Viggers, Peter
Villiers, Mrs. Theresa
Walker, Mr. Charles
Wallace, Mr. Ben
Waterson, Mr. Nigel
Watkinson, Angela
Whittingdale, Mr. John
Widdecombe, rh Miss Ann
Wiggin, Bill
Willetts, Mr. David
Wilson, Mr. Rob
Wilson, Sammy
Winterton, Ann
Winterton, Sir Nicholas
Wright, Jeremy
Yeo, Mr. Tim
Young, rh Sir George

Tellers for the Ayes:
Mr. Mark Lancaster and Mr. David Evennett

NOES

Abbott, Ms Diane
Ainger, Nick
Ainsworth, rh Mr. Bob
Alexander, Danny
Anderson, Mr. David
Anderson, Janet
Atkins, Charlotte
Austin, Mr. Ian
Bailey, Mr. Adrian
Baird, Vera
Balls, Ed
Banks, Gordon
Barlow, Ms Celia
Barrett, John
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Begg, Miss Anne
Beith, rh Mr. Alan
Bell, Sir Stuart
Benn, rh Hilary
Benton, Mr. Joe
Betts, Mr. Clive
Blackman-Woods, Dr. Roberta
Blizzard, Mr. Bob
Blunkett, rh Mr. David
Borrow, Mr. David S.
Bradshaw, Mr. Ben
Breed, Mr. Colin
Brennan, Kevin

Brooke, Annette
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bruce, rh Malcolm
Bryant, Chris
Burden, Richard
Burgon, Colin
Burnham, Andy
Burstow, Mr. Paul
Butler, Ms Dawn
Byrne, Mr. Liam
Cable, Dr. Vincent
Caborn, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Campbell, rh Sir Menzies
Carmichael, Mr. Alistair
Caton, Mr. Martin
Challen, Colin
Chapman, Ben
Chaytor, Mr. David
Clapham, Mr. Michael
Clark, Ms Katy
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clegg, Mr. Nick
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cook, Frank
Cooper, Rosie
Corbyn, Jeremy
Cousins, Jim
Crausby, Mr. David
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Darling, rh Mr. Alistair
Davey, Mr. Edward
Davidson, Mr. Ian
Davies, Mr. Dai
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobbin, Jim
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Durkan, Mark
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Ennis, Jeff
Farrelly, Paul
Farron, Tim
Featherstone, Lynne
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, Caroline
Follett, Barbara
Foster, Mr. Don
Foster, Mr. Michael *(Worcester)*
Francis, Dr. Hywel
Gapes, Mike
Gardiner, Barry
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gilroy, Linda
Godsiff, Mr. Roger
Goggins, Paul
Goldsworthy, Julia
Goodman, Helen
Griffiths, Nigel
Gwynne, Andrew
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hanson, rh Mr. David
Harris, Mr. Tom
Havard, Mr. Dai
Healey, John
Heath, Mr. David
Hemming, John
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hermon, Lady
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hillier, Meg
Holmes, Paul
Hood, Mr. Jim
Hope, Phil
Hopkins, Kelvin
Horwood, Martin
Hosie, Stewart
Howarth, rh Mr. George
Howells, Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Hughes, Simon
Huhne, Chris
Humble, Mrs. Joan
Irranca-Davies, Huw
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Lynne
Jones, Mr. Martyn
Jowell, rh Tessa
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Keen, Ann
Keetch, Mr. Paul
Kemp, Mr. Fraser
Khan, Mr. Sadiq
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, Jim
Kramer, Susan
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lamb, Norman
Lammy, Mr. David
Laws, Mr. David
Lazarowicz, Mark
Leech, Mr. John
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Llwyd, Mr. Elfyn
Love, Mr. Andrew
Lucas, Ian
Mackinlay, Andrew
Mactaggart, Fiona
Malik, Mr. Shahid
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Marshall-Andrews, Mr. Robert
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCabe, Steve
McCarthy, Kerry
McCarthy-Fry, Sarah
McDonnell, John
McFadden, Mr. Pat
McFall, rh John
McGovern, Mr. Jim
McGrady, Mr. Eddie
McGuire, Mrs. Anne
McKechin, Ann
McKenna, Rosemary
McNulty, Mr. Tony
Meacher, rh Mr. Michael
Merron, Gillian
Michael, rh Alun
Milburn, rh Mr. Alan
Miliband, rh David
Miliband, Edward
Miller, Andrew
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Moran, Margaret
Morden, Jessica
Morgan, Julie
Morley, rh Mr. Elliot
Mountford, Kali
Mudie, Mr. George
Mulholland, Greg
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
Olner, Mr. Bill
Öpik, Lembit
Osborne, Sandra
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Price, Adam
Primarolo, rh Dawn
Prosser, Gwyn
Pugh, Dr. John
Purchase, Mr. Ken
Purnell, James
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, Mr. Alan
Rennie, Willie
Robertson, John
Rogerson, Dan
Rooney, Mr. Terry
Rowen, Paul
Roy, Mr. Frank
Ruane, Chris
Ruddock, Joan
Russell, Bob
Russell, Christine
Salter, Martin
Sanders, Mr. Adrian
Seabeck, Alison
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, rh Jacqui
Smith, John
Smith, Sir Robert
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Stringer, Graham
Stunell, Andrew
Tami, Mark
Taylor, Ms Dari
Taylor, David
Taylor, Matthew
Teather, Sarah
Thomas, Mr. Gareth
Thurso, John
Timms, rh Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Turner, Dr. Desmond
Turner, Mr. Neil
Ussher, Kitty
Vaz, rh Keith
Walley, Joan
Waltho, Lynda
Ward, Claire
Wareing, Mr. Robert N.
Watson, Mr. Tom
Watts, Mr. Dave
Webb, Steve
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Mr. Alan
Williams, Hywel
Williams, Mark
Williams, Mr. Roger
Williams, Stephen
Willott, Jenny
Wills, Mr. Michael
Winnick, Mr. David
Winterton, rh Ms Rosie
Wishart, Pete

Wood, Mike
Woodward, Mr. Shaun
Woolas, Mr. Phil
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek
Younger-Ross, Richard

Tellers for the Noes:
Liz Blackman and
Mr. Ian Cawsey

Question accordingly negatived.

Schedule 20

PENSION SCHEMES ETC: MISCELLANEOUS

Amendment made: No. 33, page 235, line 46, at end insert—

'(2A) In paragraph 1(6) (power to provide that certain lump sums are to be treated as pension commencement lump sums), for "(1)(c) and (e)" substitute "(1)(a) and (c)".'.—*[Mr. Timms.]*

Schedule 27

REPEALS

Amendments made: No. 30, page 293, line 17, leave out 'the words ", or as a business transfer-out," and'.

No. 31, page 295, line 44, leave out '84(2) to (6)' and insert '84(2), (3), (5) and (6)'.

No. 32, page 296, line 14, leave out '17(5)' and insert '17(4A) and (5)'.—*[Mr. Timms.]*

Order for Third Reading read.

11.5 pm

Mr. Timms: I beg to move, That the Bill be now read the Third time.

It is a pleasure to begin by thanking all those who have contributed to the consideration of the Bill in the Committee of the whole House, in the Public Bill Committee and over the past couple of days on Report. We have missed my right hon. Friend the Paymaster General—I believe she has been missed on all sides. This would have been her 13th Finance Bill, and I know that the whole House would want to join in paying a tribute to her.

The major changes in the corporate and personal tax systems in this year's Budget have been possible because of the unprecedented stability and growth that the Government have delivered over the past decade—record levels of employment, low inflation, and the second highest GDP in the G7 per head, as opposed to the lowest when we came to office. This is the longest expansion among the entire Organisation for Economic Co-operation and Development and the longest on record for any G7 country, so it is no surprise that the International Monetary Fund praised the UK in February for our

"decade long record of strong and steady macroeconomic performance".

The Bill continues that progress. It enhances competitiveness, supports investment and innovation, increases fairness, including safeguarding the revenues to deliver world class public services, and addresses the growing challenge of climate change. Clause 2 reduces the main rate of corporation tax from 2008 to 28 per cent., a lower rate than any of our major competitors. Clause 3 phases in necessary increases to the small companies rate, with the proceeds recycled to businesses that invest.

To support investment, clause 36 extends the enhanced 50 per cent. rate of first year capital allowances for small businesses for another year, and next year a new annual investment allowance will provide 100 per cent. first year allowances for the first £50,000 worth of expenditure on most plant and machinery—a big cash flow benefit to companies that reinvest their profits, so offsetting the small companies rate increase for investing small companies.

Mr. Dunne: Will the Chief Secretary give way?

Mr. Timms: I will not give way.

The Budget targeted fairness as well. Changes— *[Interruption.]*

Madam Deputy Speaker: Order. The House must come to order.

Mr. Timms: Changes announced this year, which will be legislated for next year, include a big simplification of the income tax system, with just two rates at 20p and 40p, and measures to take 200,000 children out of poverty and to take nearly 600,000 pensioners out of income tax altogether. The Bill also includes measures to safeguard revenues, dealing with schemes such as those that we debated today, which are unfair on the vast majority of taxpayers who pay their fair share.

The Bill introduces reforms to determine penalties for errors not only on the basis of the amount of tax understated, but by the type of behaviour that caused the understatement and the extent of taxpayer disclosure.

The Bill includes measures to protect the environment. This has been a decade of unprecedented macroeconomic stability and uninterrupted growth, but the Stern report made it clear that such success will not be possible in the future unless we make reducing carbon emissions a priority.

Mr. Dunne: Will the Chief Secretary give way?

Mr. Timms: No, I will not give way.

The Bill rises to that challenge with targeted and economically efficient carbon saving measures—for example, to air passenger duty and vehicle excise duty. There are measures to reduce household carbon emissions as well, including incentives for energy efficiency in the current building stock and in new build. *[Interruption.]*

Clause 19 is particularly interesting. It will help to kick-start the market for zero-carbon homes like those planned for Galleons Park, a development going forward in my constituency.

Finally, on the environment, clause 16 implements—

Madam Deputy Speaker: Order. We cannot have conversations taking place across the Chamber.

Mr. Timms: Clause 16 implements the legislative framework that will enable greater use of auctioning to allocate allowances in phase 2 of the European Union

emissions trading scheme, helping to strengthen its long-term integrity and efficiency. The system of charges for tackling climate change across the UK, which this Finance Bill introduces, is now an important part of Government economic policy, with a significant fiscal impact on the UK as a whole.

Over the past 10 years, the UK has enjoyed more stability in GDP growth and inflation than in any decade since the war. Low inflation, low interest rates, high employment, high growth and rising prosperity are the remarkable achievements of this Chancellor over the past decade. For the future, we must continue to deliver the right policies for Britain, enhancing international competitiveness, encouraging investment and innovation, increasing fairness, safeguarding revenues for world-class public services and taking action on climate change at home to support our leading role abroad. That is what this Bill does, and I commend it to the House.

11.11 pm

Mrs. Villiers: The Opposition will vote against the Bill tonight, because it is flawed in a number of fundamental respects. In particular, we will vote against it because it implements a Budget that was a tax con and not a tax cut. It provides a significant landmark, in that we will overtake India and have the longest national tax code in the world. Thanks to this Chancellor's tendency to micro-manage, tax law has mushroomed, which has increased costs for business and severely damaged our competitiveness in the globalised world economy.

We remain opposed to the increase in tax rates for small businesses in clause 3. That increase comes on top of interest rate rises and falling living standards. It is an increase that many hard-pressed small businesses can ill afford. And many small enterprises will be hit with a double whammy, with the loss of industrial buildings and agricultural buildings allowances. That change was made without warning or consultation, and investment decisions taken as long as 24 years ago could be affected by that retroactive legislation.

The MSC legislation inflicts another blow on many small businesses. In an era when we need to get better and better at high-tech, high-value industries, why does the Chancellor insist on kicking the contractor community yet again, when their work is pivotal in the IT sector?

We welcome a number of the environmentally related provisions in the Bill, but we fail to see why Ministers cannot answer the basic question of how many zero carbon homes there are in this country. They have given us about four different answers, but still they cannot give us a conclusive one.

We welcome the clauses on microgeneration, but it is a matter of regret that once again the Government rejected the request that they account to Parliament on the critical issue of microgeneration after we re-tabled the amendments to last year's Finance Bill tabled by the hon. Member for Nottingham, South (Alan Simpson).

We have severe concerns about the drastic restrictions on sideways relief in schedule 4, which could have a hugely damaging impact on scientific research and the innovation that we need to fight climate change. Those restrictions will catch a huge number of innocent transactions. The Minister has said that he can solve the problems with guidance. For the reasons that we set out throughout the debate, one cannot draft excessively wide legislation and allow HMRC discretion to cut down its scope with guidance. *[Interruption.]* Frankly, that contravenes the spirit underlying the 1688 Bill of Rights and the fundamental constitutional principle that it is for Parliament to determine taxation and not the Executive. *[Interruption.]*

The Bill's provisions on pensions continue to demonstrate the Chancellor's mismanagement of the tax system—*[Interruption.]*

Madam Deputy Speaker: Order.

Mrs. Villiers: Significant restrictions are being introduced on ASPs a matter of months after their introduction on A-day. There is little doubt that such instability is one of the main reasons for the collapse in the savings ratio since the Chancellor entered No. 11 Downing street. Small wonder that confidence in saving has sunk to such lows when the Chancellor not only raids pensions funds for billions of pounds every year but pulls the rug from under the feet of savers when they invest in products that his own legislation has been responsible for creating. It is a further blow to savings that the Government have this evening once again resisted our efforts to scrap the annuity rule, which causes so much anger among people who have made the effort to act responsibly and save for their old age.

We have sought safeguards in relation to the significant powers of arrest and surveillance that the Bill extends to the combined HMRC organisation. Of course, we support the use of powerful tools in the fight against tax fraud, particularly organised crime and missing trader intra-Community fraud, but it is vital that such powers should not be used as leverage in ordinary day-to-day tax disputes. It would not be acceptable if someone was threatened with arrest if they made a mistake on their tax return. We are pleased that the Government have responded to concerns expressed about the concept of "HMRC thinks", which was almost universally condemned. It would be highly inappropriate to give HMRC the power to penalise taxpayers when it merely thinks that they have done something wrong.

We continue to support the Government's efforts to crack down on MTIC fraud. We welcome the fact that they have now got their derogation from the European Union, but regret that the heavy price they paid was to give up all resistance on the loss of £7.2 billion of our rebate. In negotiating the derogation, it seems that the Treasury finally gave up the last semblance of resistance and handed over £7.2 billion more of our money to the EU.

On the last full day of his term as Chancellor, this Finance Bill is typical of the 10 years that we have seen of him—not all bad, by any means, but defective in some very fundamental respects. The Bill creates further complexity and instability in our tax system, just as every one of his other Finance Bills has, to the detriment of our global competitiveness. It fails to provide effective measures to tackle climate change. It

[Mrs. Villiers]

penalises small companies with higher taxes and more tax complexity, just as the Chancellor has done so many times in the past. It undermines confidence in pensions. Just as we see the Chancellor's 10 years in office ending with figures showing poverty and inequality increasing in Britain, the Bill does nothing to help those on low incomes, and the Budget actually shifts the burden of tax on to the poor and away from those on middle incomes. Above all, we decline to give the Bill a Third Reading because it implements a Budget that was characterised by the spin and the cynically, nakedly political motivation that has typified the Chancellor's years at No. 11—and will no doubt continue to characterise his years at No. 10.

11.17 pm

Julia Goldsworthy: Another year, another Finance Bill. It has been a great shame not to see the Paymaster General here, although I have seen her in action in Westminster Hall and she seems to be very well. Perhaps she will be here next year, even though the current Chancellor will not.

One of the issues that came up in last year's Finance Bill was the clear lack of consultation on significant changes to the taxation system, particularly in relation to the inheritance tax treatment of trusts. This year, that has raised its head again in some important respects. The Treasury has been ignoring the impact that some of its decisions will have on some very vulnerable groups. For example, this afternoon we discussed steps to abolish the industrial and agricultural buildings allowances. Again, there seems to be no understanding of the impact that these changes will have in rural areas, particularly on tenant farmers. We merely heard a restatement of the fact that the package was cost-neutral overall.

There is not simply a lack of consultation but a lack of openness and clarity. One need only look at the Chancellor's Budget announcements on personal taxation to see that key vulnerable groups are again being ignored. He announced, to paraphrase, that the basic rate of income tax would be cut by 2p next year to make the system fairer and to reward work, but did not say that that cut would be paid for by abolishing the starting rate that he himself introduced, meaning that many low-paid workers would see their marginal rate of taxation double. At best, people would be no worse off if they claimed tax credits and other benefits, but those not entitled to those benefits, such as pensioners, the under-25s and couples without children, would lose out. That was not made clear. That was why the right hon. Member for Birkenhead (Mr. Field) said that we need to publish the impact of these decisions at the time when they are announced so that we have greater clarity and can hold the Government to account for their decisions. There are probably still people out there who do not know whether they will be better off as a result of the Chancellor's announcements. I still do not understand why Conservative Members showed timidity and failed to support a provision that would provide much greater clarity. It was a good principle, which, instead of being rejected, should have been applied to the impact of the business taxation package in the Bill.

Throughout our proceedings, there has been a lack of transparency. I wonder whether, in some cases, it was deliberate to hide unpalatable proposals. However, in others, it was probably inadvertent and a result of the complexity of the proposals. Again, the Bill would have benefited significantly from open consultation before going into Committee. That option is available to other programmed Bills, and I hope that Treasury Ministers will take that up with the Leader of the House.

I hope that the Treasury will pay serious attention to that proposal because it has the support of several bodies and representative groups, including the Low Incomes Tax Reform Group, the Institute of Directors, the British Chambers of Commerce, the Society of Trust and Estate Practitioners, the Association of Taxation Technicians and the Chartered Institute of Taxation. They all believe that there is an opportunity for genuine consultative sessions that would benefit the measure, resulting in more workable proposals. There is an opportunity to raise issues on which there has not been adequate consultation and explain more complex issues, especially given that we have a system whereby third-party relaying of information occurs. Such consultation is not intended to duplicate matters on which widespread pre-legislative scrutiny has already occurred.

I hope that Treasury Ministers will take the proposal on board and take it up with the Leader of the House. I hope that they will be constructive about the matter, because they have been so about other matters and we have held genuinely useful debates. *[Interruption.]* For example, we have received responses to our concerns about the word "think"—*[Interruption.]*

Madam Deputy Speaker: Order. The House is again becoming restive.

Julia Goldsworthy: There has been significant movement on the powers that HMRC officials can take up when they believe that there may have been abuse by the taxpayer. Treasury Ministers have accepted the spirit of the Conservative amendment on statutory references to Public Bill Committees. I am sure that that is a significant step forward. We have also held some constructive debates today on issues such as inheritance tax—Ministers are open minded about discussing the principles of that.

Sadly, there has been a refusal to give way on some important principles. I have already mentioned the amendment of the right hon. Member for Birkenhead, but another problem is the Government's failure to acknowledge the difficulty that high fuel costs in rural areas represent, let alone to discuss any action that might be taken to help create a level playing field. Again, Conservative Members are happy to recognise the problem but fail to make any proposals to tackle it.

Most important, the Bill shows no genuine willingness to strengthen green provisions. The Government broke cross-party consensus on microgeneration to try to provide stronger incentives and accountability on such issues. There is still no clear sense of what constitutes a zero carbon home or when we will experience a non-linear progression to the number of such homes that will be provided. Retrospective increases in air passenger duty will do

nothing except strengthen public cynicism about the Chancellor's motives. They are clearly an effort to increase taxation rather than change behaviour.

If the Treasury and the future Prime Minister, who currently leads the Department, wish to convince the public that they are serious about tackling climate change, dealing with poverty and improving the lot of those on low incomes, they must do much better than the Chancellor's 11th Budget and the Bill that we have considered.

Some changes were intended purely to grab headlines without due care and attention being paid to their impact on behaviour or the effect of personal tax changes on people on low incomes. The impact of the changes in business taxation on small businesses has also not been taken into account. If the Chancellor wishes us to believe that he is a man of substance, he must do more to convince us than we have seen in this year's Finance Bill. Indeed, he should probably apologise for some of the measures in this year's Budget. For those reasons, we shall not support Third Reading.

11.23 pm

Stewart Hosie: The Chief Secretary said that the Budget, the Bill and future legislation would lift people out of poverty. That may happen if the tax credit system works, the child tax credit take-up rate is more than 80 per cent., that of working tax credit is more than 60 per cent. and unclaimed entitlement is rather less than £5 billion. When I cited those figures in the debate yesterday, the Chief Secretary said:

"I do not know the basis of the figure quoted by the hon. Gentleman".—[*Official Report*, 25 June 2007; Vol. 462, c. 119.]

The take-up rates were published by HMRC in 2007 and the entitlement figures, claimed and unclaimed, were also published by HMRC in 2007. If he did not know then, he certainly knows now.

More importantly, the cumulative effect of the Finance Bill, the Budget from which it flows, and Finance Bills subsequent to this year's Budget will be a tax take on business, particularly small business, leading to a loss of competitiveness, particularly for small businesses in Scotland. If all the provisions on personal taxation are put in place, it will lead to a tax take, particularly from the poorest and most vulnerable in society, with at least 52 per cent. of the working population in Kirkcaldy and Cowdenbeath being worse off.

Mr. Jim Devine (Livingston) (Lab): Will the hon. Gentleman give way?

Stewart Hosie: I will not take any interventions. It is very late and, with the greatest respect, the hon. Gentleman has rarely been in the Chamber over the past two days, let alone the past six or seven weeks, while we have been debating these important matters. Indeed, there have been so few Scottish Labour Back Benchers here that I was not sure that they had not all gone on holiday for the duration of the debates.

The Finance Bill and the Budget will tax businesses more and make Scottish businesses, especially the small ones, less competitive. The conclusion of all the measures on personal taxation will make the poorest and most vulnerable worse off. For those two reasons, if for no others, we will oppose the Bill's Third Reading tonight.

Question put, That the Bill be now read the Third time:—

The House divided: Ayes 262, Noes 197.

Division No. 156] **[11.26 pm**

AYES

Abbott, Ms Diane
Ainger, Nick
Ainsworth, rh Mr. Bob
Anderson, Mr. David
Anderson, Janet
Atkins, Charlotte
Austin, Mr. Ian
Bailey, Mr. Adrian
Baird, Vera
Balls, Ed
Banks, Gordon
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Begg, Miss Anne
Bell, Sir Stuart
Benn, rh Hilary
Benton, Mr. Joe
Betts, Mr. Clive
Blackman-Woods, Dr. Roberta
Blizzard, Mr. Bob
Borrow, Mr. David S.
Bradshaw, Mr. Ben
Brennan, Kevin
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Burden, Richard
Burgon, Colin
Burnham, Andy
Butler, Ms Dawn
Byrne, Mr. Liam
Caborn, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Caton, Mr. Martin
Challen, Colin
Chapman, Ben
Chaytor, Mr. David
Clapham, Mr. Michael
Clark, Ms Katy
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cooper, Rosie
Corbyn, Jeremy
Cousins, Jim
Crausby, Mr. David
Cryer, Mrs. Ann
Cunningham, Mr. Jim
Cunningham, Tony
Darling, rh Mr. Alistair
Davidson, Mr. Ian
Davies, Mr. Dai
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobbin, Jim
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Durkan, Mark
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Ennis, Jeff
Farrelly, Paul
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, Caroline
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Francis, Dr. Hywel
Gapes, Mike
Gardiner, Barry
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gilroy, Linda
Godsiff, Mr. Roger
Goggins, Paul
Goodman, Helen
Griffiths, Nigel
Gwynne, Andrew
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hanson, rh Mr. David
Harris, Mr. Tom
Havard, Mr. Dai
Healey, John
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hermon, Lady
Hesford, Stephen
Heyes, David
Hill, rh Keith
Hillier, Meg
Hood, Mr. Jim
Hope, Phil
Hopkins, Kelvin
Howarth, rh Mr. George
Howells, Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Irranca-Davies, Huw
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.

Jones, Helen
Jones, Mr. Kevan
Jones, Lynne
Jones, Mr. Martyn
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Kemp, Mr. Fraser
Khan, Mr. Sadiq
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, Mr. David
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Love, Mr. Andrew
Lucas, Ian
Mackinlay, Andrew
Mactaggart, Fiona
Malik, Mr. Shahid
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Marshall-Andrews, Mr. Robert
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCabe, Steve
McCarthy, Kerry
McCarthy-Fry, Sarah
McDonnell, John
McFadden, Mr. Pat
McFall, rh John
McGrady, Mr. Eddie
McGuire, Mrs. Anne
McKechin, Ann
McK[illegible] Rosemary
M[illegible] Mr. Tony
M[illegible] rh Mr. Michael
Merron, Gillian
M[illegible] h Alun
Milburn, rh Mr. Alan
Miliband, rh David
Miliband, Edward
Miller, Andrew
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Moran, Margaret
Morden, Jessica
Morgan, Julie
Morley, rh Mr. Elliot
Mountford, Kali
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
Oiner, Mr. Bill
Osborne, Sandra
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, James
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Robertson, John
Rooney, Mr. Terry
Roy, Mr. Frank
Ruane, Chris
Ruddock, Joan
Russell, Christine
Seabeck, Alison
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, rh Jacqui
Smith, John
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Stringer, Graham
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Taylor, David
Thomas, Mr. Gareth
Timms, rh Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Turner, Dr. Desmond
Turner, Mr. Neil
Ussher, Kitty
Walley, Joan
Waltho, Lynda
Ward, Claire
Wareing, Mr. Robert N.
Watson, Mr. Tom
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Mr. Alan
Winnick, Mr. David
Winterton, rh Ms Rosie
Wood, Mike
Woodward, Mr. Shaun
Woolas, Mr. Phil
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Ayes:
Mr. Ian Cawsey and Liz Blackman

NOES

Afriyie, Adam
Alexander, Danny
Amess, Mr. David
Arbuthnot, rh Mr. James
Atkinson, Mr. Peter
Bacon, Mr. Richard
Baldry, Tony
Barker, Gregory
Baron, Mr. John
Barrett, John
Beith, rh Mr. Alan
Benyon, Mr. Richard
Bercow, John
Beresford, Sir Paul
Blunt, Mr. Crispin
Bone, Mr. Peter
Brazier, Mr. Julian
Breed, Mr. Colin
Brokenshire, James
Brooke, Annette
Browning, Angela
Bruce, rh Malcolm
Burns, Mr. Simon
Burrowes, Mr. David
Burstow, Mr. Paul
Burt, Alistair
Butterfill, Sir John
Cable, Dr. Vincent
Campbell, Mr. Gregory
Carmichael, Mr. Alistair
Carswell, Mr. Douglas
Cash, Mr. William
Clark, Greg
Clegg, Mr. Nick
Clifton-Brown, Mr. Geoffrey
Conway, Derek
Cox, Mr. Geoffrey
Crabb, Mr. Stephen
Davies, David T.C. *(Monmouth)*
Davies, Philip
Dorrell, rh Mr. Stephen
Dorries, Mrs. Nadine
Duddridge, James
Duncan, Alan
Duncan Smith, rh Mr. Iain
Dunne, Mr. Philip
Ellwood, Mr. Tobias
Fabricant, Michael
Fallon, Mr. Michael
Farron, Tim
Featherstone, Lynne
Field, Mr. Mark
Foster, Mr. Don
Fox, Dr. Liam
Francois, Mr. Mark
Fraser, Mr. Christopher
Garnier, Mr. Edward
Gauke, Mr. David
Gillan, Mrs. Cheryl
Goldsworthy, Julia
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gove, Michael
Grayling, Chris
Greening, Justine
Grieve, Mr. Dominic
Gummer, rh Mr. John
Hammond, Stephen
Hands, Mr. Greg
Harper, Mr. Mark
Hayes, Mr. John
Heald, Mr. Oliver
Heath, Mr. David
Heathcoat-Amory, rh Mr. David
Hemming, John
Hendry, Charles
Hoban, Mr. Mark
Hogg, rh Mr. Douglas
Hollobone, Mr. Philip
Holloway, Mr. Adam
Holmes, Paul
Horam, Mr. John
Horwood, Martin
Hosie, Stewart
Howarth, Mr. Gerald
Hughes, Simon
Huhne, Chris
Hurd, Mr. Nick
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Jenkin, Mr. Bernard
Jones, Mr. David
Kawczynski, Daniel
Keetch, Mr. Paul
Key, Robert
Kirkbride, Miss Julie
Knight, rh Mr. Greg
Kramer, Susan
Lamb, Norman
Lansley, Mr. Andrew
Laws, Mr. David
Leech, Mr. John
Leigh, Mr. Edward
Letwin, rh Mr. Oliver
Lewis, Dr. Julian
Liddell-Grainger, Mr. Ian
Lidington, Mr. David
Lilley, rh Mr. Peter
Loughton, Tim
Mackay, rh Mr. Andrew
Maclean, rh David
Main, Anne
Maples, Mr. John
Maude, rh Mr. Francis
May, rh Mrs. Theresa
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Miller, Mrs. Maria
Milton, Anne
Moore, Mr. Michael
Moss, Mr. Malcolm
Mulholland, Greg
Mundell, David
Murrison, Dr. Andrew
Neill, Robert
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Öpik, Lembit
Osborne, Mr. George
Ottaway, Richard
Paice, Mr. James
Paterson, Mr. Owen
Pelling, Mr. Andrew
Penrose, John
Pickles, Mr. Eric
Price, Adam
Prisk, Mr. Mark
Pritchard, Mark
Pugh, Dr. John

Randall, Mr. John
Redwood, rh Mr. John
Reid, Mr. Alan
Rennie, Willie
Rifkind, rh Sir Malcolm
Robathan, Mr. Andrew
Robertson, Angus
Robertson, Hugh
Robertson, Mr. Laurence
Rogerson, Dan
Rosindell, Andrew
Rowen, Paul
Ruffley, Mr. David
Russell, Bob
Sanders, Mr. Adrian
Scott, Mr. Lee
Selous, Andrew
Simmonds, Mark
Simpson, David
Smith, Sir Robert
Soames, Mr. Nicholas
Spicer, Sir Michael
Spink, Bob
Spring, Mr. Richard
Stanley, rh Sir John
Stunell, Andrew
Swayne, Mr. Desmond
Syms, Mr. Robert
Taylor, Matthew
Teather, Sarah
Thurso, John
Tredinnick, David
Tyrie, Mr. Andrew
Vara, Mr. Shailesh
Viggers, Peter
Villiers, Mrs. Theresa
Walker, Mr. Charles
Wallace, Mr. Ben
Waterson, Mr. Nigel
Watkinson, Angela
Webb, Steve
Whittingdale, Mr. John
Widdecombe, rh Miss Ann
Wiggin, Bill
Willetts, Mr. David
Williams, Mark
Williams, Mr. Roger
Williams, Stephen
Willott, Jenny
Wilson, Sammy
Winterton, Ann
Winterton, Sir Nicholas
Wishart, Pete
Wright, Jeremy
Yeo, Mr. Tim
Young, rh Sir George
Younger-Ross, Richard

Tellers for the Noes:
Mr. David Evennett and
Mr. Mark Lancaster

Question accordingly agreed to.
Bill read the Third time, and passed.

Off-Road Vehicles (Registration) Bill
[Money]

Queen's Recommendation having been signified—

11.39 pm

The Minister of State, Department for Transport (Dr. Stephen Ladyman): I beg to move,

That, for the purposes of any Act resulting from the Off-Road Vehicles (Registration) Bill, it is expedient to authorise the payment out of money provided by Parliament of—

(1) any expenses of the Secretary of State in consequence of the Act, and

(2) any increase attributable to the Act in the sums payable under any other Act out of money so provided.

I do so because it was the will of the House, expressed on Second Reading, that the Off-Road Vehicles (Registration) Bill should be discussed in Committee. The Bill, introduced by my hon. Friend the Member for Manchester, Blackley (Graham Stringer), will have expenditure implications for the public purse. Therefore, approval for a money resolution is needed before the Committee can engage in those discussions.

In giving the Bill a Second Reading the House chose to ignore my serious reservations and advice. Let me make it clear that the Government opposed the Bill on Second Reading, and we oppose it now. We lag behind no one in our determination to tackle antisocial behaviour and the nuisance caused by some mini-moto riders, but this Bill is not the way to do it. It is potentially expensive, and would impact more on legitimate users of off-road bikes than it would on those who are causing a nuisance.

Mr. Greg Knight (East Yorkshire) (Con): Will the Minister give way?

Dr. Ladyman: In one moment.

The Bill is seriously defective in so many ways that the amendments that might deliver a workable set of powers would, in my view, be outside its scope.

Several hon. Members *rose—*

Dr. Ladyman: I shall give way only once or twice, because of the late hour.

Bill Wiggin (Leominster) (Con): The Minister says that the Bill would be expensive. Exactly how expensive?

Dr. Ladyman: I shall come to that, but in round terms I suspect that it would cost about £80 million.

Stephen Pound (Ealing, North) (Lab): Will the Minister give way?

Dr. Ladyman: I shall, but for the last time.

Stephen Pound: I shall try not to trespass on my hon. Friend's patience and generosity. I thoroughly concur with his analysis of this unnecessary Bill. Does he agree that there are between 13 and 18 existing laws on the statute book which can address the problem perfectly adequately?

Dr. Ladyman: My hon. Friend is right. Were the money resolution to be passed and were the Bill to reach the statute book, it would take police resources away from enforcing those laws in order to enforce the law in this Bill.

Mr. Greg Knight: Will the Minister give way?

Dr. Ladyman: No, I will not give way further.

Agreeing to the money resolution will mean that the potential consequences of passing the Bill are fully considered in Committee. It is on that basis only that I put the resolution to the House.

The Bill would require the Secretary of State to register all eligible vehicles with the Driver and Vehicle Licensing Agency. It would also require suppliers of vehicles to register them on behalf of the keepers. It would make it an offence not to register an eligible vehicle, and it would provide the police with the power to seize any such unregistered vehicles. Clearly all those measures have cost implications, although they will depend on a number of factors relating to the mechanisms that would be put in place to facilitate the registration process. To administer the scheme set out in the Bill as it stands could cost £30 million over three years. The cost to the police of enforcing the scheme is estimated at £50 million over the first two years after they begin enforcement depending on how much effort they put into that enforcement, the volume of vehicles involved and the range of machines deemed to be within the Bill's scope.

Mr. Philip Dunne (Ludlow) (Con): Will the Minister give way?

Dr. Ladyman: No, I shall not give way again.

We can, however, be certain of two things: first, that the total cost of implementing and enforcing the Bill will be substantial; and, secondly, that the police could achieve similar benefits using the existing law at far lower cost—a fact that several forces around the country have already demonstrated.

The problems associated with mini-motos are often serious, and the Government share the desire of my hon. Friend the Member for Manchester, Blackley to tackle them. We have already done a great deal and I have even promised a further review of existing legislation to see whether we can do more, but I simply do not believe that the Bill is the way forward. However, if discussing it in Committee will help us to establish its failings and identify more practical actions that meet hon. Members' genuine concerns, then so be it. On that basis and on no other, I commend the resolution to the House.

11.43 pm

Mr. Owen Paterson (North Shropshire) (Con): This is a gloriously perverse debate because the Minister is speaking vehemently and passionately against his own motion, and he is right to do so. On Second Reading, I outlined 12 areas of existing legislation which enterprising police forces in places such as Coventry, Kent and Northumberland are putting to good effect to solve the problem of mini-motos. We acknowledge that there is a problem in certain areas.

Dr. Ladyman: The hon. Gentleman did indeed point out all the defects in the Bill, and then he went and voted for it on Second Reading along with the shadow Chancellor. Perhaps he could apologise for that mistake.

Mr. Paterson: We agreed that the Bill was not acceptable in the form that it took and said that we would not support it. However, we also said that it could be dramatically improved in Committee. Little did we think that with a Second Reading on 2 March—

Madam Deputy Speaker (Sylvia Heal): Order. I must remind hon. Members that we are debating not the Bill, but the money resolution. The scope for debate is very limited.

Mr. Paterson: Thank you, Madam Deputy Speaker. My next words were to be "the money resolution". It is amazing how long the Minister has managed to stall this since 2 March and we should congratulate him on that.

Here we are, with the money resolution before us and astonishingly significant levels of public expenditure being implied. The Minister, in a written answer last week, gave his estimate of the cost as £80 million, with 230 additional staff at the Department for Transport, and that is without including advertising or additional equipment. The Bill would bring into the registration scheme 3 million additional vehicles and 500,000 new vehicles per annum. That is hugely disproportionate to the problem that we are addressing, when we already have 12 existing pieces of legislation.

The measures would be a colossal burden on a Government agency that is struggling. Last year, 2,193,000 owners failed to pay vehicle excise duty. That raised the revenue forgone from £129 million the year before to £217 million. We know that 1 million speeding fines were not paid last year, because the owners could not be traced. Pertinent to this Bill is the fact that the number of unlicensed motorcycles leapt 152 per cent., from 275,000 to 694,000. As the money resolution would also authorise the payment of

"any increase attributable to the Act in the sums payable under any other Act",

there are clear and major implications for expenditure above the £80 million that the Minister has already mentioned.

In a written answer last week, the Minister told my hon. Friend the Member for South-West Bedfordshire (Andrew Selous) that 2.5 per cent. of the vehicles on the DVLA database cannot be traced. Out of 33 million vehicles, that is 825,000. We have a major problem with uninsured vehicles—there are 1.1 million on our roads. In another written answer last week, the Minister said that no formal assessment has yet been made of the impact of delayed and postponed programmes in the agencies within his remit, but he did say that the Bill would be likely to have an adverse impact on other DVLA IT programmes and hence on the quality of service to the public. Alarmingly, he said that it is likely that one of the projects that would be rescheduled would be the delivery of continuous insurance enforcement. The cost today of enforcement for uninsured drivers is £30 per legitimate policy, so the Bill would entail a huge new hidden cost under paragraph (2) of the money resolution.

The Minister has received representations from rural interests, farming organisations, motorcycle racing and motorcycle sports organisations, all expressing reservations about the Bill and all concerned about the extra costs implied by the money resolution. He has not had any discussions with the Secretary of State for Northern Ireland, the Secretary of State for Scotland or the First Ministers in Scotland and Northern Ireland. One assumes that there are significant cost implications in those areas.

All that cost and huge effort could be for a craze that may be on the way out. The Motor Cycle Industry Association says that in 2005, 144,905 units of motorcycles with engines of less than 50cc were imported from China. In February this year, we imported 672 units. On an annual basis, that is a drop of 94 per cent.

The Bill is going nowhere—

Madam Deputy Speaker: Order. I remind the hon. Gentleman that we are not debating the Bill at the moment, only the money resolution.

Mr. Paterson: The money resolution has huge cost implications. There is only one more Friday to debate the Bill and I cannot recommend to my colleagues, who have stayed to listen to this debate, that they should vote for the hugely disproportionate amount of public expenditure on a measure that will not work when we already have 12 effective existing pieces of legislation.

11.49 pm

Mr. Greg Knight (East Yorkshire) (Con): We all know that a money resolution can only be moved by a Minister. I was rather expecting to see this motion moved by the hon. Member for Grantham and Stamford (Mr. Davies), but he has not yet appeared on the Treasury Bench. No doubt he will do so shortly.

The Minister made a curious speech. He appeared to endorse the sentiment expressed in a similar debate by the hon. Member for Liverpool, West Derby (Mr. Wareing) who said that

"if, in its wisdom...the House gives the Bill a Second Reading, the Government would have an obligation to provide the necessary financial memorandum."—[*Official Report*, 10 February 1995; Vol. 254, c. 579.]

Why is the Minister doing this? I hope that he will reflect on the procedure, if not for this motion then for the future. My concern is that the current practice, under which the Minister can move the money resolution for a Bill in which he has no confidence, misleads the public into thinking that prospective legislation might get through, even though we all know that the Government intend to scupper it.

The Minister should not assume that he has to move this motion just because that is what has happened in the past, and especially not if the Government are going to kill the Bill. Why should the Government take up more private Members' time on a measure that they intend to poleaxe at the eleventh hour?

That practice should be abandoned. The Government should not move a money resolution unless a clear case has been made by the sponsoring Member as to why they should. In this case, the Bill is sponsored by the hon. Member for Manchester, Blackley (Graham Stringer), and I hope that he will tell us why he feels that his Bill should have a money resolution. Will he say where he thinks that the money will come from to fund what is a very expensive and cumbersome register?

Robert Key (Salisbury) (Con): The Manchester casino.

Mr. Knight: The Minister went through the process of moving the motion, but made it clear that the Government do not want the Bill. What is he advising Labour Members to do this evening? Is he asking them to follow his procedure in moving the motion, or the opposing sentiments in his speech? Are those on the payroll vote whipped to vote this evening? If so, which way will they vote?

This money resolution should not be passed unless the Minister says that the Bill is acceptable to the Government. Even if it is acceptable, Opposition Members have every right to divide the House if we are not satisfied about where the money is to come from.

The hon. Member for Manchester, Blackley has done well to get his Bill this far, but he should not have this money resolution unless he can convince us that it is necessary, and that he has identified where the money would come from. What taxes would he increase to pay for his proposals? We have heard this week that council tax has gone up 100 per cent. under this Government: is he suggesting a further increase in council tax, or that some existing expenditure should be cut? If he were to suggest that spending on flood defences should be cut back, he would be lynched in East Yorkshire.

Madam Deputy Speaker: Order. The right hon. Gentleman is an experienced Member of the House, and well aware of the debate's limitations.

Mr. Knight: Thank you for reminding me, Madam Deputy Speaker.

The Bill's proposals are unworkable and costly, with horrendous manpower implications. It should not be funded out of public money. I hope that the House will follow the words that the Minister used in his speech, rather than his actions in moving the motion, and that it votes to reject the money resolution.

11.54 pm

Graham Stringer (Manchester, Blackley) (Lab): I was not intending to speak in this debate, but the right hon. Member for East Yorkshire (Mr. Knight) has provoked me. He focused on where the money for the proposals in the Bill would come from, and the simple answer—as I suspect that every hon. Member knows—is probably from the Consolidated Fund. I shall not be as provocative as the right hon. Gentleman, but I am sure that hon. Members could think of many areas where cuts could be made. But that would be assuming that I agreed with the figures that were given by my hon. Friend the Minister.

I will not go through the principled arguments that were won on Second Reading—that is the real reason why the matter should be given the opportunity to be

[Graham Stringer]

debated in Committee—but we had a full four-and-a-half-hour debate and a huge majority were in favour of the measure. Despite the fact that my hon. Friend the Minister made a lengthy speech opposing it, he was unable to convince the hon. Members present.

Mr. Knight: Does the hon. Gentleman agree that, although there was a comprehensive debate on Second Reading that covered all aspects of the issue in terms of the nuisance caused to communities, there was very little debate about the financial implications? That is why we should debate them now.

Graham Stringer: With due respect to the right hon. Gentleman, I thought that that was what we were doing. Madam Deputy Speaker has reminded him and others that that is what we are doing. That is precisely the point that I was getting to. I do not have confidence in the figure of £80 million, which was given by my hon. Friend the Minister. The Bill is about extending a current registration scheme to off-road bikes.

Stephen Pound: I am convinced that my hon. Friend entered the process with the best will in the world. I have no doubt as to his good intentions. He kindly spoke to the all-party motorcycling group, which is so ably led by the hon. Member for Leominster (Bill Wiggin). After that meeting, is my hon. Friend still convinced in his heart that the best possible value for money would be achieved by the Bill proceeding in this form with this money resolution tonight?

Graham Stringer: I will come back to my hon. Friend's point later in this completely unprepared speech.

The Bill is about extending a current registration scheme, on a computer system that already exists. It is unlikely, even given the inflated figures from the Department for Transport and the Driver and Vehicle Licensing Agency, that one could get a scheme that cost £80 million. I suspect that if that went before the Public Accounts Committee or the Transport Committee, those costs would be very quickly reduced.

To answer my hon. Friend's point about whether I ever thought that this was a perfect Bill, there are many ways in which the Bill could be improved. Exemptions could be made—*[Interruption.]* Exemptions could be made that would reduce the costs, Madam Deputy Speaker. I do not like anticipating what you are going to say, but I suspect that you were going to bring me back to costs, which is precisely where I was going to come back to. In Committee, there would be many ways in which the costs of the Bill could be reduced.

Mr. Jim Devine (Livingston) (Lab) *rose—*

Graham Stringer: I will give way to my hon. Friend.

Mr. Devine: I am very grateful to my hon. Friend for giving way.

Stephen Pound: In your own time, Jim.

Mr. Devine: Thanks.

Does my hon. Friend the Member for Manchester, Blackley (Graham Stringer) appreciate that £80 million equates to 20,000 hip replacement operations in a year?

Graham Stringer: I have to admit that I did not have that precise costing in mind, either on Second Reading or when I started this speech, but it is an interesting point. That is why the opportunity should be given, in Committee, to reduce the costs. Every single right hon. and hon. Member will have received many representations from the motorbike lobby, many of them making wild accusations about the costs of the Bill. Many exemptions would be made. For example, it has been said that every speedway bike would have to be registered and licensed, but it would be possible to exempt such bikes. Following detailed discussion, it would be possible to make many exemptions that would reduce the cost of the Bill.

Stephen Pound: T.E. Lawrence, who was known as Aircraftman Shaw, died while riding a Brough Superior motorcycle. That very Brough Superior, which is in the London motorcycle museum in Greenford, is threatened by the Bill. Does my hon. Friend consider that threatening that glorious piece of British motorcycling machinery, albeit one with a tragic history, is a good use of public money?

Graham Stringer: I am grateful to my hon. Friend for making that intervention because it gives me the opportunity to say that the registration of bikes in museums would be precisely one of the areas of expenditure that it would be possible to cut. Again, such a claim is one of the pieces of mischief that is being put about.

Hugh Bayley (City of York) (Lab): My hon. Friend generously admits to the House that £80 million would be too high a price to pay for his Bill. What would be a reasonable price at which the Committee might aim?

Graham Stringer: I suspect that if my hon. Friend talks to many of the communities that have been affected by antisocial behaviour and the families who have lost young children because of the problem, they will say that no price would be too high to pay. If he, as I have done, talked—

Mr. Deputy Speaker (Sir Michael Lord): Order. The hon. Gentleman must address the Chair.

Graham Stringer: I am grateful for your advice, Mr. Deputy Speaker.

The House cannot always take the view that no price is too high because it must consider every cost in detail. As I said, through detailed discussion in Committee, it would be possible to make many exemptions and thus reduce the cost of the Bill.

Mr. Devine: Does my hon. Friend realise that £80 million could employ 3,200 nurses?

Graham Stringer: I am extraordinarily impressed by the number of factors that my hon. Friend can cite that equal £80 million. He is an inventive and creative man.

On the basis that the Bill requires further discussion in Committee, I ask the House to agree to the money resolution.

12.3 am

Dr. Ladyman: With the leave of the House, Mr. Deputy Speaker. The House expressed its will on Second Reading: it wanted the Bill to be discussed in Committee. I made the Government's opposition to the Bill very plain then, and I make it very plain now: the Government do not want the Bill to get on to the statute book. We do not even believe that it could be amended in a way that would make it acceptable.

The simple fact is that only a Government Minister can move a money resolution, and a substantive discussion in Committee cannot take place without that resolution being passed. We have reflected the will of the House by moving the money resolution tonight. In my view, Opposition Members—who have had their fun—ought to allow the Bill to go into Committee, where the will of the House can be done and the Bill can be discussed in detail. In Committee, I hope, we will be able to expose it for the failed piece of attempted legislation that it is and ensure that it does not reach the statute book. However, the money resolution should be passed tonight.

Question put:—

The House divided: Ayes 197, Noes 165.

Division No. 157] **[12.4 am**

AYES

Ainger, Nick
Ainsworth, rh Mr. Bob
Anderson, Mr. David
Atkins, Charlotte
Austin, Mr. Ian
Bailey, Mr. Adrian
Balls, Ed
Banks, Gordon
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Begg, Miss Anne
Bell, Sir Stuart
Benn, rh Hilary
Benton, Mr. Joe
Betts, Mr. Clive
Bradshaw, Mr. Ben
Brennan, Kevin
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Burden, Richard
Burgon, Colin
Burnham, Andy
Butler, Ms Dawn
Byrne, Mr. Liam
Cairns, David
Campbell, Mr. Alan
Challen, Colin
Chapman, Ben
Clark, Ms Katy
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Cooper, Rosie
Corbyn, Jeremy
Crausby, Mr. David
Cunningham, Mr. Jim
Cunningham, Tony
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobbin, Jim
Dobson, rh Frank
Donohoe, Mr. Brian H.
Drew, Mr. David
Durkan, Mark
Eagle, Angela
Eagle, Maria
Ennis, Jeff
Farrelly, Paul
Fitzpatrick, Jim
Fitzsimons, Mr. Robert
Flint, Caroline
Follett, Barbara
Foster, Mr. Don
Foster, Mr. Michael *(Worcester)*
Francis, Dr. Hywel
Gapes, Mike
Gardiner, Barry
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gilroy, Linda
Goggins, Paul
Goodman, Helen
Gwynne, Andrew
Hall, Mr. Mike
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hanson, rh Mr. David
Harris, Mr. Tom
Havard, Mr. Dai
Healey, John
Hemming, John
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hill, rh Keith
Holmes, Paul
Hope, Phil
Horwood, Martin
Howarth, rh Mr. George
Hoyle, Mr. Lindsay
Huhne, Chris
Illsley, Mr. Eric
Irranca-Davies, Huw
Jenkins, Mr. Brian
Jones, Helen
Jones, Mr. Kevan
Jones, Mr. Martyn
Joyce, Mr. Eric
Keeble, Ms Sally
Kemp, Mr. Fraser
Khan, Mr. Sadiq
Kidney, Mr. David
Knight, Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, Mr. David
Lazarowicz, Mark
Leech, Mr. John
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Love, Mr. Andrew
Lucas, Ian
Mackinlay, Andrew
Mactaggart, Fiona
Malik, Mr. Shahid
Marris, Rob
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCabe, Steve
McCarthy, Kerry
McCarthy-Fry, Sarah
McFadden, Mr. Pat
McFall, rh John
McGovern, Mr. Jim
McGrady, Mr. Eddie
McGuire, Mrs. Anne
McKenna, Rosemary
McNulty, Mr. Tony
Merron, Gillian
Michael, rh Alun
Milburn, rh Mr. Alan
Miller, Andrew
Moffat, Anne
Moffatt, Laura
Moon, Mrs. Madeleine
Morden, Jessica
Morley, rh Mr. Elliot
Mountford, Kali
Mudie, Mr. George
Mulholland, Greg
Munn, Meg
Murphy, Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Purchase, Mr. Ken
Purnell, James
Raynsford, rh Mr. Nick
Rooney, Mr. Terry
Rowen, Paul
Roy, Mr. Frank
Ruane, Chris
Russell, Bob
Shaw, Jonathan
Sheridan, Jim
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, rh Jacqui
Smith, John
Soulsby, Sir Peter
Spellar, rh Mr. John
Stringer, Graham
Stunell, Andrew
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, David
Thomas, Mr. Gareth
Timms, rh Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Turner, Mr. Neil
Ussher, Kitty
Ward, Claire
Wareing, Mr. Robert N.
Watson, Mr. Tom
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, Stephen
Willott, Jenny
Winterton, rh Ms Rosie
Wood, Mike
Woolas, Mr. Phil
Wright, David
Wright, Mr. Iain

Tellers for the Ayes:
Mr. Ian Cawsey and Liz Blackman

NOES

Afriyie, Adam
Amess, Mr. David
Arbuthnot, rh Mr. James
Atkinson, Mr. Peter
Bacon, Mr. Richard
Baldry, Tony
Barker, Gregory
Baron, Mr. John
Beith, rh Mr. Alan
Benyon, Mr. Richard

Bercow, John
Beresford, Sir Paul
Blunt, Mr. Crispin
Bone, Mr. Peter
Brazier, Mr. Julian
Brokenshire, James
Browning, Angela
Bruce, rh Malcolm
Burns, Mr. Simon
Burrowes, Mr. David
Burt, Alistair
Butterfill, Sir John
Campbell, Mr. Gregory
Carswell, Mr. Douglas
Cash, Mr. William
Clark, Greg
Clegg, Mr. Nick
Clifton-Brown, Mr. Geoffrey
Cox, Mr. Geoffrey
Crabb, Mr. Stephen
Davies, Mr. Dai
Davies, David T.C. *(Monmouth)*
Dorrell, rh Mr. Stephen
Dorries, Mrs. Nadine
Duddridge, James
Duncan, Alan
Duncan Smith, rh Mr. Iain
Dunne, Mr. Philip
Ellwood, Mr. Tobias
Fabricant, Michael
Fallon, Mr. Michael
Farron, Tim
Field, Mr. Mark
Fox, Dr. Liam
Francois, Mr. Mark
Fraser, Mr. Christopher
Garnier, Mr. Edward
Gauke, Mr. David
Gillan, Mrs. Cheryl
Goldsworthy, Julia
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gove, Michael
Grayling, Chris
Greening, Justine
Grieve, Mr. Dominic
Gummer, rh Mr. John
Hammond, Stephen
Hands, Mr. Greg
Harper, Mr. Mark
Hayes, Mr. John
Heald, Mr. Oliver
Heath, Mr. David
Heathcoat-Amory, rh Mr. David
Hendry, Charles
Hoban, Mr. Mark
Hogg, rh Mr. Douglas
Hollobone, Mr. Philip
Holloway, Mr. Adam
Horam, Mr. John
Hosie, Stewart
Howarth, Mr. Gerald
Hughes, Simon
Hurd, Mr. Nick
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Jenkin, Mr. Bernard
Jones, Mr. David
Kawczynski, Daniel
Keetch, Mr. Paul
Key, Robert
Kirkbride, Miss Julie
Knight, rh Mr. Greg
Lamb, Norman
Lansley, Mr. Andrew
Leigh, Mr. Edward
Letwin, rh Mr. Oliver
Lewis, Dr. Julian
Liddell-Grainger, Mr. Ian
Lidington, Mr. David
Lilley, rh Mr. Peter
Loughton, Tim
Mackay, rh Mr. Andrew
Maclean, rh David
Main, Anne
Maples, Mr. John
May, rh Mrs. Theresa
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Miller, Mrs. Maria
Milton, Anne
Moss, Mr. Malcolm
Mulholland, Greg
Mundell, David
Murrison, Dr. Andrew
Neill, Robert
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Öpik, Lembit
Osborne, Mr. George
Ottaway, Richard
Paice, Mr. James
Paterson, Mr. Owen
Pelling, Mr. Andrew
Penrose, John
Pickles, Mr. Eric
Price, Adam
Pritchard, Mark
Pugh, Dr. John
Randall, Mr. John
Reid, Mr. Alan
Rennie, Willie
Robathan, Mr. Andrew
Robertson, Angus
Robertson, Hugh
Robertson, Mr. Laurence
Rosindell, Andrew
Ruffley, Mr. David
Sanders, Mr. Adrian
Selous, Andrew
Simmonds, Mark
Simpson, David
Smith, Sir Robert
Spicer, Sir Michael
Spink, Bob
Spring, Mr. Richard
Stanley, rh Sir John
Swayne, Mr. Desmond
Swire, Mr. Hugo
Syms, Mr. Robert
Thurso, John
Tredinnick, David
Tyrie, Mr. Andrew
Vara, Mr. Shailesh
Viggers, Peter
Villiers, Mrs. Theresa
Walker, Mr. Charles
Wallace, Mr. Ben
Waterson, Mr. Nigel
Watkinson, Angela
Whittingdale, Mr. John
Widdecombe, rh Miss Ann
Wiggin, Bill
Willetts, Mr. David
Williams, Mark
Williams, Mr. Roger
Wilson, Sammy
Winterton, Ann
Winterton, Sir Nicholas
Wishart, Pete
Wright, Jeremy
Yeo, Mr. Tim
Young, rh Sir George
Younger-Ross, Richard

Tellers for the Noes:
Mr. Mark Lancaster and Mr. David Evennett

Question accordingly agreed to.

Resolved,

That, for the purposes of any Act resulting from the Off-Road Vehicles (Registration) Bill, it is expedient to authorise the payment out of money provided by Parliament of—

(1) any expenses of the Secretary of State in consequence of the Act, and

(2) any increase attributable to the Act in the sums payable under any other Act out of money so provided.

DELEGATED LEGISLATION

Motion made, and Question put forthwith, pursuant to Standing Order No. 118(6) (Delegated Legislation Committees),

Terms and Conditions of Employment

That the draft Working Time (Amendment) Regulations 2007, which were laid before this House on 13th June, be approved. —*[Mr. Watts.]*

Question agreed to.

REGULATORY REFORM

Motion made, and Question put forthwith, pursuant to Standing Order No. 18(1) (Consideration of draft regulatory reform orders),

That the draft Regulatory Reform (Collaboration etc. between Ombudsmen) Order 2007, which was laid before this House on 9th May, be approved.—*[Mr. Watts.]*

Question agreed to.

EUROPEAN UNION DOCUMENTS

Motion made, and Question put forthwith, pursuant to Standing Order No. 119(9) (European Standing Committees),

Water Policy: Environmental Quality Standards

That this House takes note of European Union Documents No. 11816/06 and Addendum 1, Draft Directive on environmental quality standards in the field of water policy and amending Directive 2000/60/EC, and 11847/06, Commission Communication on integrated prevention and control of chemical pollution of surface waters in the European Union; and supports the Government's aim of securing a proportionate, cost-effective and environmentally protective measure.—*[Mr. Watts.]*

Question agreed to.

Pensioners (Age Addition)

Motion made, and Question proposed, That this House do now adjourn.—*[Mr. Watts.]*

12.16 am

Jeff Ennis (Barnsley, East and Mexborough) (Lab): I am grateful for the opportunity to raise an extremely important issue, even in the wee small hours. The Minister for Pensions Reform will know that I recently tabled early-day motion 1463 on the 25p age addition for pensioners over 80, which reads:

"That this House believes that the 25 pence age addition for pensioners over 80 years old which was introduced at this level in 1971 should now be significantly raised; and further believes that, alternatively, the Government should give consideration to increasing the over 80 year olds' winter fuel allowance by £25 per annum or more as compensation for abolishing the 25 pence age addition."

I am pleased that the early-day motion has attracted 64 signatures from Members on both sides of the House. The Minister will also know that I recently raised the matter with my right hon. Friend the Prime Minister at Prime Minister's questions.

I must admit that I have been concerned for some time about the fact that the 25p age addition has remained static since 1971, but matters were brought to a head on 4 April this year, when I attended the 80th birthday party of my father, Bill Ennis, in his back garden. It was a sunny day, unlike the weather that we have recently had in south Yorkshire. Without my prompting, my dad said to me: "Jeff, do you know what the Government have given me for my 80th birthday?" I knew the answer, but I thought I would go along with him and said, "No, what have they given you, Dad?" He said, "25p a week on my state pension. Isn't that ridiculous?" That epitomises the reason why I called for this adjournment debate. If that is my dad's reaction to the 25p increase on his state pension, I am sure that most other 80-year-old pensioners will have a similar reaction.

When the 25p addition was introduced, it meant something. In those days, it was officially known as a crown, but we mostly called it five shillings and it was commonly known as five bob—that is the phraseology I recall. I am sure that the Minister's recollections of 1971 are hazy compared with mine, because that was the year in which I started college in Bristol. I remember that at the student bar in Bristol in 1971, I could buy a pint of lager for 15p. Being a Yorkshireman, I remember that it was 15p, because I could buy a pint of lager in Brierley in my constituency for 12p, so there was a 3p differential, which was quite a substantial amount of money at the time. In 1971, for 25p, I could buy a pound of Cheddar cheese, but I would now have to pay £2.60. I could buy a dozen large eggs for 25p, but they now cost over £2. I could buy a pound of bacon for 24p, but it now costs over £3. I could buy four white loaves for 23p. That would now cost £3.44. Taking into account inflation, 25p in 1971 is worth £2.50 at today's prices. There is quite a difference in the value of 25p in 1971 and in 2007.

I shall briefly examine the history of the 25p age addition and why it has never been increased. It was introduced in September 1971 through the national insurance Bill 1971 by the Tory Government of the day. Sir Keith Joseph explained that it was intended to recognise

"albeit in a small way . . . the special claims of very elderly people who on the whole need help rather more than others . . . As they grow old their possessions wear out and they need help for necessary jobs which they used to do themselves".

Sir Keith Joseph explained that as a result of the introduction of the age addition, a single person over 80 on the standard rate pension would get £6.25 a week.

In 1978 the Labour Government floated the idea of raising the age addition in their discussion document "A Happier Old Age", which stated:

"The older generation of pensioners, most of whom are women, tend to be poorer and their savings have been eroded by inflation and time. For the over 80s an age addition to pensions of 25p a week was introduced in 1971. For many years ahead the very old will in general be unlikely to have substantial earnings-related pensions. In so far as resources permit, is there a case for a higher pension rate at a fixed age without regard to individual need, or would it be preferable to provide more services for the very old?"

That sounds rather familiar.

In 1995 Lord Mackay of Ardbrecknish, a Conservative Minister in the Department of Social Security, said:

"My Lords, we have no plans to up-rate the 25 pence age addition which is paid to all pensioners from the age of 80. We believe that help should be targeted at pensioners on low incomes, and we have concentrated resources on the higher pensioner premium in income support for those aged 80 or over."—[*Official Report, House of Lords,* 27 April 1995; Vol. 563, c. 1021.]

In 2003, the present Minister for Trade, my right hon. Friend the Member for Makerfield (Mr. McCartney), who was the Minister for Pensions at the time, said:

"The 25 pence age addition for state pensioners aged 80 and over was introduced by the Conservative Government in 1971.

The age addition will be maintained, but on its own it is not the most cost-effective way to help elderly pensioners. We have gone much further.

We have introduced measures which, from October 2003, will mean that the poorest third of pensioner households will have gained over £1,500 a year in real terms.

We have introduced free TV licences from age 75 worth over £100 a year, winter fuel payments of £200 per year for eligible households paid to some 11 million people in 8 million households, and the minimum income guarantee which means that no single pensioner has to live on less than £102.10 and no couple on less than £155.80 from April.

We are going further still with the introduction of pension credit from October 2003.

We have therefore found better and more effective ways to help pensioners with the lowest incomes."—[*Official Report,* 25 March 2003; Vol. 402, c. 167W.]

There is no doubt that the Labour Government have done more than any previous Government to improve pensioner incomes. I am proud to be associated with what the Government have achieved. The Minister might think that I am having a bit of a whinge, but many OAPs resent the fact that the issue leaves a nasty taste in their mouths. We need to consider how best to deal with that. I understand the Government's reluctance to consider raising the 25p age addition in its present form because of all the other initiatives that we have brought in. My view, as I suggest in the

[Jeff Ennis]

early-day motion, is that we should scrap the 25p age addition and, by way of compensation, raise the winter fuel allowance for the over-80s by a minimum of £25 a year.That policy change would find favour with pensioners, who undoubtedly like the winter fuel allowance.

The current winter fuel allowance standard rate of £200 for a household containing at least one person aged 60 or over was first paid in the winter of 2000-01. Households including a person aged 80 or over have received an additional £100 since the winter of 2003-04. Announcing the introduction of that higher rate for people aged 80 and over, the Chancellor said:

"At the age of 80, pensioners receive an addition of just 25p a week to cover the costs that getting older involves. At just 25p extra per week, it has rightly been criticised as inadequate, and I have had many representations from MPs on all sides of the House. To double or quadruple such a small allowance would not be a sufficient recognition of the needs of the very elderly over 80, or of the contribution that they have made to the life of our country and its success. The winter fuel payment of £200 has not, I regret, been supported by all parties in this House. But I hope that there will now be all-party support for my proposal that for every household where a pensioner reaches the age of 80, or is over 80, we will add to the winter allowance of £200 an extra payment of £100—a total of £300 that will be paid each and every year to almost 2 million elderly men and women over 80."—[*Official Report*, 9 April 2003; Vol. 403, c. 287.]

In the 2005 pre-Budget report, the Chancellor announced that winter fuel payments would continue to be paid at those rates for the duration of the current Parliament. Around 2 million households benefited from the 80-plus payment in the winter of 2003-2004 at a total cost of more than £208 million. The reply to a question that I recently tabled showed that the estimated annual cost of raising the winter fuel payment by £25 for people aged 80 or over in 2007-08 was around £50 million. For the winter of 2007-08, the total expenditure on winter fuel payments is forecast to be £2,059 million. That switch would be very popular, because it would automatically benefit every pensioner aged over 80.

The 25p weekly age addition is subject to income tax. Some 830,000 older pensioners currently pay income tax, which is roughly one third of older pensioners—we currently have just more than 2.5 million pensioners aged over 80. After their income tax has been deducted, 830,000 older pensioners only get 20p a week allowance after tax. By switching to an annual increase of 25p or more on the winter fuel allowance, every older pensioner would get the full £25. A two-pensioner household containing two pensioners aged over 80 currently gets 50p a week—25p each—and £25 a year roughly equates to 50p a week for a double household.

As I have mentioned, the cost to the Exchequer of increasing the winter fuel allowance by £25 has been estimated at £50 million. In my opinion, that would be £50 million well spent. That sum would, of course, be reduced by the current cost of paying out the 25p age addition. Perhaps the Minister will inform the House of that cost, because I have not found that information—the total cost would be £50 million minus that particular sum of money.

I repeat that I hope that the Minister does not think that I am having a go at the Government. I am proud of what we have achieved so far for pensioners. The announcement earlier this year about once again tying pension increases into average earnings from 2012 is yet further evidence of this Government's commitment to the nation's pensioners. However, my philosophy on this matter is this: why spoil the barrel for a hap'orth of tar? That is exactly how pensioners regard the 25p age addition. After all, these days 25p cannot even buy a second class stamp. I should like the Minister and his Department, and indeed the Treasury, to give very serious consideration to this important matter.

12.30 am

The Minister for Pensions Reform (James Purnell): It is a pleasure to be here to respond to this important debate. I should like to start by congratulating my hon. Friend the Member for Barnsley, East and Mexborough (Jeff Ennis) not only on securing the debate but on the case that he has made and the eloquent way in which he did it. I know that he has already managed to convince the Government on two of his campaigns to date, and he was assuring me earlier today that my likely resistance to his proposal would probably be a pyrrhic victory. I look forward to seeing whether he is proved right about that.

I recognise the point that my hon. Friend makes, not least because I receive a number of letters from people who have just turned 80 and who make exactly the same point—and, indeed, who thank me for having paid for some of the cost of the stamp that enabled them to send me the letter in the first place. The Government will certainly continue to look at the arguments that my hon. Friend makes but, as he anticipated, we will not support his proposal.

I also congratulate my hon. Friend on the fact that he will be the last Member of this House to obtain an Adjournment debate, certainly in this Chamber, under the current Prime Minister. It is an historic moment and it is worth reflecting on the fact that 10 years on, as he said, pensioners are significantly better off as a consequence of the changes that have been brought in by this Government. That is why we continue to believe that the best way to address the genuine needs of older people is through policies other than increasing the age addition, although I recognise that that is not my hon. Friend's central proposal.

When the age addition was introduced, 25p was more money in people's pockets than it is now. Then, it was about 4 per cent. of the basic state pension, whereas now it is less than 0.3 per cent. In 1971, only a small minority of people reached the age of 80, whereas now there are nearly 3 million people over 80. However, the problem with increasing the age addition is that it would not be a well targeted measure. As, in effect, an increase in the basic state pension, it would be taxed for people who pay tax and means-tested away for those who are on pension credit—and those who are on the guaranteed credit only would gain nothing at all from the increase.

That is why the Government, in trying to recognise the needs of older people, have focused on other ways of achieving the same goal. About 3.5 million households with someone aged 75 now benefit from the free television licence—that is worth £135.50 a year and in 2007-08 costs about £500 million. It is already

making a big difference. Pension credit makes a particularly significant difference to older people; indeed, more than a third of those entitled to pension credit are over the age of 80. Pension credit has particularly benefited older women, especially widowed women, who have seen a significant difference in the amount that they receive from it.

Most notably, as my hon. Friend said, we have not only introduced the winter fuel payment but increased it to £200 for pensioners under the age of 80 and to £300 for pensioners over the age of 80. I recently replied to a parliamentary question, which asked how much was being spent on the extra fuel costs of pensioners in 1996, and the answer was £60 million. As my hon. Friend eloquently said, the figure for the winter fuel allowance is now more than £2 billion. That is another example of difference.

Overall, pensioners over the age of 75 are much better off through the measures that I have outlined than if we had increased the age addition allowance in line with inflation—and, indeed, better off even than if we had backdated it. As my hon. Friend said, it would be approximately £2.50 if it was backdated in line with prices to 1971. The consequence of our reforms is that pensioner households with at least one pensioner over 75 are better off by £34 a week. That dwarfs the figure of £2.44.

My hon. Friend asked what the cost of the current 25p age addition allowance is. The answer is £35 million in this year's money. I hope that that is helpful, though he will doubtless argue that that makes his case stronger rather than weaker. However, in the spirit of openness at this late hour, I thought that I would give him that figure. The changes that we have made mean that households with pensioners who are over 75 are £34 a week better off. That is significantly more than would be gained even by backdating the age addition allowance to 1971. I understand my hon. Friend's point but, if one has any contact with the social security system, one realises that there are strange byways in it, and we are considering one of them.

We are united on the point that the Government have done much to help pensioners in the category that we are discussing.

Jeff Ennis: My hon. Friend has been kind to me at this late hour and I am pleased about that. He obviously realises that my main point is not about increasing the age addition allowance but switching it so that the income tax element falls away. I know that I am meeting some resistance. I met the same the resistance from Ministers about raising the age for smoking from 16 to 18, but it crumbled after two years of trying. Will my hon. Friend facilitate a meeting involving him, me and a Treasury Minister to discuss the matter further?

James Purnell: I shall endeavour to do that. My hon. Friend has uttered chilling words, which will stand in *Hansard* as a warning to anyone who dares oppose him. With that, I shall take my leave of the House.

Question put and agreed to.

Adjourned accordingly at twenty-three minutes to One o'clock.

House of Commons

Wednesday 27 June 2007

The House met at half-past Eleven o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

Oral Answers to Questions

NORTHERN IRELAND

The Secretary of State was asked—

Mr. Speaker: I appeal to hon. Members. Many hon. Members are here for the Northern Ireland business, so hon. Members have to be quiet. I know that it is difficult.

Police Service

1. **Mr. Philip Hollobone** (Kettering) (Con): What estimate he has made of the likely proportion of Catholic officers in the Police Service of Northern Ireland in each year from 2007-08 to 2010-11. [144664]

The Parliamentary Under-Secretary of State for Northern Ireland (Paul Goggins): The percentage of Catholic officers in PSNI has been forecast as follows: at 31 March 2008, 24.04 per cent.; at 31 March 2009, 26.28 per cent.; at 31 March 2010, 28.29 per cent.; and at 31 March 2011, 30.23 per cent.

Mr. Hollobone: Can the Minister confirm that the present recruiting arrangements are a temporary scheme; and can he tell me what steps have been taken to recruit from ethnic minorities?

Paul Goggins: I can confirm that a short while ago the temporary powers that allow for the 50:50 procedures to be in place were renewed, and they will stay in place until 2010 at the earliest. Clearly, if we reach 30 per cent. before that date, those powers will be terminated, but our expectation is that we will reach that target around that time. While Patten recommended a specific scheme to ensure that we recruited greater numbers of Catholic officers, he was also aware of the need to recruit from ethnic minorities, and I am pleased to tell the hon. Gentleman that although the numbers are small, there are officers from 25 different ethnic minority backgrounds in the PSNI.

Mr. Adrian Bailey (West Bromwich, West) (Lab/Co-op): The figures that my hon. Friend quoted are encouraging, but in the future, respect for law and order will be at least partly contingent on support for the police force from all communities, especially the Catholic. Will he continue to pursue those policies to ensure that the police service is representative of all the communities in order to ensure that support in the future?

Paul Goggins: My hon. Friend is right. In recent months, historic decisions have been taken by Sinn Fein to support the police and the rule of law. The fact that the PSNI more truly reflects the community that it serves gives added confidence in the forces of law and order to people of all communities.

Mr. Gregory Campbell (East Londonderry) (DUP): When will the Minister concede that using quotas is wrong, given that statistically in 2007 Catholics are now more likely to become police officers than Protestants are to become housing officers in the Housing Executive? Having failed to assist Protestants in one branch of the public sector, will the Minister now reintroduce the merit principle for all branches of the public sector in Northern Ireland?

Paul Goggins: The hon. Gentleman will be as encouraged as I am that in the last recruitment round for police officers in Northern Ireland, 41 per cent. of all the applications came from Catholic applicants, but that still is not 50 per cent. Unless we have the 50:50 procedures in place for the police service, we will not reach the 30 per cent. in the time frame that we have set.

Lembit Öpik (Montgomeryshire) (LD): Since everybody now agrees that anti-Catholic discrimination is at an end in the police service, why do the Government insist on institutionalising prejudice in the form of positive discrimination, which has done little to allow ethnic minorities into the police? If a senior Liberal Democrat were in charge, he would never allow that to happen.

Paul Goggins: The hon. Gentleman and I have exchanged views on that issue many times and it surprises me that he, of all people and given the party that he represents, does not see the merit of having a more representative police service in Northern Ireland. Encouragingly, the police service now more fully reflects the composition of the community in Northern Ireland in terms of religious background, gender and the ethnic minority population.

Rev. Ian Paisley (North Antrim) (DUP): Surely the Minister should also keep in mind the large percentage of Protestants that applied to become policemen and passed all their examinations, but got a letter saying that because of their religion they could not have a place in the police force.

Paul Goggins: I acknowledge to the right hon. Gentleman that precisely 708 non-Catholic applicants finished higher in the merit pool than Catholic applicants who were appointed. I know that it is disappointing for the individuals involved, but it is very important that the PSNI fully reflects the composition of the community. More than anyone, the right hon. Gentleman will understand that that underpins the new political settlement in Northern Ireland.

DNA Sampling

2. **Dr. Alasdair McDonnell** (Belfast, South) (SDLP): For what reasons DNA samples of Northern Ireland citizens acquitted of criminal offences, or who have had charges dropped before trial, are retained on the national database. [144665]

The Parliamentary Under-Secretary of State for Northern Ireland (Maria Eagle): Under article 64 of the Police and Criminal Evidence (Northern Ireland) Order 1989, police do not have to destroy samples taken from an arrested person in connection with an investigation of an offence, even if the person is not subsequently charged or is acquitted. The aim is to allow police the fullest use of speculative searches for the prevention and detection of crime.

Dr. McDonnell: Does the Minister agree that it is totally unfair that innocent people, or people who are found subsequently to be innocent, have samples taken and retained? The retention of DNA can suggest an implication of criminality, so does the Department have any plans to amend the relevant legislation?

Maria Eagle: No, the Department has no such plans. The current law has been tested all the way up to the House of Lords and has been found to be compatible with article 8 of the European Convention on Human Rights. The importance of allowing the police to search a database speculatively was shown recently, when four burglaries were cleared up as a result of speculative searches of the database of evidence taken from the scenes of the crimes. That has contributed to a 25 per cent. fall in burglary offences over the past year. Anything that enables the police to tackle crime so effectively should be supported by the House.

Lady Hermon (North Down) (UUP): What assurances can the Minister give that those already convicted of terrorist-related crimes will have their DNA and fingerprints retained and not destroyed? Retention will allow further inspection by the PSNI if those people are suspected in a different criminal offence.

Maria Eagle: As I have said already in answer to the question from the hon. Member for Belfast, South (Dr. McDonnell), we have no plans to change the current arrangements, which mean that samples, once taken, remain on the DNA database and can be searched again speculatively for the purpose of detecting and solving crime.

Terrorist Groups

3. **Mr. Greg Hands** (Hammersmith and Fulham) (Con): What recent assessment he has made of the security threat posed by each of the Irish terrorist groups proscribed under the Terrorism Act 2000. [144666]

The Secretary of State for Northern Ireland (Mr. Peter Hain): The Provisional IRA no longer poses a terrorist threat, and has not done so for some time. However, dissident Republicans, though few in number and isolated, continue to pose a serious threat to the security situation. Given the recent statement by the Ulster Volunteer Force, I have commissioned a review of the status of specified organisations, in line with my obligation under the legislation. We have always maintained that we will encourage those who want to work to a positive agenda, and it is vital that the welcome statement be followed through with actions.

Mr. Hands: Why does the IRA still exist?

Mr. Hain: It is not for me to explain the IRA's position, but the hon. Gentleman should follow the example of virtually everyone else in the House and acknowledge the fantastic transformation in the security situation under this Government. The IRA has given up its war: it has continued to support peaceful and democratic means, and Sinn Fein has signed up to policing and the rule of law. I should have thought that he would welcome that.

Jane Kennedy (Liverpool, Wavertree) (Lab): May I commend my right hon. Friend on the work that he has done to bring about that improvement, and invite him to celebrate the final flight of an Army aircraft out of Bessbrook barracks in Armagh? However, in the middle of those celebrations, may I also invite him to protect the personal safety and professional integrity of retired police officers who served with the Royal Ulster Constabulary? They are occasionally subject to investigation and scrutiny, but there is no reciprocal scrutiny of the republican terrorists whom it was the officers' responsibility to oppose.

Mr. Hain: My right hon. Friend makes a very important point about the integrity of retired police officers, and the fact that they should be treated properly. I thank her for what she said, and also pay tribute to her for her work as Minister of State in Northern Ireland, when she paved the way for the historic breakthroughs of the past few years.

Sir Patrick Cormack (South Staffordshire) (Con): I acknowledge the transformation in Northern Ireland, and thank the right hon. Gentleman for the significant part that he has played in that. As what might be his last service as Secretary of State, will he hold a meeting with Sinn Fein members to persuade them that they can now make no greater contribution than to disband the IRA?

Mr. Hain: I saw the president of Sinn Fein on Monday and discussed the future situation with him. He is well aware of where republicanism has gone under his leadership. Republicanism is now committed overwhelmingly to a democratic and peaceful future.

Dr. William McCrea (South Antrim) (DUP): Will the Secretary of State inform the House of what criminal activity—*[Interruption.]*

Mr. Speaker: Order. Allow the hon. Gentleman to address the House.

Dr. McCrea: Will the Secretary of State inform the House of what criminal activity the Provisional IRA is still involved in? What is the present position regarding the investigation into the Northern Bank robbery by the Provisional IRA, and will he demand immediately the end to the paramilitary structures of the IRA, especially the IRA army council?

Mr. Hain: The leader of the Democratic Unionist party, whom the hon. Gentleman is sitting next to, and other senior Privy Councillors in the DUP had a security briefing on Monday on these and other matters. As the

hon. Gentleman knows, the Independent Monitoring Commission has made it absolutely clear that the IRA has driven criminality out of its organisation. That is not to say that individuals are not, for lifestyle reasons in disobedience to the leadership of the IRA, doing their own thing on criminal activity.

The hon. Gentleman will know that the police continue to investigate the Northern Bank robbery and are continuing to pursue their inquiries rigorously, as they should.

Mr. Laurence Robertson (Tewkesbury) (Con): The last IMC report said that members of the Ulster Defence Association were heavily engaged in crimes, such as drug dealing, extortion, the sale of contraband and counterfeit drugs, and loan sharking, as well as in acts of violence, including ones that were sectarian or directed against foreign nationals. Since then, what steps has the Secretary of State taken to determine the status of the UDA's weapons and, since the last IMC report, has there been any reduction in violence and criminal activity by the UDA? I am sure that he will agree that such actions have no place in a civilised society and especially in a country that is struggling to come to terms with the past, but also taking giant steps forward.

Mr. Hain: I completely agree that all paramilitary organisations—whether it is the UDA, the Ulster Volunteer Force, the Continuity IRA or the Real IRA—must end their criminal activities, because that is what mostly takes up their energy and time at the moment.

Political Development

4. **Mark Tami** (Alyn and Deeside) (Lab): What steps he is taking to address the historical issues which continue to influence Northern Ireland's political development. [144667]

7. **Mr. Ronnie Campbell** (Blyth Valley) (Lab): What recent steps he has taken to address longstanding problems which influence Northern Ireland's social and political development. [144670]

The Secretary of State for Northern Ireland (Mr. Peter Hain): With the historic events of last month, I believe that the time is right to reflect on how to address the legacy of the troubles in a way that does not overshadow the future. The Government cannot tell people how they should deal with the past—only the people themselves can try to answer that question. That is why I have established a "consultative group", headed by Lord Eames and Denis Bradley, to examine the whole question of the legacy of the past, to seek a consensus across the community and to make recommendations.

Mark Tami: Great progress has been made in Northern Ireland, progress that would have seemed impossible—*[Interruption.]*

Mr. Speaker: Order. I appeal to the House again. It is being unfair to hon. Members.

Mark Tami: Thank you, Mr. Speaker. Great progress has been made in Northern Ireland, progress that would have seemed impossible only a few years ago. Great credit goes to my right hon. Friend for his work in this area. I welcome the setting up of the panel on the past. How does he see it helping the people of Northern Ireland to overcome the years of hurt?

Mr. Hain: I am grateful to my hon. Friend. It is not for me or the Government to determine the outcome of the panel on the past. It is an independent panel that will consult widely, but I think that everybody agrees that the divided past must be replaced by a shared future. That is the progress that we would wish to see following the historic political settlement last month and the fact that the devolved Executive is working very well. However, Northern Ireland's mindset is still very much stuck in the past in many respects, and that is what the panel will address.

Mr. Campbell: More than £100 million has been spent on lawyers and aspects of inquiries into the past in Northern Ireland. How is lining the pockets of the lawyers going to help the people of Northern Ireland? Would that money not be better spent for the people of Northern Ireland? If they do not want it, they can bring it to the north-east. I will find a use for it.

Mr. Hain: I understand my hon. Friend's concern. It is true that lawyers' fees have accounted for half the spending on inquiries so far. That is a fact. One of the aspects that the panel must address, once the inquiries are out of the way—they have to follow their course—is whether the past can be best addressed in a different way. The people of Northern Ireland have to address the question of whether they want money spent on the past or whether they want investment in the future.

Sammy Wilson (East Antrim) (DUP): The Chief Constable has pointed out that 40 per cent. of police resources are currently used to service historical inquiries into the police. The new Police Ombudsman has also pointed out that politically motivated historical inquiries into the police by the Police Ombudsman's office are affecting political progress in Northern Ireland. Will the Minister look again at the legislation that pertains to the Police Ombudsman's office, to remove its ability to dabble in the past so that it deals only with complaints in the future?

Mr. Hain: I have no plans to change the legislative arrangements for the Police Ombudsman's office. Nuala O'Loan has done an outstanding job and has established a good template for the future. The hon. Gentleman is right to say that there should be a focus on the future. I am sure that that will continue to be the case, not just for the present Police Ombudsman but for her successor.

Mark Durkan (Foyle) (SDLP): I commend the Secretary of State on his appointment of the panel on the past, on top of his other good work in Northern Ireland. Does he agree that the panel could be well guided by the Russian proverb that says, "To dwell on the past is to lose one eye; to forget the past is to lose both eyes", and that as the panel takes forward its work

it must be victim-centred, victim-sensitive and address the needs of all victims and the wider community in terms of truth, recognition and remembrance?

Mr. Hain: I could not have put the point better myself. The whole purpose of the panel is to do exactly that. *[Interruption.]* Since I have caught the eye of my new hon. Friend the Member for Grantham and Stamford (Mr. Davies), may I say that we very much welcome him to the Labour Benches—and we hope that there are more to come?

Hon. Members: More!

Mr. Speaker: Order. We are still on Northern Ireland questions.

Mr. David Lidington (Aylesbury) (Con): May I start by acknowledging the work that the Secretary of State has done in his current office? He and I have not agreed on everything, but on this side, we have been in no doubt about his energy, his commitment and his determination to bring about peace and a better future for everybody in Northern Ireland. On behalf of myself and my hon. Friend the Member for Chesham and Amersham (Mrs. Gillan), I thank him for the courtesies that he has extended to us as Opposition spokesmen. I hope that his own side will forgive him for having described the Government in which he serves as "careless, indifferent and...needlessly offensive".

May I ask about the inquiries into the past and the commission that the Secretary of State announced last week? Does he agree that if victims really are to be put at the heart of the process, we must remember that very often what they want to know is the truth? They do not necessarily want a court process or a public inquiry. Would not a real step forward be for the—

Mr. Speaker: Order. The hon. Gentleman has done well. He has had a good share.

Mr. Hain: I thank the hon. Gentleman for what he said at the start of his question. I very much agree with the point that he was making: the plight of victims must never be forgotten. Since my new hon. Friend the Member for Grantham and Stamford held the hon. Gentleman's job a few years ago, the hon. Gentleman might follow the precedent he has set and come over to us as well.

Mr. Lidington: That is one temptation that I have never felt.

Does the Secretary of State agree that it would really help victims to come to terms with their loss if the Provisional IRA was to say where the remains of the disappeared were lying, so that they could be recovered and given a proper burial, and to dismantle the Provisional IRA army council, which has become a pernicious anachronism in the new world into which Northern Ireland is moving?

Mr. Hain: I very much agree with the hon. Gentleman that the plight of the disappeared must be addressed by the IRA and other paramilitary organisations. To his credit, the president of Sinn Fein has made it clear that he wants that and has offered opportunities for that to happen. We want not only a shared political future in Northern Ireland—the right hon. Member for North Antrim (Rev. Ian Paisley) has ensured that there will be such a future—but a shared future without any paramilitary trappings in any organisation, regardless of its history.

Dissident Paramilitaries

5. **David Simpson** (Upper Bann) (DUP): What recent assessment he has made of the extent of activities of dissident republican paramilitary organisations (a) within the UK and (b) overseas; and if he will make a statement. [144668]

The Parliamentary Under-Secretary of State for Northern Ireland (Paul Goggins): As the 15th Independent Monitoring Commission report says, dissident republicans, though very small in number and isolated, continue to be dangerously active. They continue to be involved in crime with an international dimension, principally smuggling. UK security forces are working closely with international partners to combat this.

David Simpson: Will the Minister give us his word that when the historical inquiries team uncovers links with former IRA personnel, members of Sinn Fein, or other people responsible for horrendous crimes, his office will in no way interfere with investigations so that we can explain that no one is above the law?

Paul Goggins: Of course, the activities of the historical inquiries team, especially those carried out by the Police Service of Northern Ireland and the ombudsman's office, are matters for those bodies, not Ministers. Much as we would urge any remaining dissident republican to leave violence behind and engage in the political process, those who do not do so can be assured that law enforcement teams will continue to track them down and bring them to justice.

Derek Conway (Old Bexley and Sidcup) (Con): Will the Minister tell the House his estimate of such organisations' fundraising capacity in the United States of America?

Paul Goggins: Given the historic decision taken by the Provisional IRA to give up conflict and to take a position in which it no longer has the means to wage war, and Sinn Fein's historic decision to support the police and the rule of law, it is clear to me that the issue of such fundraising is more marginal than ever. We have a consensus in Northern Ireland on peace, prosperity and the future.

Marching Season

6. **Stephen Pound** (Ealing, North) (Lab): What steps he is taking to ensure that the marching season in Northern Ireland is peaceful and orderly. [144669]

The Parliamentary Under-Secretary of State for Northern Ireland (Paul Goggins): Many people, including local political and community leaders, the loyal orders, the PSNI and the Parades Commission are working hard to ensure that this year's parades season is as peaceful as last year's.

Stephen Pound: I thank my hon. Friend for that answer. Will he recognise the exceptional contribution made by the parade marshals and organisers from both communities who made last year's parades peaceful and are making this year's even more so? Will he accept, on behalf of my right hon. Friend the Secretary of State, my thanks and those of all people of good will for the extraordinary energy and commitment that my right hon. Friend and his team, including the Prime Minister, have brought to the process in Northern Ireland?

Paul Goggins: I am sure that my right hon. Friends will have received my hon. Friend's tributes happily. I assure my hon. Friend that stewards play an important role in marshalling parades. The local dialogue with community groups and the loyal orders is also important. I hope that this summer's parading season is as peaceful as last year's and that that adds to confidence throughout Northern Ireland.

PRIME MINISTER

The Prime Minister was asked—

Engagements

Q1. [145772] **Mr. David Burrowes** (Enfield, Southgate) (Con): If he will list his official engagements for Wednesday 27 June.

The Prime Minister (Mr. Tony Blair): First of all, I know that the whole House will want to join me in sending our deep condolences to the family and friends of Major Paul Harding of the 1st Battalion the Rifles, and Corporal John Rigby of the 4th Battalion the Rifles, both of whom died in Iraq; and Drummer Thomas Wright, of the 1st Battalion the Worcestershire and Sherwood Foresters Regiment. All three of them were outstanding soldiers and will be deeply missed.

Mr. Speaker, since this is the last time that this, the saddest of duties, falls to me, I hope that the House will permit me to say something about our armed forces, and not just about the three individuals who have fallen in the past week. I have never come across people of such sustained dedication, courage and commitment. I am truly sorry about the dangers that they face today in Iraq and Afghanistan. I know that some may think that they face these dangers in vain. I do not, and I never will. I believe that they are fighting for the security of this country and the wider world against people who would destroy our way of life. But whatever view people take of my decisions, I think that there is only one view to take of them: they are the bravest and the best.

Before listing my engagements, because this is the last time that I will be able to do so, may I thank you, Mr. Speaker, for your gentle courtesy and kind forbearance toward me over the years? I have had need of both.

Now to my engagements. This morning, I had meetings with ministerial colleagues and others. In addition to my duties in the House, I will have no such further meetings today, or any other day.

Mr. Burrowes: I thank the Prime Minister for that comprehensive answer on his engagements. I am sure that the whole House wishes to associate itself with those words of condolence.

In 1997, the Prime Minister said that there were

> "24 hours to save the NHS".

Why is it that, more than 87,600 hours later, his successor is indicating that there is still a need to save the NHS? Given that Enfield Chase Farm hospital is tomorrow publishing plans to cut maternity and accident and emergency services, is it more or less likely that in the next 24 hours, with a new Prime Minister, local health services will be saved?

The Prime Minister: Let me point out to the hon. Gentleman that, as he knows, the proposals for the hospitals in his constituency were reviewed by Sir George Alberti, who is someone who has spent a whole lifetime of service in the national health service. He said:

> "Put starkly, it is evident that high quality modern care cannot be provided for all specialties in all three acute hospitals in the area."

He therefore said specifically that there had to be change. However, that change goes alongside 26 different facilities and schemes, with a value of £1.7 billion, that have opened in the hon. Gentleman's area, and thousands more staff. Whereas in 1997, people used to wait more than 18 months for their operation—people used to die on waiting lists—now, those waiting lists are at record lows.

Q2. [145773] **Colin Burgon** (Elmet) (Lab): The Prime Minister can relax, because I will not ask him about Venezuela today.

Like thousands of other parents, I have watched anxiously as my daughter has prepared for her exams, but we can safely predict that when the GCSE results come out in August any rise in pass rates will provoke the Conservatives and their media allies to devalue the work of teachers and young people. So if in response I state our socialist belief that education is a path that should be open to the many, not the few, will the Prime Minister—

Mr. Speaker: Order. I have to hear a question. I have not heard one yet.

Colin Burgon: Sorry, Mr. Speaker. Will the Prime Minister, as one comrade to another, at last agree with me on something, and thus ensure his place in history?

The Prime Minister: First, let me shock my hon. Friend by saying that the definition of socialism that he has just given—that it is for the many and not the few—is one that I wholeheartedly share. Secondly, let me say that it is absolutely right that we recognise that results are better not because of a downgrading of the exams, but because our pupils are performing better as a result of the investment and changes that have been made in our school system. The fact is that the exams are monitored by a wholly independent body. The other fact that it is necessary to point out is that, whereas in 1997 just over 80 schools in England got more than 70 per cent. five good GCSEs, the figure today is more than 600. That is the difference that investment and reform have made.

Mr. David Cameron (Witney) (Con): I join the Prime Minister in paying tribute to Major Paul Harding, Corporal John Rigby and Drummer Thomas Wright, who died serving their country in Iraq and Afghanistan. I think that the Prime Minister was absolutely right to put on record once again the huge debt that we all owe to our armed forces. Their professionalism, courage and heroism is a constant source of inspiration and pride throughout our country.

Before I wish the Prime Minister well for the future, I would like to ask some questions about the floods in Britain and the situation in the middle east. On the floods, four people have lost their lives, thousands of homes have been flooded, and many people are in temporary accommodation. The emergency services are clearly doing an incredible job. Will the Government ensure that they have all the support that they need, and that the local authorities under the greatest pressure get all that they require?

The Prime Minister: First, in respect of the flooding, as the right hon. Gentleman rightly says, it has meant that four lives have been lost. I think that we should all send our condolences and sympathy to the families of those who have lost their lives. In respect of what we now have to do, we have increased the amount of money for our coastal defence protection to something in the region of £600 million a year. We are doing an immense amount for the future to make sure that we have proper provision in place. I am afraid that we will have to spend a lot more money and invest a lot more in the years to come. In addition to that, of course, under the Bellwin scheme, it will be open to local authorities to be reimbursed for the additional costs that they face, and I know that those requests will be looked at sympathetically. It is a very difficult situation; thousands of properties have been affected, and I am afraid that hundreds of millions of pounds-worth of damage has been caused, but we will of course do everything that we can, in conjunction with the Environment Agency and the local authorities, to try to improve the situation.

Mr. Cameron: I am grateful for that answer. Yesterday, the Secretary of State for Environment, Food and Rural Affairs rightly praised the work of the RAF. He said that armed forces liaison officers were "ready to provide support" if necessary, but that otherwise there was no need for any further Army deployment. Will the Prime Minister assure us that, if necessary, that decision can be changed, and military resources can be deployed?

The Prime Minister: We will, of course, keep that decision under review, and we will put in any further resources that are necessary. It is worth pointing out, and the right hon. Gentleman is right to do so, that not only have our armed forces—in this case the RAF—played a very important role, for which we thank them, but the emergency services as a whole have responded to the crisis in the most exemplary manner, as indeed they always do.

Mr. Cameron: May I turn to an issue that might be relevant to the Prime Minister's future? Clearly, this is a very difficult time in the middle east, with the desperate situation in the Gaza strip and instability in the west bank, all against the backdrop of a Palestinian economy that has failed to develop. Can the Prime Minister tell us what his first priority will be, if and when he takes on his new role?

The Prime Minister: The absolute priority is to try to give effect to what is now the consensus across the international community: the only way of bringing stability and peace to the middle east is a two-state solution, which means a state of Israel that is secure and confident of its security, and a Palestinian state that is viable, not merely in terms of its territory, but in terms of its institutions and governance. I believe that it is possible to do that, but it will require a huge intensity of focus and work.

Mr. Cameron: When it comes to the Palestinian territories, clearly what is on everyone's mind in this country is the fact that Alan Johnston is still in captivity. All of us who saw that chilling video will feel enormous sympathy for him, his family and his colleagues. His continued captivity is utterly senseless and serves no cause. Will the Prime Minister agree with me that, as many Palestinians have demonstrated, both in the territories and here in Britain, their interests can best be served if he is released immediately?

The Prime Minister: I should say in respect of Alan Johnston that we deeply regret the fact of his continued imprisonment, and we are working closely with the BBC and the Palestinian Authority to do everything that we can to secure his release. I am sure that the majority of Palestinian people want to see him released. It is worth simply pointing out that he was a journalist doing a job as a journalist. It is completely without any justification at all to take him as a target for any action of whatever nature. I would also simply point out that I believe that the majority of Palestinian and Israeli people want to see a situation where hostage-taking and violence is a thing of the past, and the two groups of people can live together in peace.

Mr. Cameron: On behalf of everyone on these Benches, may I congratulate the right hon. Gentleman on his remarkable achievement of being Prime Minister for 10 years? [HON. MEMBERS: "Hear, hear."] For all the heated battles across the Dispatch Box, for 13 years he has led his party, for 10 years he has led our country, and no one can be in any doubt about the huge efforts he has made in public service. He has considerable achievements to his credit, whether it is peace in Northern Ireland or his work in the developing world, which will endure. I am sure that life in the public eye has sometimes been tough on his family, so on behalf of my party may I wish him and his family well, and wish him every success in whatever he does in future?

The Prime Minister: Let me thank the right hon. Gentleman for those very generous sentiments. For all the political disagreements between us, it is always important to be able to work with people on issues of national importance across the political divide, and I have always found him most proper, correct and courteous in his dealings with me, and I thank him for

that. Although I cannot wish him well politically, none the less, personally, I wish him and his family very well indeed.

Mr. Kevin Barron (Rother Valley) (Lab): My right hon. Friend will know that I have not made a habit in the past 10 years of standing up at Prime Minister's Question Time and praising him and his Government for the good work that has been done in that period in Rother Valley—a constituency that was ravaged by the previous Government's pit closure programme and under-investment in public services. Does he agree that the investment that the Government have put into public services has served my constituents well in the past three days? Hundreds of them have been removed from their homes because of flooding in the villages of Catcliffe, Treeton and Wiston. Will he make sure that his predecessor—[HON. MEMBERS: "Predecessor?"]—gets his priorities right? I am sorry, I should have said that his predecessors did not get their priorities right, but will he make sure that his successor does so?

The Prime Minister: First, I express my sympathy to my right hon. Friend's constituents who have been displaced by the floods. Secondly, I thank him for what he said about the Government's record of investment in communities such as his. In those former mining communities, there has been an enormous amount of regeneration and, in addition, we can count as a very proud achievement the fact that thousands of former miners have been paid compensation amounting to several billion pounds. That is something I do not believe would have happened under any Government other than a Labour Government.

Sir Menzies Campbell (North-East Fife) (LD): May I join the Prime Minister in his expressions of sympathy and condolence, and in his generous tribute to Britain's armed forces? Is he satisfied that proper provision has been made for those servicemen and women who suffer both physical and psychological injury as a result of their service in Iraq and Afghanistan? What assurances can he give them and their families that they will not be forgotten?

The Prime Minister: On Monday evening, I held a reception in Downing street for staff in the medical services—staff employed by the armed forces as well as staff in the national health service—who work for our armed forces. They are an immensely committed group of people, and they do a wonderful job for our armed forces. At Headley Court, Selly Oak and Peterborough, and in the many different facilities up and down the country, we do our level best to provide the highest quality of care for them, and of course we should continue to do so even after they are discharged from hospital.

Sir Menzies Campbell: As the Prime Minister knows, he and I have had a number of disagreements, not least on Iraq. In our personal dealings, however, he has been unfailingly courteous, and I should like to express my gratitude to him for that. As he leaves office, may I, on behalf of my colleagues, extend our very best wishes to him and his family?

The Prime Minister: I thank the right hon. and learned Gentleman for that, and may I return the compliment? Again, whatever differences we have had politically, I do not think anybody in the House would think that he is a person other than one of generosity of spirit and courtesy.

Iraq

Q3. [145774] **Jeremy Corbyn** (Islington, North) (Lab): When he expects British troops to be finally withdrawn from Iraq.

The Prime Minister: The numbers of UK forces in Iraq depend on the conditions in Iraq. The numbers of forces have come down from 9,000 to 7,000 to 5,500. When, in the next few weeks, we are able to complete a further phased withdrawal, they will come down even further, but they must come down as and when the security conditions allow. We have already handed over responsibility for several provinces that used to be under our control to the Iraqi forces. The 10th division is now operating very effectively down in Basra, so we will be able to do more in the near future, but it must be dependent on the security circumstances.

Jeremy Corbyn: I thank the Prime Minister for that answer. Does he recognise that, in the United States, the Congress has voted for the withdrawal of US forces and only a presidential veto is preventing that from happening, and that overwhelmingly, British public opinion wants the British troops to be withdrawn and the occupation to end? Does he not think that it is time to give a timetable to bring the troops out of Iraq?

The Prime Minister: I am afraid I do not, for the reasons that I have often given. What is important is that those people who are fighting us in Iraq, who are either backed by elements in the Iranian regime and who are using terrorism to try to kill our troops, or al-Qaeda up in Baghdad who are using the most evil carnage through terrorist bombs to kill as many innocent civilians as they possibly can—those two elements that we are fighting, we are fighting the world over. We will not beat them by giving in to them. We will only beat them by standing up to them.

Ann Winterton (Congleton) (Con): Is the Prime Minister aware that when troops are eventually withdrawn from Iraq, that will be the most dangerous time, unless there is peace in Iraq, which at present seems unlikely? Will he or perhaps even his successor ensure that by then our troops are properly equipped to fight a counter-insurgency war, rather than just a conventional war?

The Prime Minister: I do not, I have to say, accept that our troops are not properly equipped. Indeed, every time these claims are made, we look into them and find that, when urgent operational requirements are made, we do our level best to meet them. Our troops are, in fact, extremely well equipped. However, the hon. Lady is right in this sense—that it is important that we judge when it is right to leave Iraq in relation to the security circumstances. The fact is that Basra is different from Baghdad. Most of the attacks that happen now in Basra are aimed at British troops; the

sectarian levels of violence have declined very sharply. Up in Baghdad, however, it is a different situation altogether. But whether in Basra or Baghdad, the criteria that we have set out for the Iraqis being able to handle their own security are the criteria that have to be met for withdrawal—no other criteria. Of course we will make sure between now and that time that we give our troops every form of equipment that they need. Indeed, just recently, for example, at the main base in Basra substantial additional protections have been given against some of the incoming indirect fire.

Ann Clwyd (Cynon Valley) (Lab): Will my right hon. Friend welcome the findings at the weekend of the Iraqi higher tribunal, which found Ali Hassan al-Majid—"Chemical Ali"—guilty of genocide and the killing of 180,000 Kurds? May I assure the Prime Minister that many, many people in Iraq salute his courage and leadership, without which that regime would never have been brought to justice?

The Prime Minister: I thank my right hon. Friend for that. It is important to emphasise that, even as we try to deal with the new situation in Iraq, which is about terrorism visited on the country in substantial part by outside elements, we should never forget the hundreds of thousands of people who died in Iraq under Saddam, including those who died through the use of chemical weapons, or, indeed, the 1 million casualties of the Iran-Iraq war.

Q4. [145775] **Paul Rowen** (Rochdale) (LD): After 10 years of a Labour Government, why is the educational achievement of white British boys still so low?

The Prime Minister: It has gone up, of course, enormously over the past 10 years. One of the reasons why we now have the best results at the age of 11 for primary schools and the best results for GCSEs—in fact, in the hon. Gentleman's constituency there has been a remarkable increase in the numbers getting five good GCSEs over the past few years, and the best results at A-level—is the investment in our education system. I agree entirely that we have to make sure that those educational benefits are spread right across the country and into all groups of people, but if the hon. Gentleman looked at education in his constituency, he would be hard put not to say that over the past 10 years it has got significantly better, precisely because of the investment that we put in and, if I may say so, the reform that he opposed.

Q5. [145776] **Richard Burden** (Birmingham, Northfield) (Lab): I thank my right hon. Friend for the huge contribution that he has made, not only to the success of our party, but to the transformation of our country, and at a personal level, I pay tribute to his work and that of the Chancellor in standing by the communities of south-west Birmingham following the collapse of MG Rover two years ago.

Looking to his future, does my right hon. Friend agree that the Quartet has a potentially crucial role to play in bringing peace to the middle east, and that one of the lessons of the Northern Ireland peace process is that for peace to be successful we need not only to involve friends but to reach out to hardliners?

The Prime Minister: I obviously agree entirely with what my hon. Friend says about the importance of bringing peace to the middle east. As I learned in respect of Northern Ireland, it is important to be in a position to bring people together, including those who have been very hostile towards each other. That is the whole basis of the peace process.

I thank my hon. Friend for his kind words in relation to the closure of Longbridge in his constituency. He is absolutely right. I think that 85 per cent. of the work force have now found a job, and I congratulate him on that. I feel a certain solidarity with them since I received the following communication by urgent letter yesterday:

"Details of employee leaving work: Surname Blair. First name T"—

it actually says "Mr., Mrs., Miss or other"—

"This form is important to you. Take good care of it. P45."

Mr. Speaker: I call Richard Younger-Ross.

Richard Younger-Ross (Teignbridge) (LD): Would the Prime Minister say—*[Interruption.]*

Mr. Speaker: Order.

Q6. [145777] **Richard Younger-Ross:** What advice would the Prime Minister give his successor on the relationship between faith and state, in particular with regard to his successor's reported views on the disestablishment of the Church of England?

The Prime Minister: I am really not bothered about that one.

Colin Challen (Morley and Rothwell) (Lab): Rather unnervingly, the last public visitor to No. 10 yesterday was "The Terminator". If, like Arnold Schwarzenegger, my right hon. Friend came back from the future, what would he do to save the planet?

The Prime Minister: I thank my hon. Friend for all the work that he has done in relation to climate change. It is true that I and the Governor of California had a meeting on climate change, and the prospect of the United States joining other countries in bringing a global deal to fruition is exciting. That is the most important priority over the next few years. Interestingly, when the Governor and I visited a state primary school in London, he was, I think, taken aback and hugely impressed by the state of the school and the investment in it, and I took some comfort from that as well.

Q7. [145778] **Sir Nicholas Winterton** (Macclesfield) (Con): I wish the Prime Minister and his family well for the future, but is he aware that a majority of the people of the United Kingdom feel betrayed by the fact that they are being drawn down further into the suffocating quicksand and expensive bureaucracy of the European Union? If he and his successor genuinely believe in trusting the people of this country as they claim, will they now honour their commitment at the last general election to a referendum to enable the people to decide on the new treaty that is in substance the old discredited constitutional treaty?

Hon. Members: More!

The Prime Minister: First, I like the hon. Gentleman, and what I am about to say is no disrespect to him at all, but after the guttural roar from his own Benches that greeted his statement, I really believe that if I were the leader of the Conservative party I would be worried about that. I am afraid that we cannot agree on the treaty, but as for his good wishes to me, may I say to him au revoir, auf Wiedersehen and arrivederci?

Mr. David Blunkett (Sheffield, Brightside) (Lab): I only learned Esperanto, so I cannot add to that. On behalf of the little part of the planet that I represent, I thank the Prime Minister for what he has done in transforming the lives of so many people in the Brightside constituency and across the world.

Does the Prime Minister agree that record police numbers, tough new sentences for the most dangerous criminals and zero tolerance of antisocial behaviour, together with 2.5 million new jobs, record investment in education and Sure Start centres across the country, is precisely what he meant by

"tough on crime and tough on the causes of crime"?

The Prime Minister: It is correct, of course, that crime has fallen over the period of this Government, but there are still tremendous challenges to overcome, as we know. However, when I visited my right hon. Friend's constituency recently, I was able to see for myself the benefits that the antisocial behaviour legislation had brought about. His role in that when Home Secretary was of immense importance, and he never forgot, either, the importance of investing in tackling the causes of crime. I genuinely believe that in time to come the focus on early years learning, the Sure Start centres, the children's centres, the extension of nursery education and the investment in primary schools will stand us in good stead for the future in creating the responsible citizens we all want to see.

Q8. [145779] **Tony Baldry** (Banbury) (Con): In the coming months, my constituents are faced with the prospect of a serious downgrading of our local general hospital, the closure of a number of otherwise perfectly viable local post offices, a failure to deliver on a promised referendum on the European constitution, and an ever-increasing tax burden. Which of those are new Labour and which are unremittingly Brown Labour?

The Prime Minister: What is new Labour is the fact that within the hon. Gentleman's own area there is an investment worth £485 million in the health service, which has meant that, for example, the numbers of people waiting for more than 26 weeks has fallen from 27,000 to nil. In relation to education, he has had, I think, six new schools, 16 schools rebuilt and 549 additional or refurbished classrooms in his LA, plus an extra £1,000 funding for his pupils. In respect of the economy, as opposed to the situation when he was a Minister in the previous Government, when we used to have recession and high interest rates, under this Chancellor we have had low interest rates, low unemployment, high employment and a booming economy.

Q9. [145780] **Ms Angela C. Smith** (Sheffield, Hillsborough) (Lab): My right hon. Friend has visited the city of Sheffield on a number of occasions over the past 10 years to see for himself the work done by that city in rebuilding itself after the economic devastation of the 1980s. Now, of course, we have to start all over again. On his final day as Prime Minister, can I ask my right hon. Friend what message he has for the people of Sheffield? *[Interruption.]*

The Prime Minister: Certainly, they should vote Labour. Also, as we can see from the investment in the school system in Sheffield today, there is now the possibility of making sure that not just those who are comfortably off but those who come from poorer backgrounds get the chance of world-class education. That is why it is important to keep the programme of investment and reform going, which will deliver over time, as it is already delivering now, for every part of the country, a high quality—indeed, a world-class—education system.

Rev. Ian Paisley (North Antrim) (DUP): May I say to the Prime Minister that I fully understand the exasperation that he felt many a day when I visited him? I understand that he was downcast many a day, that he was disappointed, angry and that perhaps he even lost his temper, but I want to say that he treated me with the greatest courtesy. I disagreed with him about many things, but we faced them. I am glad that I can stand here today and say to the Prime Minister that the people of Northern Ireland felt the same way as him—they were angry and cross, lost their tempers and were sad—but we made progress. It is not as great as I would like, but the Unionist people for whom I speak in the House are dedicated to seeing what was started concluded, so that every man and woman in Ulster has the same rights, liberties and opportunities to lead their lives, have their families and have a future.

The Prime Minister begins another colossal task. I hope that what happened in Northern Ireland will be repeated and that, at the end of the day, he can look back and say that it was well worth while.

The Prime Minister: I thank the right hon. Gentleman very much indeed for those immensely kind words. I was waiting for the "but" and it never came, and I am most grateful to him. Let me say—although it will do neither of us good in many quarters—that I found him to be not merely a very good person to work with but someone who was completely straight with me throughout my dealings with him. I wish him the best of luck in the future, because he has shown immense courage in what he has done.

Mr. Alan Williams (Swansea, West) (Lab): I apologise for being more political than I normally would, but it is a special occasion.

May I wish the Prime Minister success and fulfilment in whatever he chooses to do? I hope that he chooses to do something that makes best use of those qualities that brought peace to Northern Ireland. He and I have not always agreed on policy, but I genuinely say to him that he is one of the outstanding Prime

Ministers of my political lifetime and, without doubt, the most politically effective Prime Minister that the party has ever had.

May I thank him for leading us out of 18 years of wilderness life on the Opposition Benches, leading us successfully through three general elections and giving us 10 years of government with more to come? Under him, the party has once again become a natural party of government.

The Prime Minister: I thank my right hon. Friend the Father of the House for that extraordinarily generous remark.

Mr. Speaker, if I may just finish with two brief remarks—first to the House. I have never pretended to be a great House of Commons man, but I pay the House the greatest compliment I can by saying that, from first to last, I never stopped fearing it. The tingling apprehension that I felt at three minutes to 12 today I felt as much 10 years ago, and every bit as acute. It is in that fear that the respect is contained.

The second thing that I would like to say is about politics and to all my colleagues from different political parties. Some may belittle politics but we who are engaged in it know that it is where people stand tall. Although I know that it has many harsh contentions, it is still the arena that sets the heart beating a little faster. If it is, on occasions, the place of low skulduggery, it is more often the place for the pursuit of noble causes. I wish everyone, friend or foe, well. That is that. The end. *[Applause.]*

Mr. Speaker: Order. We have a 10-minute Bill!

I think the Chamber has now quietened down. I call Mr. Stephen Crabb.

Animals Act (Amendment)

12.36 pm

Mr. Stephen Crabb (Preseli Pembrokeshire) (Con): I beg to move,

That leave be given to bring in a Bill to amend the Animals Act 1971 to limit strict liability for damage done by animals.

My Bill would amend the Animals Act 1971 by limiting its scope to dangerous species and, particularly, to dangerous individual animals, and for connected purposes. There are many Members on both sides of the House who enjoy, or whose families enjoy, horse riding. I am always delighted to be told by colleagues of their excellent holidays on the beautiful Pembrokeshire coast, and I know of several who have enjoyed riding in the county of Pembrokeshire, which is home to many good stables and livery yards.

In the past 12 months, an estimated 4.3 million people throughout the United Kingdom from all social backgrounds will have ridden on at least one occasion, and more than £730 million will have been spent on riding lessons. The British equine industry is now worth around £4 billion each year to our economy, yet it is facing huge pressures as a result of the enormous increase in insurance costs which now make running an equestrian centre a very challenging proposition. The Association of British Riding Schools tells me that, in the past four years alone, 650 riding schools have closed down as a result of insurance costs. Some riding centres have been refused insurance cover altogether.

At the heart of this problem of soaring costs is an unfair liability regime brought about by a badly drafted Act of Parliament, and there is an urgent need for clarification of the law if more businesses are not to fail. Horse riding is under threat from the pernicious reach of the compensation culture, and it is the purpose of my Bill to seek to tackle this problem. In introducing the Bill, I seek to clarify the scope of the Animals Act 1971 in respect of liability for harm caused by non-dangerous animals. A House of Lords legal judgment in the 2003 case of Mirhavedy *v.* Henley widened the scope of that Act so that strict, non-fault-based liability can be faced by keepers of any animal which can display dangerous behaviour at particular times or in particular circumstances.

The Act originally intended that this strict liability regime should apply only to the owners of dangerous animals—dangerous animals being wild animals such as lions, tigers, deadly snakes or insects, or a specific psychotic domestic animal. However, the effect of the 2003 judgment is that strict liability now applies to the keeper of non-dangerous animals behaving in a normal way where a pure accident occurs. This is why stable owners can now be held liable for a horse that bolts when it is spooked. The impact of the 2003 judgment will not stop at the equine sector; it could affect owners of all livestock. Farmers, for example, could be held liable if a cow acts aggressively to protect a calf and injures a dog walker.

It might be helpful if I take a moment to explain in more detail the legal background to this matter. Section 2(2) of the 1971 Act addresses damage caused by non-dangerous animals and is at the heart of the problem. That section has been repeatedly criticised for its opaque language, and there is widespread agreement that the wording is unclear and needs to be changed. Section 2(2) places strict liability on the keeper of non-dangerous animals that cause harm where the following points are satisfied: first, the damage is of a kind that the animal, unless restrained, was likely to cause, or that, if caused by the animal, was likely to be severe; secondly, and crucially, the likelihood of the damage or of its being severe was due to characteristics of the animal that are not normally found in animals of the same species, or are not normally so found except at particular times or in particular circumstances; and thirdly, those characteristics were known to the keeper.

In the case of Mirhavedy *v.* Henley the court was deciding the meaning of the second condition and whether it referred just to a particularly dangerous individual animal or, in addition, to a perfectly normal animal that was displaying dangerous characteristics typical of the species at particular times or in particular circumstances. Clearly, the latter interpretation is of much broader scope, and that interpretation was ultimately favoured by the House of Lords by a majority decision. In that case, the Henleys were found not to have been negligent in an accident in which their horses had been spooked and had escaped on to a road causing serious injury to Mr. Mirhavedy, who had been driving on that road; but they were found to be liable to pay for the harm caused.

That judgment, and that interpretation of the Act, is now having a negative impact on the equine sector. For example, Mrs. Ingrid Evans in my constituency, who runs a riding school at Llanwnda stables near Fishguard, has seen her insurance premium rise from £858 in 2001 to more than £7,000 a year today. She has had to increase her charges to try to cover the costs, but is concerned that she is now pricing out many low-income people from enjoying the sport and recreation.

The Country Land and Business Association, whose lawyers have drafted my Bill, and to which I pay tribute for its tireless campaign for a change in the law, has a member who runs a riding school and faced a claim under the Act. That resulted from an accident during a riding lesson when a third party frightened the horse accidentally. Again, there was no fault, but there was liability. That has created enormous problems for that riding school in obtaining insurance at a premium that could be afforded. It is now clear that insurance is getting more expensive and harder to obtain right across the equine sector, even for those who have not had an actual claim against them.

Hon. Members may be aware that my hon. Friend the Member for Tewkesbury (Mr. Robertson) introduced a similar Bill under the ten-minute rule last year: the Accidents Involving Animals (Strict Liability) Bill. That Bill also sought to amend the 1971 Act following the 2003 judgment. It failed to get the necessary time, but I am pleased that my hon. Friend has expressed his support for my Bill. My Bill is different from his, however, in that it does not seek to make it a defence in law for the owner of an animal involved in an accident to show that he took all reasonable steps to keep the animal in a secure enclosure. Instead, it seeks to refocus the scope of the Act by clarifying the language of section 2(2)(b). The reasons for that are twofold.

[Mr. Stephen Crabb]

First, the 1971 Act is about strict liability and, quite rightly, there should be no reasonable defence to strict liability. If a person owns a dangerous animal such as a poisonous snake that harms a third party, it is right that that person should be strictly liable and have no defence of reasonable care. That was the intention behind the 1971 Act. Secondly, with a defence of reasonable care, no insurer will risk going to court and the defence not being accepted. Insurers will continue to settle out of court, keeping insurance premiums as high as they are now.

Under my Bill, however, riding schools, farmers and pet owners will be subject to the usual common law negligence and health and safety laws, meaning that if an owner or business has taken all possible safeguards they are unlikely to be blamed for an accident. That would encourage owners to take out third-party insurance but would remove liability for genuine accidents. Owners of dangerous animals would, quite rightly, continue to be liable.

I am delighted that the Government have signalled their support for the principles of my Bill. I am also encouraged that an early-day motion that I tabled on the matter during the 2005-06 Session attracted more than 150 signatures, and that that same early-day motion, which has been re-tabled this Session by my hon. Friend the Member for South-East Cambridgeshire (Mr. Paice), is also attracting wide cross-party support. I am grateful to all those Members who have told me in the past few days that they are very supportive of what I am seeking to do, and to those hon. Members on both sides of the House who are co-sponsoring the Bill. As well as the support of the Country Land and Business Association, the Bill has the support of the Thoroughbred Breeders Association, the British Equine Veterinary Association, the National Farmers Union and the Countryside Alliance.

The Government are right to state their support for the equine sector in this country. That sector is not only an important and growing part of the rural economy and an avenue of potential diversification for farmers, but it plays a vital part in ensuring health and recreation is enjoyed by the nation, particularly younger people. The House will be aware of the many excellent schemes that provide riding opportunities for disabled people and children from disadvantaged backgrounds. Such initiatives may be at risk unless action is taken soon.

The unintended result of the 1971 Act has been unfair damage to rural businesses, recreation and tourism. My Bill would redress that injustice while ensuring that those whose non-dangerous animals caused harm due to their negligence could still be held to account. I commend this Bill to the House.

Question put and agreed to.

Bill ordered to be brought in by Mr. Stephen Crabb, Daniel Kawczynski, Mr. Richard Benyon, Peter Luff, Mr. James Gray, Mr. David Drew, Mr. John Grogan, Mr. Edward O'Hara, Martin Salter, Mr. Roger Williams, Nick Harvey and Mr. Elfyn Llwyd.

ANIMALS ACT (AMENDMENT)

Mr. Stephen Crabb accordingly presented a Bill to amend the Animals Act 1971 to limit strict liability for damage done by animals: And the same was read the First time; and ordered to be read a Second time on Friday 19 October, and to be printed [Bill 132].

Orders of the Day

Tribunals, Courts and Enforcement Bill [*Lords*]

As amended in the Public Bill Committee, considered.

New Clause 7

TRANSFER FROM SALARIED TO FEE-PAID JUDICIAL OFFICE

'(1) The Constitutional Reform Act 2005 (c. 4) is amended as follows.

(2) After section 94 insert—

"94A Appointments not subject to section 85: courts

(1) Where this section applies to an appointment—

(a) section 85 does not apply, but

(b) the Lord Chancellor may not make the appointment without the concurrence of the Lord Chief Justice.

(2) This section applies to the appointment of a person, on a fee-paid basis, to an office in the table below (the "proposed appointment") if the person—

(a) holds the corresponding qualifying office (or one of them) on a salaried basis, or

(b) ceased to hold the corresponding qualifying office (or one of them) within two years ending with the date when the proposed appointment takes effect and, immediately before ceasing to hold that office, held it on a salaried basis.

Proposed appointment (fee-paid)	*Qualifying office (salaried)*
An office listed in Part 2 of Schedule 14.	The same office.
Deputy District Judge (Magistrates' Courts).	District Judge (Magistrates' Courts), Senior District Judge (Chief Magistrate), or Deputy Senior District Judge (Chief Magistrate).
Assistant Judge Advocate General, or a person appointed temporarily to assist the Judge Advocate General.	Judge Advocate of Her Majesty's Fleet, Judge Advocate General, Vice Judge Advocate General, or Assistant Judge Advocate General

(3) The Lord Chief Justice may nominate a judicial office holder (as defined in section 109(4)) to exercise his function under subsection (1)(b).

(4) In this section "salaried" and "fee-paid" have the meaning given by paragraph 1(2) of Schedule 7 to the Judicial Pensions and Retirement Act 1993 (c. 8).

94B Appointments not subject to section 85: tribunals

(1) Where this section applies to a recommendation or appointment—

(a) section 85 does not apply, but

(b) the Lord Chancellor may not make the recommendation or appointment without the concurrence of the Senior President of Tribunals.

(2) In the case of the appointment of a person as a deputy judge of the Upper Tribunal, if the person holds or has held an office listed in section 6(1) of the Tribunals, Courts and Enforcement Act 2007, the Lord Chancellor must also consult the Lord Chief Justice before making the appointment.

(3) This section applies to, or to a recommendation to Her Majesty for, the appointment of a person, on a fee-paid basis, to an office in the table below (the "proposed appointment") if the person—

(a) holds the corresponding qualifying office (or one of them) on a salaried basis, or

(b) subject to subsection (4), ceased to hold the corresponding qualifying office (or one of them) within two years ending with the date when the proposed appointment takes effect and, immediately before ceasing to hold that office, held it on a salaried basis.

Proposed appointment (fee-paid)	*Qualifying office (salaried)*
An office listed in Part 3 of Schedule 14 (other than the office of Chamber President or Deputy Chamber President of a chamber of the Upper Tribunal or the First-tier Tribunal).	The same office, or a more senior office, listed in Part 3 of Schedule 14, in the same tribunal or body (but excluding the Upper Tribunal and the First-tier Tribunal).
Deputy Child Support Commissioner.	Chief Child Support Commissioner, or Child Support Commissioner.
Deputy Social Security Commissioner.	Chief Social Security Commissioner, or Social Security Commissioner.
Deputy judge of the Upper Tribunal	Ordinary judge of the Court of Appeal in England and Wales, Lord Justice of Appeal in Northern Ireland, Judge of the Court of Session, Puisne judge of the High Court in England and Wales or Northern Ireland, Circuit judge, Sheriff in Scotland, County court judge in Northern Ireland, District judge in England and Wales or Northern Ireland, District Judge (Magistrates' Courts), or Judge of the Upper Tribunal by virtue of any of paragraphs (a) to (f) or (i) of section 5(1) of the Tribunals, Courts and Enforcement Act 2007.
Judge of the First-tier Tribunal by appointment under paragraph 1(1) of Schedule 2 to the Tribunals, Courts and Enforcement Act 2007.	Transferred-in judge of the First-tier Tribunal (see section 31(2) of that Act).
Other member of the First-tier Tribunal by appointment under paragraph 2(1) of Schedule 2 to the Tribunals, Courts and Enforcement Act 2007.	Transferred-in other member of the First-tier Tribunal (see section 31(2) of that Act).
Judge of the Upper Tribunal by appointment under paragraph 1(1) of Schedule 3 to the Tribunals, Courts and Enforcement Act 2007.	Transferred-in judge of the Upper Tribunal (see section 31(2) of that Act).
Other member of the Upper Tribunal by appointment under paragraph 2(1) of Schedule 3 to the Tribunals, Courts and Enforcement Act 2007.	Transferred-in other member of the Upper Tribunal (see section 31(2) of that Act).
Deputy judge of the Upper Tribunal by appointment under paragraph 7(1) of Schedule 3 to the Tribunals, Courts and Enforcement Act 2007.	Deputy judge of the Upper Tribunal under section 31(2) of that Act.

(4) In subsection (3)(b) the words "within two years ending with the date when the proposed appointment takes effect" do not apply if—

(a) the proposed appointment is to the office of deputy judge of the Upper Tribunal, and

(b) the corresponding qualifying office is—

(i) ordinary judge of the Court of Appeal in England and Wales,

(ii) Lord Justice of Appeal in Northern Ireland,

(iii) judge of the Court of Session, or

(iv) puisne judge of the High Court in England and Wales or Northern Ireland.

(5) In this section "salaried" and "fee-paid" have the meaning given by paragraph 1(2) of Schedule 7 to the Judicial Pensions and Retirement Act 1993."

(3) After section 85(2) (restriction on recommendations and appointments) insert—

"(2A) This section is subject to—

(a) section 30(4) of the Courts-Martial (Appeals) Act 1951,

(b) sections 91(1ZB) and 102(1C) of the Supreme Court Act 1981,

(c) section 8(1ZC) of the County Courts Act 1984, and

(d) sections 94A and 94B below."

(4) After section 85(3) (power to amend Schedule 14) add—

"(4) The Lord Chancellor may by order amend section 94A or 94B if he thinks that the amendment is consequential on an amendment made to Schedule 14 by an order under subsection (3)."

(5) Section 97 (Scotland and Northern Ireland) is amended as follows.

(6) In subsection (1)—

(a) for "This section applies" substitute "Subsections (2) and (3) apply", and

(b) after paragraph (c) insert—

"(ca) section 94B(2);".

(7) After subsection (3) add—

"(4) Subsections (2) and (3) apply to the reference in section 94A(1) to the Lord Chancellor obtaining the concurrence of the Lord Chief Justice as they apply to a reference in a provision specified in subsection (1) to the Lord Chancellor consulting the Lord Chief Justice.

(5) The Lord President of the Court of Session may nominate any of the following to exercise his function under section 94A(1)(b)—

(a) a judge who is a member of the First or Second Division of the Inner House of the Court of Session;

(b) the Senior President of Tribunals.

(6) The Lord Chief Justice of Northern Ireland may nominate any of the following to exercise his function under section 94A(1)(b)—

(a) the holder of one of the offices listed in Schedule 1 to the Justice (Northern Ireland) Act 2002;

(b) a Lord Justice of Appeal (as defined in section 88 of that Act);

(c) the Senior President of Tribunals."'.—*[Vera Baird.]*

Brought up, and read the First time.

12.46 pm

The Parliamentary Under-Secretary of State for Justice (Vera Baird): I beg to move, That the clause be read a Second time.

Mr. Speaker: With this it will be convenient to discuss the following:

Government new clause 8—*Appointment of temporary assistant to Judge Advocate General.*

Government new clause 9—*Appointment of deputy Circuit judge.*

Government new clause 10—*Appointment as Chairman of Law Commission.*

Government new clause 13—*Continuation of judicial office after normal retirement date.*

Government amendments Nos. 43 to 51, 71, 66, 52 to 63 and 67.

Vera Baird: New clauses 7 and 9 and amendments Nos. 43 to 63 deal with a single topic, which is that those who have served in judicial office on a salaried basis should be facilitated to continue to do so on a fee-paid basis, offering as they do an important additional resource for the peaks and troughs of court and tribunal business, and to preserve their tried and tested specialist skills. Where someone has served successfully in salaried office, it would be a waste of resources if he had to go through a Judicial Appointments Commission selection process in order to become, as it were, part-time, but every case must be carefully considered. A business case will be required in each instance, and the individual must of course be guaranteed to be up to the job.

Originally, in clauses 53 and 54 the provision was available for deputy district judges and deputy and temporary additional masters and registrars of the Supreme Court. The Lord Chancellor and the Lord Chief Justice have agreed that it would be better if the provisions were amended and extended. Such a use of staff was regarded as deployments appropriately carried out by the Lord Chief Justice, but the two men have agreed that it is more appropriate to call them appointments and to say that they will be done by the Lord Chancellor, although he will be required to obtain the concurrence of the Lord Chief Justice in relation to appointments in the ordinary courts, and of the senior president of tribunals in relation to tribunal appointments. The provisions will in addition apply to all the judicial offices at the level of circuit judge and below in the ordinary courts and to all tribunal appointments made by the Lord Chancellor.

I should be happy to take the House through the details of how all the amendments culminate in what I have set out, but essentially I have outlined their import. They will facilitate the use of a formerly salaried chairman, judge or master to work on a part-time paid basis, either on retirement or when they have held office in the previous two years. The provisions contain all the checks and balances to which I have referred, but if more amplification is needed, I shall of course respond to any comments that are made.

New clause 8 sets out amendments to the Constitutional Reform Act 2005 and the Courts-Martial (Appeals) Act 1951. It arises from an unforeseen interaction between the 2005 Act and the anticipated Armed Forces Act 2006. The effect of this interaction, if not remedied, would mean that certain judicial office holders and lawyers who sit as judge advocates would no longer be eligible to do so without having to apply afresh for their posts.

Currently, the Judge Advocate General can appoint judge advocates from a pool of 12 judicial office holders or lawyers to individual courts martial. That will change once the new Armed Forces Act comes into force, as all appointments will require selection by the Judicial Appointments Commission. That could cause difficulty for the current band of 12 people from whom court martial officials are drawn. If they were to require selection by the JAC, we could lose a good deal of specialist expertise, as the people involved have worked in this field for many years, and are regarded with esteem.

The problem has been discussed with the Ministry of Defence and with the Office of the Judge Advocate General. To achieve our purpose, it is necessary to amend the Constitutional Reform Act 2005 and the Courts-Martial (Appeals) Act 1951. New clause 8 does that by adding three new subsections to the 1951 Act. It requires that the Lord Chancellor, who will be in charge of the appointments, seek the concurrence of the Lord Chief Justice before making any such appointment. I assure the House that new clause 8 is necessary for the continued smooth running of the courts martial system, and I trust that hon. Members will be able to support it.

New clause 10 relates to the appointment of the chairman of the Law Commission. As hon. Members know, the Law Commission is a statutory body set up in 1965, and it comprises a chairman and four other commissioners. All are appointed by the Lord Chancellor from persons who appear to be suitably qualified by the holding of judicial office or by practical or academic experience of the law.

The first chairman was the then Sir Leslie Scarman, who was appointed in 1965, and the present chairman is the delightful and extremely effective Sir Terence Etherton, who was appointed in 2006. In practice, the policy of all the successive Lord Chancellors has been to appoint a candidate from among the judges of the High Court. That has brought significant advantages of independence, expertise and prestige to the Law Commission, and has helped to make it the internationally well regarded law reform body that it is today.

We propose to amend the Law Commissions Act 1965 so that in future the Lord Chancellor can appoint only a senior judge as chairman of the Law Commission. The change is necessary because the code of practice on ministerial appointments of the Commissioner for Public Appointments requires that an appointment should be open to all those who are qualified to be appointed. Therefore, the fact that the chairmanship of the Law Commission would have to be open to judges, barristers, solicitors and legal academics could deter applications from judges and could deny the Law Commission the very important benefits that flow from the appointment of a senior High Court judge. There are also consequential amendments, but I hope that I need spend no more time persuading hon. Members that the proposed change is wholly desirable.

Finally, new clause 13 rectifies a technical lacuna in a section of the Judicial Pensions and Retirement Act 1993 that resulted inadvertently from its modification by the Constitutional Reform Act 2005. The 1993 Act prescribes a normal compulsory retirement age of 70 for judicial office holders, subject to transitional provisions for later retirement dates for those already sitting at the date of commencement. Section 26 of the 1993 Act makes further provision to enable the service of judicial office holders to be extended, on a year-to-year basis, up to the age of 75—that is, beyond what is otherwise their compulsory retirement date. That is an example of flexibility in the interests of justice, in exceptional cases. It means, for instance, that an office holder should be retained if his or her specialist knowledge causes particular difficulty in finding a replacement.

Paragraph 228 of schedule 4 to the Constitutional Reform Act 2005 modifies the Pensions and Retirement Act 1993 to reflect the new division of functions between the Executive and the judiciary. By reassigning the power for the extension of service of judicial office holders, it catered for the exercise of that power in relation to judicial office holders exercising jurisdiction exclusively in England and Wales, Scotland or Northern Ireland. However, it has latterly come to light that there is a lacuna, because the changes did not cater for those who exercise cross-border jurisdiction. Consequently, we have sought to close that lacuna, and again I hope that I need persuade the House no further that that is an entirely desirable development.

Mr. Henry Bellingham (North-West Norfolk) (Con): I begin by thanking the Minister for her courtesy in writing to the Opposition Front-Bench team—and I presume also to our Liberal Democrat counterparts—to inform us about these changes. We support them because, as she explained, they tidy up various problems. We certainly support the amendments relating to the appointment of the chairman of the Law Commission, and to the appointment of retired judges.

In Committee, my hon. Friend the Member for Hornchurch (James Brokenshire) suggested that retired High Courts judges should be able to sit as deputy judges in the upper tribunal. The Minister said that she would follow up his suggestion, and I am especially pleased that she has done so. I am also keen about what she is doing in respect of the appointment of existing part-time judge advocates. She explained clearly that the 12 lawyers in the pool from which the Advocate General makes appointments to sit on courts martial will have to go through a formal appointment process, under the auspices of the JAC. Obviously, quite a few of them will not feel able to put themselves through that selection procedure, and that is why the proposal is pragmatic and sensible. The Opposition are the last people who would want to lose experienced post holders, as that would have an impact on the smooth running of the courts martial system.

There are a lot of amendments and new clauses in the group, which makes it look rather intimidating. We support the Government's proposals, some of which flow from our discussions in Committee, but I am concerned that the Government should have introduced so many new clauses at this stage. The Minister was correct to inform us about her plans, and I appreciate entirely that it is important to get things right. We had a lengthy debate in the other place and in the Joint Committee, but the Bill has taken a long time to come to fruition.

[Mr. Henry Bellingham]

Various reports were followed by a draft Bill, and there has been a great deal of discussion for many years. I hope that the Minister will say why so many amendments have been left to the last moment. Why could she and her Department not get all of it right from the word go? With those few critical remarks, however, I assure the Minister that we support these amendments. They make a great deal of sense, and I commend her on bringing them to the House.

Simon Hughes (North Southwark and Bermondsey) (LD): I too thank the Minister for writing to us in good time for today's debate. She indicated the Government's intentions and the nature of their amendments in a way that was both clear and sensible. I understand the value of allowing people to be available for work on a part-time basis, as that will extend the range of those who are able to assist in the tribunal service. That is completely logical. It is right to deal with the point about the courts martial and with the technical issue in the Bill, as it is a perfectly proper Bill in which to sort out the structure of the courts and tribunals. The proposals are welcomed by the Liberal Democrats.

1pm

A point could be made about the delay, but these are not major constitutional changes. There is nothing that rocks the ship of state. It is much better that we get a Bill in good shape, so the new clauses are entirely acceptable to me and my colleagues. We are glad that we can tidy matters up at this stage of our proceedings.

Vera Baird: I am immensely grateful to the hon. Members for North-West Norfolk (Mr. Bellingham) and for North Southwark and Bermondsey (Simon Hughes). As the hon. Member for North-West Norfolk suggested, the lacuna regarding cross-border jurisdiction and pensions emerged only when we tried to draft appropriate provisions for the matter that we discussed in Committee of extending tenure of office and transferring people from salaried to part-time posts. The issue was late to arrive.

The issue of the Law Commission chairman was raised by the current chairman himself. We have taken some time to ascertain that no adverse consequences would result from complying with his wishes. It seems to us that the steps are only advantageous, and I am grateful for the support for them.

Question put and agreed to.

Clause read a Second time, and added to the Bill.

New Clause 8

Appointment of temporary assistant to Judge Advocate General

'After section 30(2) of the Courts-Martial (Appeals) Act 1951 (c. 46) (temporary assistants to Judge Advocate General) insert—

"(3) The Lord Chancellor may not appoint a holder of relevant office under subsection (2) without the concurrence of the Lord Chief Justice of England and Wales.

(4) Section 85 of the Constitutional Reform Act 2005 (selection of certain office holders) does not apply to an appointment to which subsection (3) applies.

(5) In subsection (3) "holder of relevant office" means a person who has, within the two years ending with the day on which this subsection comes into force, been appointed as judge advocate to a court-martial under—

(a) section 84B of the Army Act 1955,

(b) section 84B of the Air Force Act 1955, or

(c) section 53B of the Naval Discipline Act 1957."'.—*[Vera Baird.]*

Brought up, read the First and Second time, and added to the Bill.

New Clause 9

Appointment of deputy Circuit judge

'In section 24(1) of the Courts Act 1971 (c. 23) (appointment of deputy Circuit judges and assistant recorders) for paragraph (a) substitute—

"(a) the Lord Chancellor may, with the concurrence of the Lord Chief Justice, appoint to be a deputy Circuit judge, during such period or on such occasions as the Lord Chancellor thinks fit, any person who has held office as a judge of the Court of Appeal or of the High Court or as a Circuit judge;".'.—*[Vera Baird.]*

Brought up, read the First and Second time, and added to the Bill.

New Clause 10

Appointment as Chairman of Law Commission

'(1) Section 1 of the Law Commissions Act 1965 (c. 22) is amended as follows.

(2) After subsection (1) insert—

"(1A) The person appointed to be the Chairman shall be a person who holds office as a judge of the High Court or Court of Appeal in England and Wales."

(3) In subsection (2) before "Commissioners" insert "the other".—*[Vera Baird.]*

Brought up, read the First and Second time, and added to the Bill.

New Clause 13

Continuation of judicial office after normal retirement date

'(1) Section 26 of the Judicial Pensions and Retirement Act 1993 (c. 8) (retirement date for holders of certain judicial offices etc.) is amended as follows.

(2) In subsection (12), in the definition of "the appropriate person", after paragraph (c) insert ";

(d) the Senior President of Tribunals in the case of a person who holds a judicial office that—

(i) is specified in subsection (12A) below, and

(ii) is not in the person's case an office to which any of paragraphs (a) to (c) above applies;

(e) the Lord Chief Justice of England and Wales in the case of a person who holds a judicial office that is not in the person's case an office to which any of paragraphs (a) to (d) applies;".

(3) After subsection (12) insert—

"(12A) The judicial offices mentioned in paragraph (d) of the definition of "appropriate person" in subsection (12) above are—

(a) Chamber President, or Deputy Chamber President, of a chamber of the First-tier Tribunal or of a chamber of the Upper Tribunal;

(b) judge, or other member, of the First-tier Tribunal or of the Upper Tribunal appointed under paragraph 1(1) or 2(1) of Schedule 2 or 3 to the Tribunals, Courts and Enforcement Act 2007 ("the 2007 Act");

(c) deputy judge of the Upper Tribunal appointed under paragraph 7(1) of Schedule 3 to the 2007 Act, except in a case where the holding of the office by the person in question falls within subsection (7)(ga) above;

(d) transferred-in judge, or transferred-in other member, of the First-tier Tribunal or of the Upper Tribunal (see section 31(2) of the 2007 Act);

(e) deputy judge of the Upper Tribunal by virtue of an order under section 31(2) of the 2007 Act;

(f) an office held by a person if the person's holding of the office results in the person being a member of, or person who is, a tribunal in a list in Schedule 6 to the 2007 Act that has effect for the purposes of section 30 of that Act (but only if the office is specified in Schedule 5 to this Act);

(g) President or other member of the Asylum and Immigration Tribunal;

(h) member of the Employment Appeal Tribunal appointed under section 22(1)(c) of the Employment Tribunals Act 1996;

(i) member of a panel of chairmen of employment tribunals.

(12B) Neither paragraph (d) nor paragraph (e) of the definition of "appropriate person" in subsection (12) above applies to an office held by a person if provision about that person's continuation in the office after the compulsory retirement date for the office—

(a) would be within the legislative competence of the Scottish Parliament if it were included in an Act of that Parliament, or

(b) would be within the legislative competence of the Northern Ireland Assembly if it were included in an Act of that Assembly."

(4) In subsection (13) (Lord Chief Justices to exercise functions under section with concurrence of Lord Chancellor), after "Northern Ireland" insert "or the Senior President of Tribunals".'.—*[Vera Baird.]*

Brought up, read the First and Second time, and added to the Bill.

New Clause 2

COMMENCEMENT OF CHAPTER 1 OF PART 3

'The provisions of Chapter 1 of Part 3 of this Act shall not come into force until a registration scheme for bailiffs and enforcement agents, enforcement agency businesses and enforcement trade associations has been set up and implemented in accordance with the Private Security Industry Act 2001 or this Act.'.—*[Simon Hughes.]*

Brought up, and read the First time.

Simon Hughes: I beg to move, That the clause be read a Second time.

Mr. Deputy Speaker (Sir Alan Haselhurst): With this it will be convenient to discuss the following: New clause 4—*Uniforms*

'All enforcement agents, both private and Crown-employed, must at all times wear such uniform or other means of identification as shall be prescribed.'.

New clause 5—*Enforcement by taking control of goods*

'(1) There shall be a form of enforcement against corporeal moveable property for recovery of money owed that it is to be known as taking control of goods.

(2) Taking control of goods shall include selling them to recover a sum of money.

(3) Schedule 12 applies where an enactment, writ or warrant confers power to take control of goods.

(4) Regulations may make provision about taking control of goods, including provision determining the time when control is taken.

(5) Any liability of an enforcement agent (including criminal liability) arising out of his securing goods on a highway is excluded to the extent that he acted in accordance with Schedule 12 and with reasonable care.'.

New clause 6—*Independent regulatory authority for bailiffs and enforcement agents*

'(1) The Lord Chancellor must by regulations establish an independent regulatory authority for bailiffs and enforcement agents.

(2) Regulations under subsection (1) must make provision for—

(a) the licensing of enforcement agents;

(b) the approval of the businesses and organisations which employ them;

(c) the accreditation of the professional bodies which represent them;

(d) the setting of standards of conduct;

(e) the monitoring of performance;

(f) the investigation of complaints;

(g) the punishment of failure to comply with standards of conduct; and

(h) the provision of redress where appropriate.'.

Amendment No. 37, page 43, line 21, leave out clause 57.

Amendment No. 21, in clause 58, page 44, line 4, leave out paragraph (c).

Amendment No. 33, page 44, line 6 , leave out from 'as' to end of line 10 and insert 'a constable'.

Amendment No. 34, page 44, line 11, leave out subsections (4) and (5).

Amendment No. 35, in clause 59, page 44, line 29 , at end insert—

'(ba) for certificates to be issued to—

(i) officers of a Government department, and

(ii) persons appointed under section 2(1) of the Courts Act 2003 who are directly employed by a Government department or an executive agency;'.

Amendment No. 5, in clause 143, page 110, line 3 , at end insert—

'(4A) No order may be made under this section to bring Chapter 1 of Part 3 into force unless the provisions of section [Commencement of Chapter 1 of Part 3] have been complied with.'.

Amendment No. 42, page 110, line 3 , at end insert—

'(4A) No order may be made under this section to bring Chapter 1 of Part 3 into force unless the provisions of section [Independent regulatory authority for bailiffs and enforcement agents] have been complied with.'.

Amendment No. 24, in schedule 12, page 205, line 21, leave out sub-paragraph (3).

Simon Hughes: My hon. Friend the Member for Cardiff, Central (Jenny Willott) and I tabled new clauses 2 and 4 and amendment No. 5, but I am

[Simon Hughes]

conscious that other new clauses and amendments were tabled by the hon. Member for Great Grimsby (Mr. Mitchell). *[Interruption.]* I beg his pardon—that was an aberration; I was looking for him in the wrong place. We have all been a bit thrown by the events of the past 24 hours, so I apologise. I am also conscious that for the next hour or two, great attention will be probably paid to the activities of the state elsewhere, and not here. None the less, these are important matters, and I am grateful for the opportunity to come back to them.

Our new clauses relate to the important part of the Bill about the enforcement of court orders that was much discussed on Second Reading and in Committee. In particular, I refer to the enforcement of control orders by taking control of goods, and to the activities of bailiffs. They have a perfectly proper job to do, but they can become tyrants to the poor and the dispossessed. A regular theme of our debates has been to try to ensure that that this set of provisions in the Bill does not come into force until there is a registration scheme for bailiffs. That is the burden of new clause 2.

The Minister has been helpful in this respect, and I pay tribute to her for that. In Committee, she confirmed that the application of the Bill will be delayed until it can be placed in the context of the system for proper registration that exists under earlier legislation dating from the Private Security Industry Act 2001. I am grateful to her for that. To be honest, I must explain that the new clause is the rerunning of the argument about whether what she said should appear on the face of the Bill. The proposal is to put such a provision into the Bill, to lock into place the undertakings that she gave without equivocation or qualification earlier in the Bill's passage.

I do not want to be confrontational, because there has been a coming together and the Bill has made significant progress on a matter that was controversial. My hon. Friend the Member for Cardiff, Central and I expressed concerns in different ways that reflected our constituency experience and the wider knowledge that we need to make sure that the bailiff and enforcement agency industries are properly regulated. New clause 2 was tabled to that end.

New clause 4 is a specific proposal that would require those who do enforcement work to be identifiable by wearing some form of uniform or having other identifying characteristics. Again, this is not new territory and the new clause is self-explanatory. It says:

"All enforcement agents, both private and Crown-employed, must at all times wear such uniforms or other means of identification as shall be prescribed."

It does not goes into detail—one would not expect it to—as to what the uniform should be, but it would make it clear that people must be able to recognise the enforcement agents. Many agencies do such work, so if we are not careful, people will appear at people's doors and they will not be obviously identifiable. They do not appear in police uniform or, necessarily, in any other recognisable uniform. Therefore, someone on the receiving end may not know that a document, letter, card or pass signifies with any authority what the person is there for.

We are trying to find a way of making sure that the citizen can understand that when people have particular powers to enter a property to take possessions—the sort of powers that are regarded as powers of the state or powers that the state gives to other people—those powers cannot be abused. Citizens should understand their rights in the real world, in which the poorest are often those who face the most oppressive debt. They are most harassed by such activity and find it troubling, and it can lead to the most severe consequences. Personal debt has gone through the roof, and many more people have hire purchase agreements, get into terrible trouble with their credit cards and finances and face huge interest rates. In the end, people may come to enforce the agreement, which legally in contract they may be entitled to do, but without the citizen knowing about it.

The Minister has been sympathetic to the concerns that have been expressed, and I am glad that this is not an issue of fundamental controversy. There are many people at the bottom of the income scale in her constituency and mine, and in that of the hon. Member for Great Grimsby. The new clause says that there should be a means by which the enforcer can be identified.

Amendment No. 5 deals with the commencement date for chapter 1 of part 3. It is linked to the new clause and would defer the commencement date until we know that we have the other security in place. It is tied to the first point that I made, and I think that it is covered by what the Minister has said. The provision would be locked into statute, because we are keen that we should come out of Report and Third Reading with everyone clear that no additional powers will be given to those doing enforcement work, unless there is a proper regulatory system.

Before I sit down, Mr. Deputy Speaker, it may be helpful to you, the Clerk, and my colleagues if I say that I do not think that there is now much disagreement on new clause 2. There may still be an issue with new clause 4. If so, I would be grateful if we could press new clause 4 to a Division, although I am conscious that that may come at a different stage in the proceedings.

Mr. Austin Mitchell (Great Grimsby) (Lab): It a pleasure to follow my hon. Friend across the tramlines, or rather, across the tracks—if I may call him that. He has put a lot of effort and thought into the measure and speaks with a good knowledge of the background. I was not on the Public Bill Committee because of the habit of not putting Government party critics of Bills on those Committees, so I am catching up from behind and cannot speak with his wealth of experience. I want to echo the concerns that he has expressed.

The bailiff provisions are one of the worst parts of the Bill. I have no great quarrel with the rest of the Bill. It would be better to omit part 3 and start again, but as the Government are determined to press on with it, it is important that the provisions fit into the social background. Society is being engulfed by a rising tide of debt. The problem is that the poor, who are struggling against debt and trying to rise above it, are in danger of being pushed down by over-harsh debt recovery provisions.

Debts abound. We are a society built on debt. Not only do we have student debt, which will have to be recovered at some stage, we have mortgage debt and the possibility of negative equity, which I hope does not arise again. More and more people have bigger and bigger mortgages. We have fines and fixed penalties, which will have to be recovered at some stage, local government fines and charges for council tax, bank charges, credit card debt, hire purchase debt, and tax credit recovery. All that will pose an increasing problem—a problem that will press on the poor, in particular. We do not want that section of society to be threatened by a massive and brutal recovery process. But, unless the new clauses and amendments are accepted, the Bill will do exactly that.

Bailiffs are a big business, and the reputation of the sector is not high. There are instances all over the country of brutal, and in many cases misguided, enforcements of debts. Sometimes those debts were never owing. People report their bad experiences with bailiffs. The situation is largely unregulated. Councils and courts have contracts with firms of bailiffs, but the contracts are weak. Many of them are not published, and it is difficult to get at them. They do not set a fair basis for charges and they do not set the fees, which can escalate. We have a system in which there is an onus on bailiffs not to recover the debt or trace the person, because they make their money by enforcement—by distraint on goods or by clamping cars, and by charging for that service. The whole system is slanted towards charges of that nature.

A regulatory framework is needed. My hon. and learned Friend the Minister, who has listened to the complaints with care and consideration, unfortunately still persists in saying that the regulatory framework will be provided through the Security Industry Authority. My new clauses would create an independent regulator for the industry, because the Security Industry Authority, to which, under regulations, the Minister proposes to give the powers, is not adequate. We are not talking about people who are bouncers at nightclubs. Some of them may behave like thugs and brutes, but they do not fall into that category. In many cases, they are acting as agents of the state, the court or the council—particularly in respect of road traffic fines. We need more effective regulation than the Security Industry Authority can provide. We need registration. We need that kind of structure to impose discipline.

1.15 pm

New clause 5 proposes a new method of taking control of goods. In practice, one of the Liberal Democrat new clauses is better, and I would be happy to accept that instead. The nub of my argument is dealt with in new clause 6, which proposes an independent regulatory authority for bailiffs and enforcement agents. It would apply to all people enforcing debts, whether they are from the court, the council or the Government. It proposes a framework that involves licensing the businesses that employ those people and accrediting the professional bodies that represent them. The authority would set standards of conduct, which is the key point.

Standards of conduct and behaviour vary widely, and in effect there is no redress for a person who is afflicted by the behaviour of bailiffs. If we had an independent authority that set standards, people could appeal to it and take their complaints to it. It would monitor performance. Much of the performance is unseen. The state and the courts want debts to be enforced. Bailiffs bring in money on an enormous scale, so there is, in effect, a kind of conspiracy between the authorities and the bailiffs. By monitoring performance, an independent authority could ensure that standards were maintained. It could investigate complaints, punish failure to comply with proper standards of conduct and provide the redress that is not presently available—or at least, it is extraordinarily difficult to secure—for anybody who suffers from the activities of bailiffs or mistakes made by bailiffs.

We know of large numbers of cases involving the distraint of goods, and in particular, the clamping of vehicles, in order to enforce debts. People are charged massive sums to take the clamps off. Those people need some machinery of redress and complaint, and the Security Industry Authority will not provide it. The Government have wavered on whether there should be some machinery of redress and complaint. First, they said that there should, and then they changed their mind and said that there should not. New clause 6 would require the provision of some machinery of complaint, because that is a basic democratic right.

The amendments in the group are less important than the new clauses. Amendment No. 37 is, in effect, covered by the new clauses. Amendments Nos. 21 and 24 provide that distraint and clamping should be done by bailiffs, not by somebody acting in the name of bailiffs, or even somebody supervised by bailiffs. Several cases have been brought to my attention in which the work was done by people who were not qualified or registered as bailiffs, but who said that they were acting under the supervision of bailiffs. My daughter's car was clamped by somebody claiming to be a bailiff, who was not in fact the bailiff and was not registered as such. We might need more bailiffs—it is true that the numbers are not large, given the amount of work that is to be done—but it is important that they be registered, to ensure that they are supervised and working to proper standards. That is better than having the work done by untrained unqualified subordinates.

Amendments Nos. 33 to 35 would put Government officers on the same basis as bailiffs, so that only constables would be exempt from the relevant enforcement provisions. Amendment No. 42 would provide simply that the enforcement procedures would not come into force until an effective and proper independent regulator of the type that I want had been established.

I have given a quick tour d'horizon of my amendments, which resulted from burning the midnight oil to try to bring easement to the situation. However, I will want to press new clause 6 to a Division, because it is crucial that we have an independent regulator. I am not satisfied by the proposals put forward by my hon. and learned Friend the Minister. Although she has modified the Bill considerably and effectively, I am not happy about the Security Industry Authority, so I want the independent regulator for which new clause 6 would provide.

Mr. Bellingham: I listened carefully to what the hon. Member for North Southwark and Bermondsey (Simon Hughes)—my hon. Friend, in this context—said. We would certainly support him on new clause 4. The hon. Member for Great Grimsby (Mr. Mitchell) obviously carried out a good deal of research before preparing his new clauses and amendments, to which he spoke with eloquence. When I saw the amendment paper, I was amazed that so many of his proposals were similar to those tabled by the official Opposition in Committee. We devoted a substantial time to debating this subject in Committee. The Minister was able to explain that some of our fears were unfounded, and we were comfortable on some fronts after hearing what she said. However, there are many aspects of the Bill that still cause us great concern. That is why Conservative Members will be minded to support the Lib Dems on new clause 4, which would require bailiffs to wear uniforms—we tabled such an amendment in Committee—and the hon. Member for Great Grimsby on new clause 6, which would provide for regulation by an outside body.

The Bill gives bailiffs a substantial number of extra powers, such as increased powers to enter homes. It also takes away existing constraints. As the hon. Member for Great Grimsby pointed out, that is happening at a time when the amount of debt in our society is increasing, as is the pressure on individuals throughout our constituencies. More and more people are being persuaded to take out debt, or bamboozled into doing so.

The Government have created an additional 2,900 criminal offences and there are many new fines and penalties. To some extent, the Government have warped our sense of what is criminal. Many bailiff actions stem from crimes that resulted in fixed penalty notices. There has been a huge proliferation in the use of such notices. There is great concern in the enforcement industry that many Government Departments have created a situation in which more people will get into debt, which will have to be enforced.

I should make it clear that people who run up debts should of course pay those debts, whether they are owed to companies or to other individuals. There should be a mechanism by which debts may be enforced. If people owe money to government-related organisations for council tax or because of fines, including parking fines, those debts should be paid, because if they are not paid, other taxpayers suffer. However, at the same time, there must be a proper system for protecting the vulnerable. We have tabled amendments in a later group that would specifically protect the vulnerable.

Everyone who has examined this issue will know that the vast majority of bailiffs behave responsibly. There is no doubt that the industry prides itself on high standards. However, as the hon. Member for Great Grimsby pointed out, and as we discussed at length in Committee, a small minority of bailiffs bring the industry into disrepute by going completely over the top. We have all come across examples in our constituencies of bailiffs acting in an intimidating way.

Various examples have been cited by citizens advice bureaux, including my local citizens advice bureau. A CAB in Somerset was looking after a 44-year-old woman who had been visited by a bailiff collecting council tax arrears. The bailiff said that he wanted immediate payment for the full sum owing. He tried to enter and stated that he would go to all the rooms and remove children's possessions, white goods—including the cooker—and all furniture. The bailiff stated that for every half an hour he sat outside the house he would charge £50, which he did after sitting there for exactly 30 minutes. Owing to the bailiff's threatening behaviour, the woman's partner made a payment, but only by using the rent money, which moved the debt problem elsewhere.

A CAB in Bedfordshire told me about a woman whom it was looking after. Sadly, her husband died relatively young, and the next day a bailiff called at her house about council tax arrears. The woman explained that her husband had just died and that because he had not made a will, and she would therefore have to go through probate, there would not be enough money in the estate to pay the council tax. She thus asked the bailiff to wait for a while, but he refused and said that unless she paid at least £150 then and there, he would seize her goods. He also threatened her with arrest. The behaviour of that bailiff was completely contrary to the Government's guidelines for the enforcement industry, which make it clear that people in vulnerable situations should be protected.

While a minority of bailiffs behave in such a way, there is a need for proper outside regulation, which brings us to the two key amendments in the group. New clause 2 relates to the Security Industry Authority. For those who have not been following our debates carefully, I should explain that the SIA is a private sector organisation approved by the Government that regulates various private sector organisations. Under the Government's plans, private bailiffs, rather than court and Government-employed bailiffs, will be regulated by the SIA. We support those proposals because, as we said in Committee, if the Government will not introduce full independent regulation not just for private bailiffs but for the whole industry, we will reluctantly accept the second-best option of the SIA, because a step in the right direction is better than no step at all.

In essence, new clause 2 provides that the greater powers for bailiffs under the Bill, especially powers to enter people's homes, should not come into effect until SIA regulation is implemented. We have various concerns that are relevant to new clause 2. Can the Minister tell the House when the new SIA system will be in place? I am concerned that it may not be for quite a while, which means that it is even more important to include in the Bill the provisions proposed by the hon. Member for North Southwark and Bermondsey. The Bill may be in its final stages—it will have its Third Reading this afternoon and will in due course receive Royal Assent—but we need to hear from the Minister exactly when the regulation under the SIA will be in place.

1.30 pm

Can the Minister also tell us how the proposed new certification scheme will work alongside regulation by the SIA? We discussed the matter in Committee at some length so she is well aware that the present certification scheme is flawed because many local authorities do not insist on their contracted bailiffs complying with the existing scheme. Will the new

scheme work properly? One of the problems under the SIA plans is that a debtor will not be able to get redress even if the bailiff loses his or her licence.

I want to pick up on a point made by the hon. Member for Great Grimsby, which causes me concern, too. We have been told time and again of the feeling in the bailiff industry and among many organisations working hard to try to protect the vulnerable, such as the Church of England, the Zacchaeus 2000 Trust, the Child Poverty Action Group and the CAB, that because bailiffs collect billions of pounds for central and local government the Government have a vested interest in maintaining the status quo, with regulation as light-touch as possible.

Philip Evans, chair of the Enforcement Law Reform Group, made a telling remark the other day, which he will not mind my quoting:

"Among police and judiciary there is an institutionalised complacency about the behaviour of bailiffs."

His organisation is not like the CAB or the Zacchaeus 2000 Trust, whose approach might be that most bailiffs should be looked at suspiciously; his were the remarks of someone who represents the enforcement and bailiff industry. The industry, too, is calling for greater regulation, because it realises that the actions of a small minority of bailiffs—including the examples to which I referred and many more—are doing huge damage to the reputation of bailiffs generally. That is why the industry wants regulation.

It is worth looking at what other outside third parties have said about regulation. Professor J. Beatson, professor of public law at Cambridge university, produced a report for the Lord Chancellor in 2000, which had quite an impact on the subsequent Green Paper. Professor Beatson made it clear that he felt that independent regulation for bailiffs was absolutely essential. He said that the arguments for bailiffs having extra powers could be countenanced only in the context of proper outside regulation.

Can the Minister comment on why the Government did not follow the recommendations in the Green Paper and why they have not listened to the views of many organisations, such as the Enforcement Services Association and the Association of Civil Enforcement Agencies, as well as the voluntary bodies that spend their time trying to help vulnerable people? Yes, we are taking a small step forward with the SIA. I do not want to be churlish, because we advocated that move in Committee; we pushed hard for it and we thank the Minister for agreeing. We may even be entitled to give ourselves a pat on the back for that small step forward, but it does not go far enough, especially when bailiffs are being given more powers.

From the examples given in Committee and in this debate, we know that in many cases bailiffs misrepresent their legal powers. People are knocking on doors pretending to be someone they are not, which is why new clause 4, proposed by the hon. Member for North Southwark and Bermondsey, says that bailiffs should wear a distinctive uniform or carry more than merely a card as identification. We debated that matter in Committee and the Minister was not happy about the idea of bailiffs turning up in uniform. She took the view that it was bad enough for a vulnerable person living in a block of flats if the police came round, so if a bailiff in uniform came to their flat, word would quickly get out that they were in debt. I entirely accept the need to strike a balance, but the existing situation is not satisfactory.

Mr. David Drew (Stroud) (Lab/Co-op): In Committee, we discussed how bailiffs work with business people and how they enter business premises. I raised the case of one of my constituents who runs a fish and chip shop and was threatened with the removal of his frying equipment—not that he could work out how that would be done, as the bailiff had only a car. None the less, the threat was a real one. Does the hon. Gentleman agree that we need to ensure that enforcement must be circumspect so that people are not prevented from carrying on their trade so that they can earn the money to pay their debts? Perhaps the Minister could refer to that issue when she sums up.

Mr. Bellingham: I entirely agree. We may cover such matters when we move on to the fourth group, where our amendments Nos. 19 and 12 relate to tools of the trade, so the hon. Gentleman may like to support us in the Lobby to reinforce his point, if the Government have not listened. However, I do not want to push your patience, Mr. Deputy Speaker, because we shall come to enforcement by taking control of goods, and the procedures involved, under a later group. At present, we are talking specifically about uniforms, regulation and control of enforcement agents, but I agree with the hon. Member for Stroud (Mr. Drew) that all these concerns are linked and there is a significant overlap.

To sum up, society is changing, as the hon. Member for Great Grimsby pointed out. People are becoming far more indebted. When the Committee was dealing with provisions covering individual voluntary arrangements and other methods of sorting out debt, one of the things that concerned us was the sheer scale of debt being built up in the UK. When that is combined with the number of extra offences, the extra powers being given to bailiffs and the small minority of those bailiffs who are a disgrace to their profession, we can see that we need more than a system of voluntary regulation. It is not just a matter of regulating private sector bailiffs; we need a better system of regulation for the whole industry, which is why we shall support new clause 5.

Vera Baird: First, may I tell my hon. Friend the Member for Great Grimsby (Mr. Mitchell) how much I would have welcomed him to the Committee? He brings to the issue the particular strength of feeling he derives from the personal experience suffered by his daughter, which he set out in the Chamber at a lamentably late hour of the night some months ago. He brings to it, too, his usual characteristic concern for the poor and underprivileged sectors of his constituency. I, too, have poor and underprivileged sectors in my constituency, and I would have welcomed his work in Committee.

Both my hon. Friend and the hon. Member for North-West Norfolk (Mr. Bellingham) contextualised the changes we have to make when they spoke of the rising tide of debt. It is the Government's view that whether one, 10 or however many people are misused by bailiffs who exercise their powers excessively it is too

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many, and we will stop that happening. I assure my hon. Friend he is wrong to say that this part of the legislation is the worst part. In my view, it is one of the most important parts, and perhaps the best.

I reject the assertion of the hon. Member for North-West Norfolk that the Government have not listened. We have been most consultative. We consulted as we put together the documents that preceded the Bill, we consulted before its publication and we have consulted throughout its progress through the House. I do not accept that vigorous criticisms can be levelled at the use of penalty notices and so on for lower-level crimes. They seem to me to be appropriate, proportionate and speedy ways of remedying minor abuses and misbehaviour. The legislation on the power to enter premises to impose penalties or to ensure that they are paid is not in the present Bill, but was passed more than two years ago, richly supported by the Conservatives.

The SIA is not a private industry body; it is a non-departmental public body. Let me make that clear, lest I forget to emphasise the point in the course of the debate.

I shall now deal systematically with the amendments in the group. On the question of certification running alongside the SIA's jurisdiction, it is intended that the certification process should endure only until the authority takes over responsibility for licensing.

Simon Hughes: I apologise if the Minister was about to tell us this, but we were hoping that she will update us regarding the time scale for the new authority taking over control.

Vera Baird: It is likely to be at least two years before the SIA is in that position. I cannot be any more specific than that. However, we are reassured that, in the meantime, the strength of the county court certification process that we will introduce in a renewed and increasingly powerful way will ensure that there is rigorous control.

To give due courtesy to those who have contributed to the debate, I shall deal with the points they made one at a time, but first let me say to the hon. Member for North-West Norfolk, who says that good bailiffs are anxious to have regulation because they do not want their reputation to be diminished by bad bailiffs, that he is obviously correct. I pay tribute to the excellent service done by a very large proportion of the enforcement agent industry and agree with him that it is not the majority who behave in the appalling way described by many agencies in the course of the Bill's passage through the House. I can say—with no fear of contradiction, I hope—that they do want proper regulation, and that is exactly what they are going to get under the Bill. We are determined about that.

1.45 pm

As the House knows, the long-term intention is that all enforcement agents will be licensed by a totally independent regulator—an NDPB, which is what the SIA is—and we are confident that in due course the SIA will be the appropriate body for that task. Consultation has been going on since January and the responses are being analysed. I am grateful to my hon. Friend the Member for Great Grimsby for his contribution to that consultation. I know from that contribution, from the Adjournment debate I mentioned and from his comments today that he is concerned about the role of the SIA, but I emphasise that we believe that it will, in due course, be the correct body.

Perhaps it is even more important to say to my hon. Friend, as strongly as I can, that we are determined to ensure that the enforcement agency industry is properly licensed and regulated and that the cowboys are removed from it as soon as the Bill becomes law. Were we to take the course that he advocates in new clause 6 and create a new authority, it would take very much longer to set a body up from scratch than will be needed to make sure that the SIA is in the right shape to take on the task. In addition, it would cost a considerable sum and, in our view, it would not serve any purpose because we are confident that the SIA can be brought into a position to be every bit as effective as a new body, and more quickly than a new body could be.

The SIA is, as the hon. Member for North Southwark and Bermondsey said, already in existence. It is building up its expertise as a regulator, which is an important reason to use an existing body, and it has the right tools to encourage compliance and to improve standards within the industry. I acknowledge that, at the outset, the organisation had some teething problems, but it has addressed them. It has a new chair—my noble Friend Baroness Henig—and a new chief executive. I have every confidence that those new people will continue the good progress that the SIA has made.

In addition, the Government have given assurances that the SIA will take on the licensing of enforcement agents only when it is in a position to do so. The Government will be the judge of whether it is in such a position, and I have made clear what the Government intend should flow from regulation. If hon. Members put together my assertion of our political intention in terms of proper regulation, licensing and control and the fact that we will hand over that function to the SIA only when we are satisfied that it is ready to take on the whole task, I hope that they will be significantly reassured.

In the meantime, there is in the Bill an enhanced and extended certification process, which gives us an interim solution and will help us as we work toward full independent regulation. Other than Crown officials—I shall deal with them in a minute—no bailiff or enforcement agent will be able to function unless he is certificated by a county court judge. Almost all of the complaints voiced by various bodies are about bailiffs who are not currently regulated; when the legislation comes into force, they will simply not be able to function without going through the new certification process. As a result, we should get rid at a stroke of a large number of the problems that have rightly been brought to public attention in our debates in Committee and on the Floor of the House.

We need a workable system for complaint and redress, and we intend to have one—let me make that clear, as well. That can be done both through the courts and through regulation. My officials are strongly committed to developing appropriate procedures with their colleagues in the SIA and the Home Office

and with stakeholders across the system. We particularly need to consider what role alternative dispute resolution might play.

The primary role of the SIA is, of course, to manage the licensing of the sectors it regulates and to raise the standards of professionalism and skill, but we have made it clear that the authority will also be able to deal with complaints. If it investigates a complaint, it will be able to use its powers to issue warnings, or to revoke or modify a licence. The House will recall that schedule 12 sets out, not quite a code of conduct, but a series of requirements on the enforcement industry and the means of redress where those requirements are not met. We intend that all the requirements in the schedule be read into the certificate and ultimately—when the SIA becomes responsible—the licence. Therefore, the requirements in the Bill will follow across into the certification process and then the licensing regime.

Mr. Bellingham: The Minister mentioned complaints against private bailiffs, but what would happen if one wanted to complain about a court bailiff—an employee of the court? One would presumably go through either her Department, or the organisation involved with the day-to-day running of the court. Presumably one could not go through the SIA.

Vera Baird: No, and if I may, I shall come on to Crown public employees in a minute, because as the hon. Gentleman knows, they have a different status, and we intend them to keep it. However, there will be an effective complaints procedure relating to them, too.

Simon Hughes: In relation to the interim period and the certification by county court judges, the Minister will know well from her experiences, as the hon. Member for North-West Norfolk (Mr. Bellingham) and I do from ours, that county court judges vary in style, tradition and reputation. Some appear to be very much the friend of the landlord, and others seem to be much more the friend of the citizen. What guarantee is there that the process of certification will be a hands-on process, and that the county court judges will be accountable, through that system, to the Ministry of Justice, so that they do their job properly if there are real concerns?

Vera Baird: The hon. Gentleman appositely points out that this is a sort of barrister-fest, given the background of the three Front-Bench spokespeople. I had not really digested that point, but I assert that our proceedings are none the worse for that. I have never come across partisanship in a judge; let me make that totally clear. Not every county court judge will have the responsibility that we are discussing, and there are county court judges who have those responsibilities now. It makes obvious sense that if there is a major firm of bailiffs in an area, the local county court judge becomes much more experienced. They are exposed to the risks and difficulties of the process, and therefore become masters, or mistresses, of dealing with them. I say mistresses, as one or two of the county courts judges are women. It is our intention to build on that expertise. We intend the county court regime to be imposed with considerable rigour. As I say, we intend to put the requirements of schedule 12 forward as part of the certification process.

As hon. Members will remember from Committee, bailiffs will have to be trained before they qualify for the certification process. They will also have to put up a bond, and the judge can order the forfeiture of that bond, or part of it, if the bailiff is in breach of the terms of their certification. As hon. Members will remember, there is a regime in schedule 12 for bringing actions, whether for damages and related loss, or abuse of power. Pretty well every remedy that one could wish for against an enforcement agent is listed in schedule 12. As I have said, we intend those remedies to carry across the enforcement industry, but they can be applied to the county court.

I hope that we have a reasonably foolproof framework, because that is certainly our intention, notwithstanding the slightly uncomfortable transitional phase that must take place. I hope that we have a satisfactory framework in place. The SIA supports the penalties principle and the characteristics for enforcing regulations that are featured in Professor Macrory's work. Over the next few months, the SIA will consider how the Macrory toolkit of new regulatory sanctions can be integrated with its existing approach, which is largely based on compliance. In partnership with the Home Office, the SIA will consider what steps it needs to take to access those new tools. In particular, the SIA will look at how the additional sanctions could help to support its compliance activity and its overall aim of protecting the public.

Paragraph 66 of schedule 12, to which I have already made free reference, sets out new remedies that will be available to the debtor against an enforcement agent who breaches the provisions of the new law. As I have said, the remedies include damages for loss. There is a procedure that will enable the court to deal with complaints such as those relating to the overcharging of fees. The enforcement agent would be liable if anyone whom he takes on to premises to assist him breaches any of the provisions in schedule 12. The assistant, and of course the enforcement agent, will be personally liable if they commit an offence under ordinary criminal law.

Under clause 58, an offence is committed if a person purports to act as an enforcement agent without being authorised to do so. The maximum penalty—and it is not a penny too much, in my view—is £5,000. Additionally, there are other avenues of redress, for example through the local authority ombudsman, if the enforcement agent is sent by the local authority. Obviously, we will have to develop appropriate complaints handling procedures with the SIA, the Home Office and all stakeholders, so that the SIA is always informed of complaints that require targeted intervention and investigation, however they fit into the framework. It is primarily through regulation that we will drive up standards across the industry. In particular, as I have said, strict competences and conditions will be set for individuals who apply for a licence.

That is all that I wanted to say about new clause 6, which was tabled by my hon. Friend the Member for Great Grimsby. I hope that I have allayed his concerns through my best endeavours. My officials have worked very hard to make sure that I am in a position to use those best endeavours to try to deal with his

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complaints. I have said, and will say again, that the will of the Government is that there should be proper licensing, proper regulation and proper complaints procedures to ensure that the enforcement agency sector no longer produces the kind of horrors of which we have heard.

Amendments Nos. 33 to 35 concern certification, and as the hon. Member for North-West Norfolk said, they effectively replicate amendments tabled by the Conservatives in Committee in the Commons, and in Grand Committee in the other place. Our position on the certification of Crown employees has already been made clear, but let me restate it: I do not believe that it is necessary for them to fall within the new regime. The Government have little or no control over the training, conduct and discipline of enforcement agents. In contrast, Her Majesty's Courts Service has a large degree of control over agents such as county court bailiffs. Other departments, such as Her Majesty's Revenue and Customs, have similarly high levels of control over their own enforcement staff.

County court bailiffs and civilian enforcement officers in the magistrates courts are subject to civil service recruitment procedures, and the civil service code governs their behaviour. They are subject to strict controls relating to conduct and discipline under civil service disciplinary procedures, and complaints against them can be made to the appropriate court manager. They are also subject to continuous training and development, which is provided by their departments, and of course they are subject to compulsory criminal record checks. Although we can insist that such standards be adhered to within our own departments, we have no such power outside our departments, hence the need for certification. However, it is not needed for our own employees. It is widely acknowledged that the problem is private sector bailiffs; they are the source of most of the complaints about the activities of enforcement agents. Figures provided by Citizens Advice show that well over 90 per cent. of the complaints that it receives on the subject relate to that sector. It is at that sector that we must target the comprehensive system of regulation.

I want to reiterate what my noble Friend Baroness Ashton said on Third Reading in the other place, and what I said in Committee about Crown employees: the Government are committed to ensuring a common set of standards and a common appearance—that gives an indication of the subject that I shall move on to next—across the enforcement industry, built around a high standard of training and professionalism across the public and private sectors. We are considering what we can do on the subject of common information and a central register of enforcement agents, so that debtors can verify that the person on the doorstep has the necessary authority.

Amendments Nos. 21 and 24 are unnecessary. Amendment No. 21 would mean that enforcement functions could not be carried out by those who assist the enforcement agent in his presence and under his direction. Enforcement agents need to take other persons on to premises with them for practical reasons, for example when they are dealing with large-scale business or industrial premises. They may need assistance in taking an inventory or removing goods that need packaging and safeguarding; for those tasks, expertise is essential. Frequently, of course, they require the assistance of a locksmith. If we insist that those functions cannot be carried out by someone assisting the enforcement officer under his direction and in his presence—that is what is required—it will make the whole process of taking control of goods so lengthy and complex that it is virtually unworkable.

Amendment No. 24 would have far-reaching consequences which, I guess, were not intended. For many statutory debts, such as debts owed to national or local government bodies, the statutory power to enforce, using certain methods, is placed in the hands of the relevant Secretary of State. The Secretary of State then confers that power on another person working on his behalf. He may confer it on a member of staff in the relevant organisation, or on a company that provides the relevant services, by means of a contract. If the amendment were made, the effect would be that only those on whom the relevant statutory enforcement power was conferred could carry out the function of enforcement. I am sure that is not what my hon. Friend the Member for Great Grimsby intends, and I shall go on to explain how catastrophic it would be if the Secretary of State alone could carry out those functions.

Mr. Austin Mitchell: I am interested to hear that. My hon. and learned Friend is almost certainly right, as she usually is. However, those contracts whether with local authorities or courts, could be made publicly available, and we should use more power to regulate the enforcement officer's behaviour and the charges. Most of those contracts are not clear or adequate, and they are not known.

2 pm

Vera Baird: My hon. Friend makes a good point. At the moment, that is an important omission for public purposes, but once the network is in place the problem will diminish immensely. May I therefore return to my argument? Obviously, my hon. Friend did not intend that only the Secretary of State for Work and Pensions could carry out the enforcement of child support legislation, so I assume that he will not persevere with his proposal. By smiling happily at me, he appears to indicate that I am correct.

May I turn to the question of uniforms? As I said in Committee and on Second Reading, I well understand the sentiments that underpin the proposal that all enforcement agents should wear a uniform or carry a means of compulsory identification. I was initially attracted to the notion of a uniform, but I thought that I had persuaded the hon. Member for North Southwark and Bermondsey in Committee to agree that it was not such a good idea as it appeared. Perhaps I have done so, as new clause 4 includes the words,

"or other means of identification".

Although the hon. Gentleman has suggested that he intends to press the new clause to a Division, I hope that he will be satisfied by my reply. I think that we all recall the touching account by my hon. Friend the Member for Islington, South and Finsbury (Emily Thornberry) in Committee of bailiffs coming to her home as a child. Not only did they take away goods, as

they were empowered to do, but they wore what she described as the unfailingly identifiable uniform from those long-ago days of a bowler hat. Everyone knew that the bailiffs had come, so it was extra humiliating for her and her family.

The enforcement industry says with considerable force that uniforms make such a person identifiable not merely to the person whose home they have approached but to everyone else. It points out that from time to time, lamentably, even fire service personnel are attacked when they go into the community, so it fears that if its members were obliged to wear a recognisable uniform they would be more subject to attack. It is therefore a thornier issue than anyone first appreciated, but the reference in new clause 4 to "other means of identification" is the crux of the matter. I agree entirely that an enforcement agent must be clearly and easily identifiable to a debtor and readily accountable for his actions. Paragraph 26 of schedule 12 requires an enforcement agent to show the debtor and any person who appears to be in charge of the premises evidence of his identity and his authority to enter those premises. We are considering what form that evidence might take but, as I said in Committee, I am keen to introduce a single form of identification for all agents, with a unique identifying number—a photograph is probably important, too—so that a debtor approached by such a person at their front door knows exactly who they are, what their status is, precisely what authority they have to be there and, where appropriate, how to complain about an agent's actions.

I respectfully suggest to the hon. Member for North Southwark and Bermondsey that, once again, I am in a position to demonstrate the political will to ensure that there is compliance with all of that in the regime that we have set up under the Bill. I invite him to consider the fact that there is no need to press his new clause to a vote. It is not apposite in our view to include all that detail in the Bill, as we will ensure that the issue is properly covered. Indeed, we would be very happy to consult and negotiate with him, or those people whom he nominates for consultation, to try to advance the matter powerfully. The exact form of identification will be determined after consultation with all the relevant stakeholders. In passing, the new clause appears to contain a flaw that was part of the proposal tabled in Committee, too, as it appears to suggest that enforcement agents would have to wear their uniform all the time. They might find it a little oppressive at the enforcement agents' annual ball if they were required to wear their epaulettes—that might be an unintended imposition. As I said before, I think with characteristic wit, would the agent have to wear his uniform in bed? That is not the reason why we oppose the new clause: on a serious note, it is just unnecessary.

I appreciate the sentiments behind new clause 2 and amendments Nos. 5 and 42, and I restate the commitment that I gave in Committee. We will not allow enforcement agents to apply for a warrant to use reasonable force to enter domestic premises until we have full regulation of enforcement agents under the SIA. However, as I explained in Committee, chapter 1 of part 3, which the proposals would amend, is about much more than forced entry. It will introduce a great deal of valuable protection for debtors, including fixed dates and times at which enforcement agents can come to a premises; limits to methods of entry; exemption of goods from seizure; a single fee structure; and new remedies when enforcement agents break the law. There is no reason whatsoever to wait to implement all those protections until the SIA procedure is in place. New clause 2 and amendments Nos. 5 and 42 would prevent us from doing everything that we intend to do, and would mean that we would have to wait months and probably years before we could protect the public in the way in which all hon. Members intend.

Hon. Members will recall that a clause identical to new clause 5 was debated in Committee, and I remain of the view that the provision is not necessary. Clause 57 and paragraph 13 of schedule 12 already make provision for what the new clause is seeking to achieve. In particular, the provisions in new clause 5(1), (2) and (3) are very similar to those in clause 57. New clause 5(4), which deals with regulations governing procedures for taking control of goods, is nearly the same as paragraph 13(3) of schedule 12. I remain unconvinced of the merits of new clause 5(5), which seeks to exclude liabilities when securing goods on the highway, but does not cover goods secured on premises. Bailiffs would therefore have to take a different approach when taking control of goods depending whether they did so on the highway or on premises. That is likely to result in confusion, and it would go completely against our efforts to clarify and simplify procedures in the Bill.

Finally, amendment No. 37 would remove clause 57 from the Bill, and would prevent schedule 13 from taking effect. That would mean that the important consequential amendments in that schedule would not take effect, leaving enforcement agent law scattered across the statute book. It would do nothing to address the confusion and scope for abuse allowed by the law as a result of that scattering and of the differentiation between various pieces of legislation enacted at various times. I am sure that no one intends that, so I hope and predict that amendment No. 37 will not be pressed any further.

My hon. Friend the Member for Great Grimsby spoke, in passing perhaps, about fees. I know that that was an important part of what worried him in the Adjournment debate. Because, as he would say, bailiffs make money out of enforcement, it is possible for them to carry on enforcing in order to make more money. Paragraph 62 to schedule 12 allows the Secretary of State, the Lord Chancellor, to make regulations about costs and fees. It is our intention to use that power to ensure that the fees are front-loaded so that there is much less incentive for an enforcement agent to carry on, as my hon. Friend put it, in order to make money. Enforcement agents will get an up-front payment to do the job. I hope that will give the right kind of incentive and a powerful signal that those people are not working on a partisan basis for creditors, but that they work also as agents of the state.

I hope that what I have said across all these issues has reassured my hon. Friend and hon. Gentlemen, and that they now feel able to withdraw the proposals.

Simon Hughes: I thank the Minister for her full and careful response to the debate. It was extremely helpful that she dealt with all four new clauses and eight

[Simon Hughes]

amendments in the group, which were tabled from different parts of the House and deal with several different but interrelated issues.

The Minister made the point and we all accept—there is a huge amount of common ground—that the Bill seeks to address the concerns of those who are old, those with learning difficulties, and those who are inadequate, poor, incapacitated, ill and vulnerable, who find at some stage in their lives that at their door—usually the door of their home, but occasionally the door of their business—somebody has come to enforce the consequence of some financial arrangement that they have got themselves into. As the hon. Member for Great Grimsby (Mr. Mitchell) said, it can start with something as inconsequential as a parking ticket, and often does, or with a clamp on their vehicle, if they have one. It can start with a very small fine for dropping litter on the street.

There was a story in the *Evening Standard* yesterday about some well known star or starlet—I forget who it was—who faces a huge fine for congestion charge non-payment because she thought that her vehicle was an eco-friendly vehicle that qualified for exemption, and therefore had never paid. She now discovers that she has been liable all the time. I am not defending her. I am merely pointing out that the bright, the intelligent and the well connected can get into trouble, and if they can, then people not in those categories are even more likely to do so.

People may have got into trouble with the local authority about council tax, or with child support liabilities, judgment debts at their local court, or credit cards. We could all quote statistics: 20 per cent. of people with credit cards are behind with their payments. Repossessions are running at 10,000 a year, and applications for repossessions at 100,000 a year. As we all agree, the number of such liabilities goes up all the time.

Mr. Neil Gerrard (Walthamstow) (Lab): Does the hon. Gentleman accept also that it is not just people who are in financial trouble who will have someone knocking at their door? I am sure he has come across cases where a false address has been given or someone has moved, and the person in the property has great difficulty dealing with bailiffs who refuse to believe that they are not liable and continue to pester and harass them.

Simon Hughes: Indeed. I have a constituent who works in the building where our constituency office is, a relatively young and competent widow, who is in exactly that position, and I have taken up the case to try to deal with the people who are chasing her for debts that are not her liability at all. She finds it extremely oppressive.

Anything to do with a financial liability is so important that I find that I put it at the top of the cases that I deal with. Colleagues may do the same. Even if only a small sum is involved, I deal with the matter more urgently than with other cases because I know that often, if it is not dealt with quickly, it may escalate and become a much bigger problem. The penalty charge notice for non-payment of the congestion charge can suddenly get out of control.

2.15 pm

I shall deal with the Minister's responses. She referred to the Security Industry Authority that has already been set up. The hon. Member for Great Grimsby tabled a carefully drafted new clause which argues for an independent regulatory authority for bailiffs and enforcement agents. He indicated that in due course he would press it to a Division. We are likely to support that, because it does not tie the Government to creating a separate body. It ties the Government to creating a body that is independent and fit for purpose.

As the SIA moves on, it should change its title. It needs to be seen to be a body that regulates not just the bouncers, but the bailiffs. I buy the Minister's argument that it is better to have one body than two administrative structures, two organisations and two sets of set-up costs. That is not inconsistent with the hon. Gentleman's argument that the body must be independent and appropriate and do the job set out in his new clause 6.

On our amendment No. 5, which would delay the imposition of chapter 1 to part 3, I accept the Minister's argument. I accept that it would be inappropriate to delay the whole of the implementation of that part of the Bill pending the new authority taking responsibility, because there are many other aspects that we need to get on with. She is persuasive in that argument, so we will not press our amendment.

That leaves new clause 4 and the uniform point. The Minister was, as I would have expected, observant enough to notice that I had sought to vary slightly the terms of the proposition. We went in arguing for uniform, but I heard that the hon. Member for Islington, South and Finsbury (Emily Thornberry) described a personal experience which was very telling. I understand the point that uniform per se may have significant disadvantages if, sadly, people are occasionally subject to abuse, stone throwing and so on, but uniform also identifies the person walking across the estate or the road. However, we are keen to flag up, and it is not inconsistent with the objective, that there should be a system that is self-identifying.

What is in the schedule at present is, as the Minister pointed out, an obligation to produce identification on request, before or during the interchange with the bailiff. Our new clause would oblige the Government to have in place uniform or some other means of identification, such as a badge. We all know the practical problems of things that are permanent and things that can be taken off. Nobody wants nonsensical requirements for insignia to be worn at the bailiffs' and enforcement agents' ball or for a romantic weekend in Paris—no doubt even bailiffs have romantic weekends in Paris—but we are keen that there should be the obligation that the Minister says she is willing to work to.

It is important that there should be an obligation on the industry, not just a duty to respond when asked, and that that should be written into the Bill. When the time comes, therefore, I shall therefore seek a vote on new clause 4. In the meantime, on the basis of the Minister's assurances, and on the understanding that in all parts of the House from which there has been a contribution and beyond we share an objective that there must be regulation, it must be clear and transparent, it must end the existence of anomalous

sets of legislative provision, and the citizen must know that in future that there will be control of those who have powers of enforcement, that it will be possible to complain and to seek redress, and hopefully that there will be much less abuse as a result, I beg to ask leave to withdraw the motion.

Motion and clause, by leave, withdrawn.

Mr. Austin Mitchell: I seek your guidance, Mr. Deputy Speaker, on when to move new clause 6.

Mr. Deputy Speaker: The hon. Gentleman is slightly ahead of himself. All good things, or perhaps some good things, come to those who wait. We have to proceed now with new clause 3 and we will come later to new clauses 4 and 6.

Mr. Mitchell: I am grateful for that, Mr. Deputy Speaker. I have spent much of my life in that condition.

New Clause 3

APPLICATIONS FOR RELIEF UNDER SECTION 15: LEGAL AID

'The Lord Chancellor must by regulations make provision for legal aid for applicants for relief under section 15.'.—*[Simon Hughes.]*

Brought up, and read the First time.

Simon Hughes: I beg to move, That the clause be read a Second time.

Mr. Deputy Speaker: With this it will be convenient to discuss the following: new clause 11—*Enforcement of Mobile Homes Act 1983*—

'(1) The Mobile Homes Act 1983 (c. 34) is amended as follows.

(2) In sections 1(5), 2(2), 2(3), and 2(4), for "the court", substitute "the tribunal".

(3) After section 3 insert—

"3A The tribunal

(1) The local authority for the district in which the protected site is situated must establish a tribunal to perform functions under this Act if the occupier or the owner so requests.

(2) The Secretary of State may make regulations about tribunals under this Act.

(3) Regulations under this section shall be made by statutory instrument.".

(4) In section 4, and in the heading to that section, for "the court", substitute "the tribunal".

(5) In section 5(1)—

(a) omit the definition of "the court", and

(b) at the appropriate place insert—

""the tribunal" means—

(a) in relation to England and Wales, the tribunal established under section 3A or, where the parties have agreed in writing to submit any question arising under this Act or, as the case may be, any agreement to which it applies to arbitration, the arbitrator;

(b) in relation to Scotland, the sheriff having jurisdiction where the protected site is situated or, where the parties have so agreed, the arbiter.".

(6) After section 6(4) insert—

"(5) Section 3A extends to England and Wales only."'.

Amendment No. 4, in clause 22, page 20, line 4, at end insert—

'(4A) The Tribunal Procedure Rules shall make provision for the granting by a judge of the First-tier Tribunal of legal aid for appropriate advice and representation in relation to any decision within the jurisdiction of the tribunal systems.'.

Amendment No. 72, in clause 31, page 26, line 43, at end insert—

'(11) The Lord Chancellor may be regulations provide for the payment of pensions, allowances or gratuities by way of compensation to or in respect of such persons who suffer loss of office as a result of the abolition of a tribunal by virtue of this section as may be so specified or so determined.

(12) Without prejudice to the generality of subsection (11), regulations under this section may make provision—

(a) as to the circumstances in which compensation is payable;

(b) as to the amounts which are to be payable by way of compensation;

(c) as to the manner in which and the person to whom any claim for compensation is to be made; and

(d) for the determination of all questions arising under the regulations.'.

Amendment No. 9, page 141, schedule 6, leave out lines 18 and 19.

Simon Hughes: New clause 3 and amendment No. 4 relate to legal aid and amendment No. 72 is on an entirely different matter, with which amendment No. 9, tabled by the hon. Member for North-West Norfolk (Mr. Bellingham) also deals, and that is the specific matter of the future of the general commissioners of the Revenue and their staff, which is a matter of concern on both sides of the House.

New clause 3 contains the simple but hugely important proposal that the Lord Chancellor, the Minister of Justice, as he now is—or, as the hon. Member for North-West Norfolk commented, whoever he or his successor is soon to be—must by regulations make provision for legal aid for applicants for relief under clause 15.

The Minister rightly brings to the House a Bill that sets up a new structure for our tribunals, and that is welcome. In that system there is the ability under clause 16 for the upper tribunal to have a judicial review jurisdiction. At the moment, there is provision for legal aid in some tribunals and on some occasions. We accept and believe that in general terms tribunals should not have lots of lawyers doing legally aided work, but there are exceptions when legal aid should be available because a matter is particularly significant, important or difficult. At the moment, that is possible by obtaining ministerial agreement, but we think that that is over-centralist, and that it should be possible for legal aid to be granted through arrangements made by the Minister of Justice in a much more routine and matter-of-fact way.

Courts do important and significant work, but so do tribunals. We all know that, whether it is the social security tribunals dealing with people's benefits, whether it is the industrial tribunals dealing with people's employment rights, whether it is the race relations tribunals dealing with equality at work, or whether it is the asylum and immigration tribunals dealing with people's status, they can determine people's wealth, or their future in this country, and so on. We therefore believe

[Simon Hughes]

that, exceptionally, there should be the ability to have legal aid in those places. New clause 3 would allow that, and we hope that the House will agree to it. Amendment No. 4 is a complementary proposal and I hope that it will commend itself to the House.

The last matter is a ring-fenced one that is of concern to only a small number of people, but it is important enough to deal with here, a view shared by Conservative Members. The clerks to the commissioners who have looked after adjudications on tax matters are remunerated by the Ministry of Justice on a salaried basis. They are dealt with by tax management legislation. The clerks to the general commissioners for taxes may work in a profession that is not terribly popular, but they do an extremely good, competent and valuable job.

Earlier in the year, the treasurer and secretary of the Association of Clerks to the General Commissioners of Income Tax wrote to Members of Parliament expressing a concern that because the general commissioners of income tax are currently a tribunal dealing with income tax and corporation tax matters, as they have been for 210 years, but are to be abolished and disappear with the general tribunal system, they need to be looked after as a group of people who will have no automatic continuing career. The role of the clerk will effectively disappear completely when the Bill becomes law and is implemented.

There are 244 clerks—or there were when we were first approached—mostly part-time, and many are retired professionals from other walks of life, business, the law or the Revenue, employed by the general commissioners of tax, paid for by the Ministry of Justice. There is no compensation for loss of office for these people. Therefore we tabled amendment No. 72 to allow the Lord Chancellor, by regulations, to

"provide for the payment of pensions, allowances or gratuities by way of compensation to or in respect of such persons who suffer loss of office as a result of the abolition of a tribunal by virtue of this section".

It gives a general permissive power which we hope would allow the Lord Chancellor to treat these people justly when their jobs end.

I had hoped, as the hon. Member for North-West Norfolk and others had, that by now this matter would have been resolved amicably. I know that these people and their representatives went to see Ministers and have had many communications. I had a letter dated 24 April—colleagues will have received a similar letter—from Baroness Ashton of Upholland, the Under-Secretary of State who looked after the Bill in the other place. She tells me that she has carefully considered the issues and merits of including a provision for compensation, but that on balance she does not believe that the Bill should be amended to allow for that, because—I summarise for the sake of brevity—the legal advice is that these people are fee-paid office holders, which is a status creating no expectation in law of compensation. That was the confirmed ministerial view in April. Since then, even as recently as in the last week, there has been a further meeting with Ministers, but as I understand it, there is still no resolution that is satisfactory to the clerks.

This is a plea that those people, who have been public servants in the most important of jobs, done hugely professionally, should not be left out in the cold as a by-product of the legislation. I hope that at this last hour we can persuade Ministers either to accept amendment No. 72 or amendment No. 9.

My hon. Friend the Member for Cardiff, Central (Jenny Willott) represents a city where a large number of people are employed by the Revenue and look after Revenue matters for Member of Parliament. I think that all Members' tax matters are dealt with in Cardiff, so my hon. Friend has a particular constituency interest, and we also have a general interest. These are people who have served us specifically and the country at large, and I hope that we can look after them, at their request, and treat them decently.

2.30 pm

Mr. Richard Benyon (Newbury) (Con): New clause 11 refers to park homes, the legislation behind which can be found in the Mobile Homes Act 1983, as amended. The Government were genuine in the amendments they made to park homes legislation in the Housing Act 2004. I am the first to admit that the new clause is very broad in its attempt to resolve a serious problem and I hope the Minister can help me in finding the best way forward.

I have 11 park home sites in my constituency, the largest of which has over 150 units. Bizarrely, these are not dwellings under the law, but chattels. They have many of the rights of properties, but they cannot be considered as such under the law. Most park home sites are well managed and I am a great supporter of this type of living, which affords the occupants an excellent life choice; an affordable home and a way of maintaining savings while living in a social environment.

All is not well in park homes across the country, however. This week I attended a meeting of the all-party group on mobile homes, chaired by the excellent hon. Member for Nuneaton (Mr. Olner). We heard from the National Association of Park Home Residents that despite all the recent legislation and genuine attempts from both sides of the House to address the problems, dwellers in mobile homes are worse off than ever.

Under the provisions of the Housing Act 2004, unscrupulous site owners have been free to charge huge additional sums for the extra administration caused by legislation. Under the new legislation, park home owners may require the site owner to give notice of 14 days before entering their buildings. Site owners are now asking residents to put electricity meters outside their homes and to pay for that. All these costs resulting from legislation, along with changes to the RPI and other matters, are piling pressure on to some of the most financially challenged people in our communities.

The majority of park home sites are well managed. Residents get on well with the site owner and they can enjoy their lives. But in too many sites, unscrupulous owners behave in a way that sometimes defies belief. I have used terms like "Dickensian" and "robber baron" perhaps too freely, to the point where I am exaggerating a little, but there is great misery and concern.

The clause concerns the resolving of disputes. One problem area is the sale of properties. Let us say that an elderly park home owner has to move into residential care and puts her home on the market. Under the

terms of legislation and her agreement, she can sell to anyone, but the site owner has to agree that that person can take over. He cannot take an unreasonable attitude to the new purchaser and has 28 days to approve. However, he can comply with the legislation precisely by saying, "I am delighted that you have bought this park home and that you will be living on my site. I think you should know that I'm going to make your life hell. I am going to try to increase pitch fees to the maximum, put more units on the site and not resurface the roads." Pretty soon, the purchaser realises that this is not where they want to spend the more leisurely years of their life and pulls out of the deal. After that has happened two or three times, the vendor is so desperate that she agrees to sell at a knock-down price to the park site owner. To add insult to injury, he then takes 10 per cent. of the sale fee.

I am seeking to allow park home owners to raise such horrendous matters in a more appropriate form of tribunal than currently exists. It takes great courage for individuals to follow due process, be it through the courts or a tribunal, to achieve redress. There is the added problem that local authorities, who have huge responsibilities for park homes sites, are not exercising their full powers. I am not blaming my local authority—it is reasonably assiduous—but there are many stories of local authorities not exercising their powers within licensing agreements to improve the quality of life for park home dwellers.

I want to raise the issue of park home owners who wish to have a residents' association. On well-run sites, enlightened site owners welcome residents' associations. It can be a mutually beneficial experience, as the site owner can have a direct link, through one group of people, to all the park home owners. Conversely, people feel that they have a conduit for their concerns on a regulated basis through an organisation with a constitution.

The unscrupulous site owner finds such associations a threat, however. In one site in my constituency, the owner has written to residents to set out his reasons why he does not want a residents' association on the site. He said in his letter that those who are pushing for an association have a "hidden agenda" and that such schemes often cause ill-feeling between residents and park owners. He is really saying that he does not want the residents of that park home to be empowered, as they are entitled to be under the law, to represent their concerns in a properly constituted body.

The standard trick by the unscrupulous site owner is to divide and rule. I have witnessed many cases where the owner has asked people to withdraw their names from petitions calling for a residents' association, with the proposed association then falling. There have been even worse cases where owners have passed out private information about the circumstances of individuals who are trying to set up residents' associations.

What options exist for an aggrieved park home dweller to resolve a dispute? Really, the only option is the county court, which is a laborious and expensive process. By and large, the people concerned have reached the stage of their lives where they do not want or need the hassle of going to a county court to resolve a dispute. There must be a better way of doing it. I have discovered that local authorities can, if they wish, set up tribunals to carry out their functions in settling disputes or dealing with local authority matters. Basically, local authorities can do what they like when exercising their own powers, but they may not set up a tribunal to deal with something that is out of their jurisdiction. They can, for example, deal with licensing measures, but they cannot act when residents are trying to set up a residents association but are unable to do so. That is the problem that I seek to resolve through the new clause. In some circumstances, it is in people's interests to go to the county court, because if they get a bad judgment they can at least appeal. That route remains attractive in dealing with several kinds of disputes, but for a great many people the county court remains a daunting prospect, to the point where they are not prepared to go down that path.

I hope that the way in which the Mobile Homes Act 1983 was amended by statutory instrument last year may offer a way forward. If the Minister is willing to meet me, and perhaps members of interested bodies on both sides, to discuss that option, I will be prepared to consider withdrawing the new clause to find a better method of resolving the situation. In any event, I hope that she will take from this debate the serious concerns that exist among thousands of people, many of whom have reached a point in their lives where they simply do not want the overbearing responsibility, difficulty, expense and process of going to a county court when there must be a better and more local tribunal system that can deal with their concerns.

Mr. Bellingham: I would like first to address my remarks to new clause 11, which was so ably discussed by my hon. Friend the Member for Newbury (Mr. Benyon), who put the case very well and made his points extremely eloquently.

We all have experiences of mobile home parks in our constituencies. The vast majority are well run, well managed and enjoy a happy state of affairs, as in the case of the 10 or 11 in my constituency. That is endorsed by what I have heard from the National Association of Park Home Residents. There is none the less the danger that unscrupulous site managers or owners may want to adopt a particular course of action. As my hon. Friend the Member for Newbury said, many of them are opposed to the idea of residents associations. Sometimes their agenda is to remove existing tenants who have sub-standard vans. There have been several examples of that around the country, including a case in Oxfordshire and one in Cambridgeshire, where a site changed hands and the new owners wanted to replace the existing vans with a much more upmarket type for which they could charge much more rent. They use every tactic in the book to try to frighten people off. There are examples of straightforward intimidation, noise harassment and blackmail, where people were told that if they did not sell their van and move on they would have services cut off and pitch fees increased. It was a catalogue of the most unscrupulous behaviour that I have ever seen.

When such an example occurred in my constituency, on the Hardwick road site, I am pleased to say that some of the worst excesses of behaviour did not take place, but there were still grounds for concern. It belongs to the local authority, which had let it to a site owner. There was nothing in the lease to prevent the tenant from sub-letting it, so they sub-let it to a new

[Mr. Bellingham]

site manager, who decided that he wanted to change the whole character and complexion of the site and move from fairly middle-of-the-range types of vans to smart, upmarket vans, each of which cost in excess of £60,000 or £70,000, and sometimes much more. As a result, we have a well managed, smart site, but at the expense of some of the tenants who wanted to stay there.

2.45 pm

As my hon. Friend the Member for Newbury pointed out, many people adopt a lifestyle choice whereby they do not want the aggro of all the expense, commitment and responsibility that people have when they live in a normal home. It may well be that their marriage has broken down, that they have retired or that they have a house abroad. I would describe some of the people on mobile home sites in my constituency as being non-asset rich but cash-rich—they can have lovely holidays, go abroad a lot and make various choices. That is in direct contrast with many other pensioners who are asset-rich but cash-poor. We are talking about people who do not have many rights and can easily be exploited, and there are plenty of examples of that happening. Taking a dispute to the county court is a blunt instrument. By the time the case has been brought, we can imagine the amount of harassment that could have taken place and the amount of pressure that the individual could have been put under. It can be quite appalling. That is why we need a simple system to enable these people to resolve their disputes.

I do not know whether my hon. Friend's proposal is 100 per cent. workable or the ideal solution, but it is a brave and imaginative attempt to get to the bottom of a particularly difficult problem and to give people who are potentially among the most vulnerable in society a way of having their disputes and problems resolved at the minimum expense and with the minimum fuss. I congratulate him and hope that the Minister will be able to respond in a positive manner. We want a simple process that enables mobile home sites to work properly. Good will is required between the two parties—the site owner or manager and the residents—and if that breaks down, it creates serious problems. I hope that my hon. Friend will continue his campaign, because he will do a great deal of good for many hon. Members on both sides of the House who have experienced similar problems in their constituencies.

Let me turn to new clause 3 and the consequential amendment No. 4, which stand in the names of the Liberal Democrats. When legal aid was debated in Committee, we took the view that the situation is in no way satisfactory. Of course, as the Minister explained at the time, it is possible to get legal aid if one has to take a case to tribunal or if a case in which one is involved is taken to tribunal, but that happens through ministerial approval and is a formal, distant process. I should like the process to be a great deal more flexible and consumer-friendly.

We should bear in mind one key point. Most of our constituents, thankfully, do not have any interface with the legal system at all, but when they do it is usually through a tribunal. That is why it is important that tribunals are as user-friendly and informal as possible and that the applicant is put completely at ease and feels that they can relax and not be in any way intimidated. If too many lawyers are brought into the process, everything becomes more potentially intimidating and formal, and jargon is used. It so happens that all three Front Benchers today are barristers at law. We often appear in court without realising how our customs and idiosyncracies are not especially appealing to the wider public whom we are trying to represent. That system is not user-friendly. One of the great strengths of the tribunal system is that it can put people at ease and deal with their problems informally and effectively.

Let us keep lawyers out of it if possible. However, on occasions, tribunal cases get extremely complicated. The hon. Member for North Southwark and Bermondsey (Simon Hughes) gave some examples in Committee. At some point, a tribunal case may be adjourned pending further information. Points of law may arise and the applicant may have to seek legal advice. Perhaps taking legal advice from a firm of solicitors is the only way in which the applicant can keep the case on the road. There should be an efficient, quick and effective system that allows such applicants to get legal aid. We are therefore sympathetic to new clause 3 and amendment No. 4.

Rob Marris (Wolverhampton, South-West) (Lab): I am a non-practising solicitor. Do the hon. Gentleman and the Conservative party support legal aid for employment tribunal cases?

Mr. Bellingham: That is a good question. I believe that employment tribunal cases should come under the same system as other tribunals. We must consider cost, and I am keen to bear down on the cost of legal aid. We have held a lengthy debate on the matter and I do not support the Government's changes. However, we could bear down heavily on, for example, the cost of expert witnesses in parts of the legal system, and more heavily on the cost of highly complex criminal cases. We could examine what some of the top criminal QCs earn—parliamentary questions on that were answered this week, showing some extraordinary figures. There is a world of haves and have-nots. Top QCs earn a vast amount of money while junior barristers earn little and can hardly make a living. I would therefore include employment tribunals in the entire tribunal system.

Let me consider amendment No. 9. My hon. Friends and I believe it is one of the most important amendments that we will consider this afternoon. It would remove the general commissioners for tax from the new unified structure, which sets up the new tribunal system. Conservative Members support the new unified tribunal structure, which is the result of a huge amount of preparation and work, flowing from the Leggatt report, Green Papers, much debate and a great deal of pressure from the different Departments that sponsor tribunals. It makes sense to try to bring the tribunals together into a unified system and have cross-referencing of infrastructure. Judges will also be able to be more versatile.

However, I should like the Minister to reflect on what the general commissioners do. There are roughly 2,000, with 214 clerks. The hon. Member for North Southwark and Bermondsey said that there were 244,

but I believe that the figure is 214; perhaps we both misread the letter from Susan Balchin, who is secretary of the Association of Clerks to the General Commissioners of Income Tax.

The general commissioners do a superb job. They are lay people and volunteers, who sit in the nearest town to where the taxpayer who will have a hearing lives. The appellant—the taxpayer—can therefore go to the local town and appear before general commissioners who are local, lay, unremunerated people with common sense. The system is based on informality and an understanding that the appellants' problems will be sorted out by lay people who understand the community. It could be a farming community, an industrial community, a community that consists mainly of retired people or one that is part of an inner city. The essence of the current system is that lay commissioners understand the community from which the appellants come and sit in judgment in an informal, unintimidating atmosphere on the appeals of those who have problems with their tax affairs.

I am fortunate, because so far I have never had a tax appeal, touch wood. I do not know whether any of my hon. Friends have had a tax appeal, but we all have constituents who experience problems with their taxes. We have all experienced constituents coming to our surgeries with a pile of papers probably 4 ft high, and extraordinarily complex tax problems. If they want to appeal against Her Majesty's Revenue and Customs, they can take the case to the general commissioners, who are local people.

That process will be replaced by a tribunal system, chaired by a judge with a professional clerk. It will be much more intimidating and far more formal. Furthermore, it will be much more remote because the new tribunals will sit at regional centres. Those presiding will not have the local knowledge, which is now so important.

Let us not forget that the lay commissioners give their services on a pro bono basis; they get only some expenses. They have local knowledge and their positions have existed for 200 or 300 years. The current system builds on the best in localism—choice and flexibility. That is what my party stands for.

Simon Hughes: Especially flexibility.

Mr. Bellingham: I shall not go down the route that the hon. Gentleman suggests, except to say that I am sure his party is relieved not to be the recipient of the recent defection.

The system is quaint and old-fashioned but it works. We feel strongly that if something works well, we should retain it. Why build a system on the basis of one size fits all? Why not have some flexibility? If it ain't broke, don't fix it. The cost of trying to fix it will be considerable.

The current system costs approximately £5 million. Getting rid of the general commissioners and the clerks, setting up the new system with judges and bringing it into the tribunal system, with professional clerks who have no local knowledge and sit in regional centres, will cost perhaps two and a half times as much as the current system. A cost of roughly £5 million could increase to £12.5 million unnecessarily. Will that result in the taxpayer and consumer getting a better service? The answer is manifestly no. The consumer will have to take a tax appeal to a system that is far more formal and much more remote and costly.

Schedule 6 contains a list almost a mile long of all the different tribunals that the Bill affects. One sort of tribunal should not be included. We make a plea to the Minister, even at this late stage, to listen to the general commissioners. They say that their system works extraordinarily well and that they do a superb job for our constituents. We ask the Minister to listen to them and exempt them, even at this late stage.

If my party is elected to government in the next couple of years—

Mr. Brooks Newmark (Braintree) (Con): When.

Mr. Bellingham: I do not want to take anything for granted. If one takes too much for granted, one loses trust and credibility. However, I make a commitment that, if the amendment is not accepted and if we are elected at the next election, we will reverse the proposals and ensure that the general commissioners are kept out of the unified tribunal system.

3 pm

It is quite wrong and quite unfair that the general commissioners are not to be paid proper remuneration for their loss of office. I am not going to make a spending commitment this afternoon, because under our proposals there would be no loss of office, so compensation would not come into it. I find it strange that the commissioners are not being offered any form of compensation.

The hon. Member for North Southwark and Bermondsey pointed out that the Taxes Management Act 1970 provides for a retirement age of 70, with the possibility of an extension to 75 at the request of the general commissioners. Many of the clerks are solicitors, and partners in local firms of local solicitors. Many of them are worthy and knowledgeable local people; I have had the pleasure of meeting some of them. In fact, I had the pleasure of addressing their recent conference in London. Many of them structure their professional lives by scaling down their office work and their general practice when they reach their late 50s or early 60s. They then rely on employment as a clerk to the commissioners until the age of 70 and, in many cases, beyond. That is how they run their lives; they make the choice to serve the general commissioners in an honourable and assiduous way, yet they are to have that office taken away from them without any compensation whatever.

This is in stark contrast to the sub-postmasters and mistresses, who will get compensation, as will part-time coroners' clerks. A direct parallel can also be drawn with the abolition of the office of clerk to the peace, when the Crown Court was established. Clerks to the peace received proper compensation for loss of office.

The hon. Member for North Southwark and Bermondsey pointed out that representatives of the National Association of General Commissioners wrote to the Minister, the noble Baroness Ashton of Upholland, to ask for a meeting in March 2006. They heard nothing until the beginning of December, when

they were invited to telephone the Minister to discuss the situation. They were given the direct telephone number of her diary secretary, but when they eventually got through, they were told that the Minister would not be prepared to make an appointment with them. This saga went on and on, until they eventually had a meeting with the Under-Secretary of State for Justice, the hon. Member for Bradford, South (Mr. Sutcliffe), yesterday morning. I hope that the Minister would agree that that is no way to treat an honourable and decent group of people who are staring loss of office in the face without any compensation. They are only asking for a fair hearing.

Will the Minister look at this again, even at this late stage? Will she accept our amendment No. 9? Will she in any event make sure that there is proper compensation for loss of office? I should like to give an indication, Mr. Deputy Speaker, that I should like to ask the House's leave to vote on that amendment at the appropriate stage. On that basis, I hope that the Minister will listen to what we have said this afternoon.

Vera Baird: I shall take the items in the same order in which they were proposed, if that is acceptable to all the parties who have spoken. First, I shall deal with amendment No. 4, which deals with legal aid—

Simon Hughes: New clause 3?

Vera Baird: New clause 3 was indeed first; the hon. Gentleman is right. I hope that he will not mind if I deal with legal aid generally first, then come to his specific proposal on legal aid afterwards.

Simon Hughes *indicated assent.*

Vera Baird: I am grateful to the hon. Gentleman.

Amendment No. 4, which was also tabled by the hon. Member for North Southwark and Bermondsey (Simon Hughes), deals with legal aid. Many points have been raised about legal aid, and in particular about bearing down on the costs involved. The proposals that we have introduced following the Carter review are intended to do that.

The hon. Member for North-West Norfolk (Mr. Bellingham) has talked about the cost of expert witnesses, and we are already bearing down on that. We are looking at how expert witnesses are remunerated, and at how they should be remunerated in the future, under legal aid. He mentioned a recent parliamentary question in which the earnings of what he called "top QCs" from legal aid were set out. It is true that those earnings are considerable, but it is only fair to point out that the figures are not necessarily the earnings of those individuals for the year in question alone. They can run back to earlier years, because some cases are very long. At the same time, figures have also been published, although not in answer to that particular question, showing the legal aid fees of what I am sure the hon. Gentleman would call "top solicitors"—they are certainly the top-earning solicitors—and they, too, were very sizeable indeed. I do not believe that there is a clash between the two sides of the profession in this regard.

The hon. Member for North-West Norfolk referred to the junior Bar, about which I also have concerns. The real problem for junior members of the Bar is not the level of legal aid payment, however; it is more to do with their not being fully occupied.

Rob Marris: I salute what my hon. and learned Friend has done in trying to bear down on legal aid costs. There is a huge disparity in the system involving the moneys paid to top criminal barristers. I speak as a solicitor with no brief for barristers, but I understand that the figures for barristers' pay that were recently quoted included VAT, which does not go into the barrister's pocket, and the office costs that they have to pay to run their business. That is like ascribing the turnover of a business to the owner of the business as earnings. The figures are still very high, and they should be borne down on, but we must bear in mind that the netted-down figures are not quiet as alarming as the gross figures that are now in circulation.

Mr. Benyon *rose—*

Vera Baird: I will deal with my hon. Friend's point, then I will gladly give way to the hon. Gentleman.

As I have already said, I do not think that VAT is applied in those circumstances, but I might be wrong. Let me emphasise that this information was disclosed as a consequence of a parliamentary question put to me by an hon. Gentleman from the main Opposition party. My hon. Friend is right, however. We must also take into consideration what we, in our rarefied atmosphere, call chambers expenses. Those include the cost of running the business, and they are shared among all the barristers who share secretarial assistants, clerking and so on. I have already made probably the biggest point about this, which is that the fees—particularly of barristers, but probably of solicitors, too—often relate to cases that have gone on across more than one tax year. We must therefore not get too carried away, but there is none the less a need to bear down on excessive legal aid costs, as my hon. Friend happily acknowledges, and which, on an earlier occasion, the hon. Member for North-West Norfolk has also acknowledged.

Mr. Benyon: On Second Reading, I spoke of an experience that I had had when a vexatious claim was made against me as a small businessman, and of the effect that it had on my time and my business. Legal aid obviously provides access to justice in many cases, but does the Minister agree that it must also be measured in the context of taking action against those who use the system for vexatious cases? A provision exists that allows for tribunals to impose a bond whereby a cost can be imposed on an individual who brings a vexatious case; this is strongly supported by organisations such as the CBI. That system is not being used enough, however. Is there anything that the Minister can do to assure us that where provision exists for bonds to be put in place, it will be used?

Vera Baird: I am more familiar with the procedure in the legal aid system in which another party to a case has the option of writing to the Legal Services Commission to say that in their view the legal aid is being misused, and to set out a case. That is a tool that can be used as part and parcel of the dispute, and it sometimes is, but if it is well grounded, the Legal

Services Commission will be obliged to look at it. That is a step that ought to be taken in the circumstances that the hon. Gentleman has outlined.

The amendment is similar to amendments tabled in Committee, and in the Grand Committee and on Report in the other place. In both Houses, the amendments were pressed to a vote, and in both Houses they were defeated. One of the greatest assets of tribunals is that people do not usually need a lawyer to pursue their point. As the hon. Member for North-West Norfolk puts it, "Let's keep lawyers out of it if we can." Tribunals are not courts. Unlike courts, most tribunals do not rely on strict rules of evidence; they adopt a much more inquisitorial approach. They question the user to find out the relevant information, and do not therefore place the burden entirely on him to present his argument. The majority of tribunal users can relay their evidence by answering questions, without the need for legal representation.

For those who qualify financially, however, legal aid is available in the form of a legal help scheme. Although that does not provide representation, it does provide advice and assistance and can pay for counsel's advice within its fee structure. For example, in the situation conjured up by the hon. Member for North-West Norfolk, in which someone's case is adjourned mid-tribunal for a complicated point of law to be tackled, resort to legal help would make available solicitor's or counsel's advice on the point in question.

The Government understand that the tribunal experience can be daunting for some. As the new tribunals come on stream, there will be a wave of effort to ensure that users of tribunals receive good information. We will improve information and provide the opportunity for the case to be informally evaluated before the hearing process gets under way, which will be hugely helpful and give pointers to people seeking to represent themselves at tribunal.

We acknowledge, however, that legal aid for representation has a role in tribunals. It is available for the Asylum and Immigration Tribunal, the Employment Appeal Tribunal and the Mental Health Review Tribunal. It is also available, in cases of special difficulty, for all tribunals where the exceptional funding criteria are met. I think that the hon. Members for North-West Norfolk and for Newbury (Mr. Benyon) both referred to that.

We would like to do more. As I said on Second Reading and in Committee, we are reforming the legal aid system. We are putting lawyers on fixed fees for standard cases, but with exceptional cases being paid for by the hour, which will help control the legal aid budget. The reasons for those changes are partly so that we can rebalance the legal aid budget towards the civil side, including social welfare law. That is imperative, and it is our purpose. Those are my comments about the broad issue of legal aid.

New clause 3 would require the Lord Chancellor to provide legal aid for judicial review hearings transferred to the upper tribunal. I understand the point, and have immense sympathy with it. Were there a judicial review in the court, legal aid would follow. Were the judicial review moved across to the upper tribunal, however, legal aid would follow only if the exceptional funding criteria were brought into use. I understand that that difference is unacceptable. We intend to change the funding code, which does not require an amendment, so that legal aid for judicial review in the High Court is available if a judicial review is transferred to the upper tribunal. Consequently, the scope of legal aid will be amended.

I hope that that meets the nub of what the hon. Member for North Southwark and Bermondsey was getting at with new clause 3. It seems to me that we should go further and monitor the transfer of cases to the upper tribunal, which we will do. We should also monitor the change that will inevitably come as a result of the implementation of the Bill and the existence of the upper tribunal: what would now have to go to judicial review would instead be able to go as a statutory appeal to the tribunal. If, in due course, that started to happen, we would not want people to be disadvantaged by the non-availability of legal aid. For the time being—I hope that this meets the need that the hon. Gentleman has identified—we intend to ensure that the scope of legal aid is extended, so that if a case is transferred to the upper tribunal, legal aid will be available if it is a judicial review.

3.15 pm

I am not saying that we would never seek to extend legal aid into other sectors. My noble Friends in the other place have said, and I have said in this House, that when we have the current legal aid spend under control we will consider how best to use such freed resources. I hope that my explanations are sufficient to persuade hon. Members not to press the amendments to a vote. If they do, however, we will oppose them.

Simon Hughes: The Minister is being very helpful. If she clarifies one point, I will be happy to respond to her invitation in relation to new clause 3. As I understand it, the Government intend to achieve, through the proposal that she sets out, exactly what we propose in new clause 3—that there should be legal aid for applicants for relief under section 15, which is the judicial review provision. If it is confirmed that all section 15 applicants will be covered, I shall respond positively to her suggestion.

Vera Baird: Those who are eligible for legal aid for a judicial review in the High Court will not be put at a disadvantage if the case is transferred to the upper tribunal. We will therefore extend the scope of legal aid so that they get legal aid. I hope that that answer is satisfactory to the hon. Gentleman. An amendment is not required.

On new clause 11, I congratulate and compliment the hon. Member for Newbury on taking the opportunity to draw public attention to such issues. I, too, think that to live in an affordable park home sounds like quite an agreeable lifestyle choice. The stories that we have heard about blackmail, bullying and people behaving badly and abusing their power are appalling. I am sorry that that goes on. I hope that I can bring forward a positive suggestion in relation to his constituents' difficulties with the fact that the only place for the resolution of disputes is the county court.

The hon. Gentleman has 11 mobile home sites within his constituency—I think that I have two—and he is an active member of the all-party group on the welfare of park home owners. He probably also knows

[Vera Baird]

that the Department for Communities and Local Government is working closely with representatives of both site providers and residents to try to develop proposals for alternative forms of resolution. If he did not know that, let me make clear that that is going on, and if wishes to get involved on behalf of the 11 mobile home sites in his constituency, I shall make sure that he has sufficient information.

Alternative ways of resolution other than the courts are being considered. Currently, disputes go to the county court under the mobile homes legislation. I understand that negotiations have thrown up some issues that both sides of the park home sector agree should remain in the county court. If that is so, those issues will no doubt stay in the county court. For the benefit of the hon. Gentleman's constituents, let me say that the county court has a small claims track, which is likely to be a route that can be taken by people in some of the predicaments that he has described. Its procedures are very much simplified, and the district judges who operate that track are proactive and immensely helpful to those who are unrepresented and not well versed in matters of law.

Many county courts also increasingly have mediation officers, to whom district judges can send cases that they think are appropriate for mediation. It sounds possible that some of the issues raised would be appropriate for mediation. Whether or not that is the case, if it is agreed at the end of negotiations that some issues should remain in the county court, that should not put off constituents who have a real cause for complaint, because the small claims track is not a fully bewigged, begowned, formal, "my learned friend" sort of experience. It is much more informal than that.

Once there is overall agreement on the best routes for dispute resolution, the Government can, and will be happy to, use the provisions in the Housing Act 2004 to transfer those disputes that it is agreed should be transferred to a tribunal setting. The tribunal will be the residential property tribunal service, which is an existing national tribunal service that already deals with issues such as rent and leasehold, so should be well versed in the kind of territory over which some of the disputes arise. Transfer can be achieved by an affirmative statutory instrument under the 2004 Act, making the amendment unnecessary. Of course, if that process is used there will be a debate allowing scrutiny of the proposed transfer.

The hon. Gentleman did not intend his amendment to be perfection incarnate, and it would be very expensive to set up individual tribunals for each of the 269 local authorities that have park homes, so the proposition I have described is much better. I hope that I have set the hon. Gentleman's mind at rest and that he will participate, on behalf of his constituents, in the discussions that are going on, so that in due course park home owners can have ready access to recourse when they are treated in the appalling way that he described.

I turn now to the general commissioners for income tax. I should make it clear that the Under-Secretary of State for Justice, my hon. Friend the Member for Bradford, South (Mr. Sutcliffe), will have responsibility for tribunals—at least for another couple of hours—and that is why he has discussed the issue with the commissioners. Amendment No. 9, tabled by the hon. Member for North-West Norfolk, would remove the reference to the general commissioners, while amendment No. 72 would enable compensation to be paid for loss of office as a result of this Bill.

The primary concern of both amendments is the question of compensation to clerks following the abolition of their office. I was impressed by the impassioned plea for the retention of the status quo made by the hon. Gentleman, but I believe that he generally supports the streamlining process in this Bill. It is a thin case to suggest that the issue of compensation means that the tax commissioners should be left out entirely.

Mr. Bellingham: I assure the Minister that amendment No. 9 is not driven exclusively by the concerns about compensation for loss of office, but by real concerns about the new system for the general commissioners' work. We are concerned about the structure.

Vera Baird: I accept that entirely and I am grateful for that intervention. The hon. Gentleman made the point that costs of appeals would increase, but we do not accept that. There should be no increase in cost and the unified and, we would say, more expert system that will begin when the commissioners are put into the tribunal system will be more efficient and consequently, if anything, cheaper.

Rob Marris: The Minister has touched on a point that struck me when the hon. Member for North-West Norfolk (Mr. Bellingham) was talking. He mentioned the £5 million cost of the general commissioners, but he did not include—the figures may not have been available—the potential cost of the appeals from lay general commissioners who through no fault of their own make the wrong decision. Did it also strike the Minister that the hon. Gentleman made a contradictory argument when he claimed that the new system would be more expensive because of the staff involved, but then suggested that there would be loss of office? Is it not possible that some of those 200 or so general commissioners' clerks could be transferred into the new system with no loss of office?

Vera Baird: My hon. Friend makes a good point about the potential cost of appeals if the persons hearing the cases in the first instance are less expert. That is a truism across the board.

I acknowledge the statement by the hon. Member for North-West Norfolk that his amendment is concerned with the structure. We are confident that tax appeal modernisation is an important part of the tribunal reforms. We intend such appeals to fall within the new tribunal system.

The Liberal Democrat amendment is about compensation. My hon. Friend the Under Secretary met with the clerks yesterday to listen to their arguments. It has been the view of the Government that no compensation is appropriate, and nothing was put forward in those discussions that changed the Government's mind on the matter. The clerks are not salaried, as the hon. Member for North Southwark and Bermondsey suggested: they are fee-paid office

holders—*[Interruption.]* I must have misheard the hon. Gentleman. There is no expectation attached to that status of compensation if the office is abolished.

Clerks handle their work load in their own way: they are not directed by the Department. Some clerks do a lot of work and either manage that work alongside being a practicing solicitor or as their sole activity. But most clerks earn very little. The average remuneration is under £5,000. Only 10 out of 356 divisions generate more than £20,000 in fees for the clerk. The exact breakdown of that fee will vary from clerk to clerk, but a fee of £20,000 equates to approximately 60 hours of hearing time a year. For the vast majority, our reforms represent not a loss of their livelihood, but merely the loss of one source of income for their firm.

Reform of the tax appeals system has been on the agenda for many years. The clerks have known for two years that the present system was likely to be abolished. It will not be abolished until April 2009 and they have had, and continue to have, ample time to look for alternative sources of income. Firms have to do this all the time, of course.

Furthermore and importantly, appeal numbers have been declining since self-assessment for income tax was introduced. It is unreasonable to suggest that there can be a legitimate expectation that the present level of income from that work would have continued had the system not been abolished. The existing compensation scheme is in the context of a continuing general commissioner system and not its abolition. If the system were continuing and there were to be a merger of divisions and a choice had to be made as to which of a number of clerks would be clerk of the merged division, it would be reasonable to compensate those who lost the opportunity to carry on. But where the whole system is to be abolished it would be an inappropriate use of public money to compensate all those individuals who happen to be earning fees from the scheme at the time. We have looked carefully at the examples of compensation schemes cited by the clerks in support of their case, but we are advised that none of them constitutes a legal precedent. Nor is there any breach of the Human Rights Act, although no one has today suggested that that is the case.

The Government have already agreed to top up fees if the work load in the final year is higher than the preceding year. It now looks likely that the nature of the work in the last year will require some additional duties of the clerks, to assist in transition from old to new system. My officials are considering the details of a final-year scheme that will take full account of those additional duties and ensure that clerks are fully and properly remunerated for all that they do up to the end of the scheme.

The Government cannot accept an amendment that would set back our plans for tax appeal modernisation, which is what the Conservatives' amendment would do. We also remain unconvinced by the arguments put in favour of compensation.

I hope my few words about looking at the final year will have cheered the hon. Member for North Southwark and Bermondsey a little. The Under-Secretary of State for Justice has said that he hopes to recover the good will of the clerks, but we remain unconvinced about the amendments and cannot accept them.

3.30 pm

Simon Hughes: If you will allow me, Madam Deputy Speaker, I shall start my response by saying that we began the debate under one regime, and will finish under a new Prime Minister. On behalf of all those in the House when he was elected, and of everyone else, I extend our congratulations and best wishes to him and his family. I am sure that we will support everything that he does in the national interest. The Minister and I are of the same generation as the new Prime Minister, and so have a particular cause for rejoicing.

With his new clause 11, the hon. Member for Newbury (Mr. Benyon) rightfully put on record an important and significant matter of concern. The Minister was not able to accede to his request, but I hope that the fact that his argument was heard will mean that the people who live in park homes around the country get a better response to their concerns in future.

The hon. Member for North-West Norfolk (Mr. Bellingham) and I then sought to persuade the Minister about the general commissioners of taxes and their clerks. I meant to say that they were fee earners and not salaried, but stand corrected if I did not. I incorrectly said that Lisvane, where our taxes are processed, was in Cardiff rather than Llanishen, but the hon. Member for North-West Norfolk rightly said that general commissioners and their clerks meet and serve locally. Unlike the Revenue as a whole, therefore, they offer very much a local face and presence. The hon. Gentleman said that he had never appeared before the commissioners: I have, at a hearing in London, and found them very courteous and helpful.

I met the Under-Secretary yesterday. He is currently responsible for these matters, but I have not yet had the full feedback from the meeting. I hear what the Minister has said today and, although we still want to support the commissioners and clerks, we will defer to the Conservative amendment that I understand will be moved later.

I am grateful to the Minister for accepting exactly our proposals on legal aid in new clause 3. Amendment No. 4 also deals with legal aid, and we still believe that having a more express permission for the granting of legal aid in the Bill would be of benefit. When the time comes, we will put that amendment to the will of the House. I shall ask to withdraw new clause 3, then move new clause 4 formally. I know that the hon. Member for Great Grimsby (Mr. Mitchell) wants to press new clause 6 to a Division, and then we shall do the same for amendment No. 4.

I beg to ask leave to withdraw the motion.

Motion and clause, by leave, withdrawn.

New Clause 4

UNIFORMS

'All enforcement agents, both private and Crown-employed, must at all times wear such uniform or other means of identification as shall be prescribed.'—*[Simon Hughes.]*

Brought up, and read the First time.

Motion made, and Question put, That the clause be read a Second time:—

The House divided: Ayes 206, Noes 280.

Division No. 158] **[3.33 pm**

AYES

Afriyie, Adam
Ainsworth, Mr. Peter
Alexander, Danny
Amess, Mr. David
Ancram, rh Mr. Michael
Arbuthnot, rh Mr. James
Atkinson, Mr. Peter
Bacon, Mr. Richard
Baker, Norman
Barker, Gregory
Baron, Mr. John
Barrett, John
Beith, rh Mr. Alan
Bellingham, Mr. Henry
Benyon, Mr. Richard
Beresford, Sir Paul
Blunt, Mr. Crispin
Brady, Mr. Graham
Brake, Tom
Brazier, Mr. Julian
Breed, Mr. Colin
Brokenshire, James
Brooke, Annette
Browne, Mr. Jeremy
Burns, Mr. Simon
Burrowes, Mr. David
Burstow, Mr. Paul
Burt, Alistair
Burt, Lorely
Cable, Dr. Vincent
Cameron, rh Mr. David
Campbell, Mr. Gregory
Campbell, rh Sir Menzies
Carmichael, Mr. Alistair
Carswell, Mr. Douglas
Cash, Mr. William
Clark, Greg
Clarke, rh Mr. Kenneth
Clifton-Brown, Mr. Geoffrey
Cormack, Sir Patrick
Crabb, Mr. Stephen
Curry, rh Mr. David
Davey, Mr. Edward
Davies, David T.C. *(Monmouth)*
Davies, Philip
Davis, rh David *(Haltemprice and Howden)*
Djanogly, Mr. Jonathan
Dorrell, rh Mr. Stephen
Dorries, Mrs. Nadine
Duncan, Alan
Duncan Smith, rh Mr. Iain
Dunne, Mr. Philip
Ellwood, Mr. Tobias
Evans, Mr. Nigel
Evennett, Mr. David
Fabricant, Michael
Fallon, Mr. Michael
Farron, Tim
Field, Mr. Mark
Fox, Dr. Liam
Francois, Mr. Mark
Fraser, Mr. Christopher
Gale, Mr. Roger
Garnier, Mr. Edward
Gauke, Mr. David
Gibb, Mr. Nick
Gidley, Sandra
Gillan, Mrs. Cheryl
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gove, Michael
Gray, Mr. James
Grayling, Chris
Green, Damian
Greening, Justine
Grieve, Mr. Dominic
Hague, rh Mr. William
Hammond, Stephen
Hands, Mr. Greg
Harper, Mr. Mark
Harvey, Nick
Hayes, Mr. John
Heald, Mr. Oliver
Heath, Mr. David
Heathcoat-Amory, rh Mr. David
Hemming, John
Hendry, Charles
Herbert, Nick
Hoban, Mr. Mark
Hollobone, Mr. Philip
Holmes, Paul
Horam, Mr. John
Howarth, David
Howarth, Mr. Gerald
Hughes, Simon
Huhne, Chris
Hunter, Mark
Hurd, Mr. Nick
Jack, rh Mr. Michael
Jenkin, Mr. Bernard
Johnson, Mr. Boris
Kawczynski, Daniel
Keetch, Mr. Paul
Kennedy, rh Mr. Charles
Key, Robert
Kirkbride, Miss Julie
Kramer, Susan
Lait, Mrs. Jacqui
Lamb, Norman
Laws, Mr. David
Leech, Mr. John
Leigh, Mr. Edward
Letwin, rh Mr. Oliver
Lewis, Dr. Julian
Liddell-Grainger, Mr. Ian
Lidington, Mr. David
Lilley, rh Mr. Peter
Llwyd, Mr. Elfyn
Loughton, Tim
Luff, Peter
Mackay, rh Mr. Andrew
Maples, Mr. John
May, rh Mrs. Theresa
McCrea, Dr. William
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Miller, Mrs. Maria
Milton, Anne
Mitchell, Mr. Andrew
Mitchell, Mr. Austin
Moore, Mr. Michael
Mulholland, Greg
Mundell, David
Murrison, Dr. Andrew
Neill, Robert
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Oaten, Mr. Mark
Öpik, Lembit
Osborne, Mr. George
Ottaway, Richard
Paice, Mr. James
Paterson, Mr. Owen
Pelling, Mr. Andrew
Penning, Mike
Penrose, John
Pickles, Mr. Eric
Prisk, Mr. Mark
Pritchard, Mark
Pugh, Dr. John
Redwood, rh Mr. John
Reid, Mr. Alan
Rennie, Willie
Rifkind, rh Sir Malcolm
Robertson, Hugh
Robertson, Mr. Laurence
Rogerson, Dan
Rosindell, Andrew
Rowen, Paul
Ruffley, Mr. David
Selous, Andrew
Shapps, Grant
Shepherd, Mr. Richard
Simmonds, Mark
Simpson, David
Spink, Bob
Spring, Mr. Richard
Stanley, rh Sir John
Steen, Mr. Anthony
Streeter, Mr. Gary
Stunell, Andrew
Swayne, Mr. Desmond
Swinson, Jo
Swire, Mr. Hugo
Syms, Mr. Robert
Taylor, Mr. Ian
Taylor, Matthew
Taylor, Dr. Richard
Teather, Sarah
Thurso, John
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vaizey, Mr. Edward
Vara, Mr. Shailesh
Viggers, Peter
Villiers, Mrs. Theresa
Walker, Mr. Charles
Waterson, Mr. Nigel
Watkinson, Angela
Webb, Steve
Whittingdale, Mr. John
Widdecombe, rh Miss Ann
Wiggin, Bill
Willetts, Mr. David
Williams, Hywel
Williams, Mark
Williams, Mr. Roger
Williams, Stephen
Willis, Mr. Phil
Willott, Jenny
Wilson, Mr. Rob
Wilson, Sammy
Winterton, Ann
Winterton, Sir Nicholas
Young, rh Sir George

Tellers for the Ayes:
Mr. Adrian Sanders and Bob Russell

NOES

Ainger, Nick
Ainsworth, rh Mr. Bob
Alexander, rh Mr. Douglas
Allen, Mr. Graham
Anderson, Mr. David
Anderson, Janet
Atkins, Charlotte
Bailey, Mr. Adrian
Baird, Vera
Balls, Ed
Banks, Gordon
Barlow, Ms Celia
Barron, rh Mr. Kevin
Begg, Miss Anne
Bell, Sir Stuart
Benn, rh Hilary
Benton, Mr. Joe
Berry, Roger
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Borrow, Mr. David S.
Bradshaw, Mr. Ben
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Butler, Ms Dawn
Byrne, Mr. Liam
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Ronnie
Caton, Mr. Martin
Challen, Colin
Chapman, Ben
Chaytor, Mr. David
Clapham, Mr. Michael
Clark, Ms Katy
Clark, Paul
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Cook, Frank
Cooper, Rosie
Cooper, Yvette
Corbyn, Jeremy
Cousins, Jim
Crausby, Mr. David
Creagh, Mary
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Curtis-Thomas, Mrs. Claire
Darling, rh Mr. Alistair
David, Mr. Wayne

Davidson, Mr. Ian
Davies, Mr. Dai
Dean, Mrs. Janet
Devine, Mr. Jim
Dismore, Mr. Andrew
Dobbin, Jim
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Dunwoody, Mrs. Gwyneth
Durkan, Mark
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Engel, Natascha
Ennis, Jeff
Farrelly, Paul
Field, rh Mr. Frank
Fisher, Mark
Flello, Mr. Robert
Flint, Caroline
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gapes, Mike
Gardiner, Barry
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gilroy, Linda
Godsiff, Mr. Roger
Goggins, Paul
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hanson, rh Mr. David
Harris, Mr. Tom
Havard, Mr. Dai
Healey, John
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hillier, Meg
Hodge, rh Margaret
Hoey, Kate
Hood, Mr. Jim
Hope, Phil
Hopkins, Kelvin
Howarth, rh Mr. George
Howells, Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Hutton, rh Mr. John
Illsley, Mr. Eric
Ingram, rh Mr. Adam
Irranca-Davies, Huw
Jackson, Glenda
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Mr. Martyn
Jowell, rh Tessa
Keeley, Barbara
Keen, Alan
Kelly, rh Ruth
Kemp, Mr. Fraser
Kennedy, rh Jane
Khan, Mr. Sadiq
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, Jim
Ladyman, Dr. Stephen
Lammy, Mr. David
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Love, Mr. Andrew
Lucas, Ian
Mactaggart, Fiona
Mahmood, Mr. Khalid
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCabe, Steve
McCarthy, Kerry
McCarthy-Fry, Sarah
McDonagh, Siobhain
McDonnell, Dr. Alasdair
McDonnell, John
McFadden, Mr. Pat
McFall, rh John
McGuire, Mrs. Anne
McIsaac, Shona
McKenna, Rosemary
McNulty, Mr. Tony
Meacher, rh Mr. Michael
Merron, Gillian
Michael, rh Alun
Milburn, rh Mr. Alan
Miliband, Edward
Miller, Andrew
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Morden, Jessica
Morgan, Julie
Morley, rh Mr. Elliot
Mountford, Kali
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
Osborne, Sandra
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Prentice, Bridget
Prentice, Mr. Gordon
Prescott, rh Mr. John
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, James
Rammell, Bill
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, rh John
Robertson, John
Rooney, Mr. Terry
Roy, Mr. Frank
Ruane, Chris
Ruddock, Joan
Russell, Christine
Ryan, Joan
Salter, Martin
Seabeck, Alison
Sheridan, Jim
Simon, Mr. Siôn
Simpson, Alan
Skinner, Mr. Dennis
Smith, rh Mr. Andrew
Smith, Angela E. *(Basildon)*
Smith, rh Jacqui
Smith, John
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Taylor, David
Thomas, Mr. Gareth
Thornberry, Emily
Timms, rh Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Turner, Dr. Desmond
Ussher, Kitty
Walley, Joan
Ward, Claire
Wareing, Mr. Robert N.
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Mr. Alan
Wills, Mr. Michael
Winnick, Mr. David
Winterton, rh Ms Rosie
Wood, Mike
Woodward, Mr. Shaun
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Noes:
Liz Blackman and Jonathan Shaw

Question accordingly negatived.

New Clause 6

INDEPENDENT REGULATORY AUTHORITY FOR BAILIFFS AND ENFORCEMENT AGENTS

'(1) The Lord Chancellor must by regulations establish an independent regulatory authority for bailiffs and enforcement agents.

(2) Regulations under subsection (1) must make provision for—

(a) the licensing of enforcement agents;

(b) the approval of the businesses and organisations which employ them;

(c) the accreditation of the professional bodies which represent them;

(d) the setting of standards of conduct;

(e) the monitoring of performance;

(f) the investigation of complaints;

(g) the punishment of failure to comply with standards of conduct; and

(h) the provision of redress where appropriate.'.—*[Mr. Austin Mitchell.]*

Brought up, and read the First time.

Motion made, and Question put, That the clause be read a Second time:—

The House divided: Ayes 217, Noes 282.

Division No. 159] **[3.48 pm**

AYES

Afriyie, Adam
Ainsworth, Mr. Peter
Alexander, Danny
Amess, Mr. David
Ancram, rh Mr. Michael
Arbuthnot, rh Mr. James
Atkinson, Mr. Peter
Bacon, Mr. Richard
Baker, Norman
Barker, Gregory
Baron, Mr. John
Barrett, John
Beith, rh Mr. Alan
Bellingham, Mr. Henry
Benyon, Mr. Richard
Beresford, Sir Paul
Binley, Mr. Brian
Blunt, Mr. Crispin
Bone, Mr. Peter
Brady, Mr. Graham
Brake, Tom
Brazier, Mr. Julian
Breed, Mr. Colin
Brokenshire, James
Brooke, Annette
Browne, Mr. Jeremy
Burns, Mr. Simon
Burrowes, Mr. David
Burstow, Mr. Paul
Burt, Alistair
Burt, Lorely
Butterfill, Sir John
Cable, Dr. Vincent
Cameron, rh Mr. David
Campbell, Mr. Gregory
Campbell, rh Sir Menzies
Carmichael, Mr. Alistair
Carswell, Mr. Douglas
Cash, Mr. William
Clark, Greg
Clarke, rh Mr. Kenneth
Clifton-Brown, Mr. Geoffrey
Conway, Derek
Cormack, Sir Patrick
Crabb, Mr. Stephen
Curry, rh Mr. David
Davey, Mr. Edward
Davies, David T.C. *(Monmouth)*
Davies, Philip
Davis, rh David *(Haltemprice and Howden)*
Djanogly, Mr. Jonathan
Dorrell, rh Mr. Stephen
Dorries, Mrs. Nadine
Drew, Mr. David
Duncan, Alan
Duncan Smith, rh Mr. Iain
Dunne, Mr. Philip
Ellwood, Mr. Tobias
Evans, Mr. Nigel
Evennett, Mr. David
Fabricant, Michael
Fallon, Mr. Michael
Farron, Tim
Featherstone, Lynne
Field, Mr. Mark
Fox, Dr. Liam
Francois, Mr. Mark
Fraser, Mr. Christopher
Gale, Mr. Roger
Garnier, Mr. Edward
Gauke, Mr. David
Gibb, Mr. Nick
Gidley, Sandra
Gillan, Mrs. Cheryl
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gove, Michael
Gray, Mr. James
Grayling, Chris
Green, Damian
Greening, Justine
Grieve, Mr. Dominic
Hague, rh Mr. William
Hammond, Stephen
Hands, Mr. Greg
Harper, Mr. Mark
Harvey, Nick
Hayes, Mr. John
Heald, Mr. Oliver
Heath, Mr. David
Heathcoat-Amory, rh Mr. David
Hemming, John
Hendry, Charles
Herbert, Nick
Hoban, Mr. Mark
Hollobone, Mr. Philip
Holmes, Paul
Horam, Mr. John
Horwood, Martin
Howarth, David
Howarth, Mr. Gerald
Hughes, Simon
Huhne, Chris
Hunter, Mark
Hurd, Mr. Nick
Jack, rh Mr. Michael
Johnson, Mr. Boris
Kawczynski, Daniel
Keetch, Mr. Paul
Kennedy, rh Mr. Charles
Key, Robert
Kirkbride, Miss Julie
Knight, rh Mr. Greg
Kramer, Susan
Lait, Mrs. Jacqui
Lamb, Norman
Laws, Mr. David
Leech, Mr. John
Leigh, Mr. Edward
Letwin, rh Mr. Oliver
Lewis, Dr. Julian
Liddell-Grainger, Mr. Ian
Lidington, Mr. David
Lilley, rh Mr. Peter
Llwyd, Mr. Elfyn
Loughton, Tim
Luff, Peter
Mackay, rh Mr. Andrew
Maclean, rh David
Maples, Mr. John
May, rh Mrs. Theresa
McCrea, Dr. William
McDonnell, John
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Miller, Mrs. Maria
Milton, Anne
Mitchell, Mr. Andrew
Mitchell, Mr. Austin
Moore, Mr. Michael
Mulholland, Greg
Mundell, David
Murrison, Dr. Andrew
Neill, Robert
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Oaten, Mr. Mark
Öpik, Lembit
Osborne, Mr. George
Ottaway, Richard
Paice, Mr. James
Paterson, Mr. Owen
Pelling, Mr. Andrew
Penning, Mike
Penrose, John
Pickles, Mr. Eric
Prisk, Mr. Mark
Pritchard, Mark
Pugh, Dr. John
Redwood, rh Mr. John
Reid, Mr. Alan
Rennie, Willie
Rifkind, rh Sir Malcolm
Robertson, Hugh
Robertson, Mr. Laurence
Rosindell, Andrew
Rowen, Paul
Ruffley, Mr. David
Sanders, Mr. Adrian
Selous, Andrew
Shapps, Grant
Shepherd, Mr. Richard
Simmonds, Mark
Simpson, David
Spicer, Sir Michael
Spink, Bob
Spring, Mr. Richard
Stanley, rh Sir John
Steen, Mr. Anthony
Streeter, Mr. Gary
Stunell, Andrew
Swayne, Mr. Desmond
Swinson, Jo
Swire, Mr. Hugo
Syms, Mr. Robert
Taylor, Mr. Ian
Taylor, Matthew
Taylor, Dr. Richard
Teather, Sarah
Thurso, John
Tredinnick, David
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vaizey, Mr. Edward
Vara, Mr. Shailesh
Viggers, Peter
Villiers, Mrs. Theresa
Walker, Mr. Charles
Waterson, Mr. Nigel
Watkinson, Angela
Webb, Steve
Whittingdale, Mr. John
Widdecombe, rh Miss Ann
Wiggin, Bill
Willetts, Mr. David
Williams, Hywel
Williams, Mark
Williams, Mr. Roger
Williams, Stephen
Willis, Mr. Phil
Willott, Jenny
Wilson, Mr. Rob
Wilson, Sammy
Winterton, Ann
Winterton, Sir Nicholas
Young, rh Sir George

Tellers for the Ayes:
Bob Russell and Dan Rogerson

NOES

Ainger, Nick
Ainsworth, rh Mr. Bob
Alexander, rh Mr. Douglas
Allen, Mr. Graham
Anderson, Mr. David
Atkins, Charlotte
Austin, Mr. Ian
Bailey, Mr. Adrian
Baird, Vera
Balls, Ed
Banks, Gordon
Barlow, Ms Celia
Barron, rh Mr. Kevin
Begg, Miss Anne
Bell, Sir Stuart
Benn, rh Hilary
Benton, Mr. Joe
Berry, Roger
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Borrow, Mr. David S.
Bradshaw, Mr. Ben
Brennan, Kevin
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Butler, Ms Dawn
Byrne, Mr. Liam
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Ronnie
Caton, Mr. Martin
Cawsey, Mr. Ian
Challen, Colin
Chapman, Ben
Chaytor, Mr. David
Clapham, Mr. Michael
Clark, Ms Katy
Clark, Paul
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Connarty, Michael
Cook, Frank
Cooper, Rosie
Cooper, Yvette
Corbyn, Jeremy

Cousins, Jim
Crausby, Mr. David
Creagh, Mary
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Curtis-Thomas, Mrs. Claire
Darling, rh Mr. Alistair
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Dai
Dean, Mrs. Janet
Devine, Mr. Jim
Dismore, Mr. Andrew
Dobbin, Jim
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Durkan, Mark
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Engel, Natascha
Ennis, Jeff
Farrelly, Paul
Field, rh Mr. Frank
Fisher, Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, Caroline
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gapes, Mike
Gardiner, Barry
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gilroy, Linda
Godsiff, Mr. Roger
Goggins, Paul
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hanson, rh Mr. David
Harris, Mr. Tom
Havard, Mr. Dai
Healey, John
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hillier, Meg
Hodge, rh Margaret
Hoey, Kate
Hood, Mr. Jim
Hope, Phil
Hopkins, Kelvin
Howarth, rh Mr. George
Howells, Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Hutton, rh Mr. John
Illsley, Mr. Eric
Ingram, rh Mr. Adam
Irranca-Davies, Huw
Jackson, Glenda
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Mr. Martyn
Jowell, rh Tessa
Keeley, Barbara
Keen, Alan
Kelly, rh Ruth
Kemp, Mr. Fraser
Kennedy, rh Jane
Khan, Mr. Sadiq
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, Mr. David
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Love, Mr. Andrew
Lucas, Ian
Mackinlay, Andrew
Mactaggart, Fiona
Mahmood, Mr. Khalid
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCabe, Steve
McCarthy-Fry, Sarah
McDonagh, Siobhain
McDonnell, Dr. Alasdair
McFadden, Mr. Pat
McGuire, Mrs. Anne
McIsaac, Shona
McKenna, Rosemary
McNulty, Mr. Tony
Meacher, rh Mr. Michael
Merron, Gillian
Michael, rh Alun
Milburn, rh Mr. Alan
Miliband, Edward
Miller, Andrew
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Moran, Margaret
Morden, Jessica
Morgan, Julie
Morley, rh Mr. Elliot
Mountford, Kali
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
Osborne, Sandra
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Prentice, Bridget
Prentice, Mr. Gordon
Prescott, rh Mr. John
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, James
Rammell, Bill
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, rh John
Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Roy, Mr. Frank
Ruane, Chris
Ruddock, Joan
Russell, Christine
Ryan, Joan
Salter, Martin
Seabeck, Alison
Sheridan, Jim
Simon, Mr. Siôn
Simpson, Alan
Skinner, Mr. Dennis
Smith, rh Mr. Andrew
Smith, Angela E. *(Basildon)*
Smith, rh Jacqui
Smith, John
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Taylor, David
Thomas, Mr. Gareth
Thornberry, Emily
Timms, rh Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Turner, Dr. Desmond
Ussher, Kitty
Walley, Joan
Ward, Claire
Wareing, Mr. Robert N.
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Mr. Alan
Wills, Mr. Michael
Winnick, Mr. David
Winterton, rh Ms Rosie
Wood, Mike
Woodward, Mr. Shaun
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Noes:
Liz Blackman and Jonathan Shaw

Question accordingly negatived.

Clause 22

MISCELLANEOUS

Amendment proposed: No. 4, in page 20, line 4, at end insert—

'(4A) The Tribunal Procedure Rules shall make provision for the granting by a judge of the First-tier Tribunal of legal aid for appropriate advice and representation in relation to any decision within the jurisdiction of the tribunal systems.'.—*[Simon Hughes.]*

Question put, That the amendment be made:—

The House divided: Ayes 216, Noes 290.

Division No. 160] **[4.1 pm**

AYES

Afriyie, Adam
Ainsworth, Mr. Peter
Alexander, Danny
Amess, Mr. David
Ancram, rh Mr. Michael
Arbuthnot, rh Mr. James
Atkinson, Mr. Peter
Bacon, Mr. Richard
Baker, Norman
Barker, Gregory
Baron, Mr. John
Barrett, John
Beith, rh Mr. Alan
Bellingham, Mr. Henry
Benyon, Mr. Richard
Beresford, Sir Paul

Binley, Mr. Brian
Blunt, Mr. Crispin
Bone, Mr. Peter
Brady, Mr. Graham
Brake, Tom
Brazier, Mr. Julian
Breed, Mr. Colin
Brokenshire, James
Brooke, Annette
Browne, Mr. Jeremy
Burns, Mr. Simon
Burrowes, Mr. David
Burstow, Mr. Paul
Burt, Alistair
Burt, Lorely
Butterfill, Sir John
Cameron, rh Mr. David
Campbell, Mr. Gregory
Campbell, rh Sir Menzies
Carmichael, Mr. Alistair
Carswell, Mr. Douglas
Cash, Mr. William
Clark, Greg
Clarke, rh Mr. Kenneth
Conway, Derek
Cormack, Sir Patrick
Crabb, Mr. Stephen
Curry, rh Mr. David
Davey, Mr. Edward
Davies, David T.C. *(Monmouth)*
Davies, Philip
Djanogly, Mr. Jonathan
Dorrell, rh Mr. Stephen
Dorries, Mrs. Nadine
Duncan, Alan
Duncan Smith, rh Mr. Iain
Dunne, Mr. Philip
Ellwood, Mr. Tobias
Evans, Mr. Nigel
Evennett, Mr. David
Fabricant, Michael
Fallon, Mr. Michael
Farron, Tim
Featherstone, Lynne
Field, Mr. Mark
Fox, Dr. Liam
Francois, Mr. Mark
Fraser, Mr. Christopher
Gale, Mr. Roger
Garnier, Mr. Edward
Gauke, Mr. David
Gibb, Mr. Nick
Gidley, Sandra
Gillan, Mrs. Cheryl
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gove, Michael
Gray, Mr. James
Grayling, Chris
Green, Damian
Greening, Justine
Grieve, Mr. Dominic
Hague, rh Mr. William
Hammond, Stephen
Hands, Mr. Greg
Harper, Mr. Mark
Harvey, Nick
Hayes, Mr. John
Heald, Mr. Oliver
Heath, Mr. David
Heathcoat-Amory, rh Mr. David
Hemming, John
Hendry, Charles
Herbert, Nick
Hoban, Mr. Mark
Hollobone, Mr. Philip
Holmes, Paul
Horam, Mr. John
Horwood, Martin
Howard, rh Mr. Michael
Howarth, David
Howarth, Mr. Gerald
Hughes, Simon
Huhne, Chris
Hunter, Mark
Hurd, Mr. Nick
Jack, rh Mr. Michael
Jenkin, Mr. Bernard
Johnson, Mr. Boris
Jones, Mr. David
Kawczynski, Daniel
Keetch, Mr. Paul
Kennedy, rh Mr. Charles
Key, Robert
Kirkbride, Miss Julie
Knight, rh Mr. Greg
Kramer, Susan
Lait, Mrs. Jacqui
Lamb, Norman
Laws, Mr. David
Leech, Mr. John
Leigh, Mr. Edward
Letwin, rh Mr. Oliver
Lewis, Dr. Julian
Liddell-Grainger, Mr. Ian
Lidington, Mr. David
Lilley, rh Mr. Peter
Llwyd, Mr. Elfyn
Loughton, Tim
Luff, Peter
Mackay, rh Mr. Andrew
Maclean, rh David
Maples, Mr. John
May, rh Mrs. Theresa
McCrea, Dr. William
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Miller, Mrs. Maria
Milton, Anne
Mitchell, Mr. Andrew
Moore, Mr. Michael
Mulholland, Greg
Mundell, David
Murrison, Dr. Andrew
Nelll, Robert
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Oaten, Mr. Mark
Öpik, Lembit
Osborne, Mr. George
Ottaway, Richard
Paice, Mr. James
Paterson, Mr. Owen
Pelling, Mr. Andrew
Penning, Mike
Penrose, John
Pickles, Mr. Eric
Prisk, Mr. Mark
Pritchard, Mark
Pugh, Dr. John
Randall, Mr. John
Redwood, rh Mr. John
Reid, Mr. Alan
Rennie, Willie
Rifkind, rh Sir Malcolm
Robertson, Hugh
Robertson, Mr. Laurence
Rosindell, Andrew
Rowen, Paul
Ruffley, Mr. David
Russell, Bob
Sanders, Mr. Adrian
Selous, Andrew
Shapps, Grant
Shepherd, Mr. Richard
Simmonds, Mark
Simpson, David
Spicer, Sir Michael
Spink, Bob
Spring, Mr. Richard
Stanley, rh Sir John
Steen, Mr. Anthony
Streeter, Mr. Gary
Stunell, Andrew
Swayne, Mr. Desmond
Swinson, Jo
Swire, Mr. Hugo
Syms, Mr. Robert
Taylor, Mr. Ian
Taylor, Matthew
Taylor, Dr. Richard
Teather, Sarah
Thurso, John
Tredinnick, David
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vaizey, Mr. Edward
Vara, Mr. Shailesh
Viggers, Peter
Villiers, Mrs. Theresa
Walker, Mr. Charles
Wallace, Mr. Ben
Waterson, Mr. Nigel
Watkinson, Angela
Webb, Steve
Whittingdale, Mr. John
Widdecombe, rh Miss Ann
Wiggin, Bill
Willetts, Mr. David
Williams, Hywel
Williams, Mark
Williams, Stephen
Willis, Mr. Phil
Willott, Jenny
Wilson, Mr. Rob
Wilson, Sammy
Winterton, Ann
Winterton, Sir Nicholas
Young, rh Sir George

Tellers for the Ayes:
Mr. Roger Williams and Dan Rogerson

NOES

Ainger, Nick
Ainsworth, rh Mr. Bob
Alexander, rh Mr. Douglas
Allen, Mr. Graham
Anderson, Mr. David
Atkins, Charlotte
Austin, Mr. Ian
Bailey, Mr. Adrian
Baird, Vera
Balls, Ed
Banks, Gordon
Barlow, Ms Celia
Barron, rh Mr. Kevin
Begg, Miss Anne
Bell, Sir Stuart
Benn, rh Hilary
Benton, Mr. Joe
Berry, Roger
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Borrow, Mr. David S.
Bradshaw, Mr. Ben
Brennan, Kevin
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, Andy
Butler, Ms Dawn
Byrne, Mr. Liam
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Ronnie
Caton, Mr. Martin
Cawsey, Mr. Ian
Challen, Colin
Chapman, Ben
Chaytor, Mr. David
Clapham, Mr. Michael
Clark, Ms Katy
Clark, Paul
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Connarty, Michael
Cook, Frank
Cooper, Rosie
Cooper, Yvette
Corbyn, Jeremy
Cousins, Jim
Crausby, Mr. David
Creagh, Mary
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Curtis-Thomas, Mrs. Claire
Darling, rh Mr. Alistair
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Dai
Dean, Mrs. Janet
Devine, Mr. Jim
Dismore, Mr. Andrew
Dobbin, Jim
Dobson, rh Frank
Donohoe, Mr. Brian H.

Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Durkan, Mark
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Engel, Natascha
Ennis, Jeff
Farrelly, Paul
Field, rh Mr. Frank
Fisher, Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, Caroline
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gapes, Mike
Gardiner, Barry
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gilroy, Linda
Godsiff, Mr. Roger
Goggins, Paul
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hanson, rh Mr. David
Harris, Mr. Tom
Havard, Mr. Dai
Healey, John
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hillier, Meg
Hodge, rh Margaret
Hodgson, Mrs. Sharon
Hoey, Kate
Hood, Mr. Jim
Hope, Phil
Hopkins, Kelvin
Howarth, rh Mr. George
Howells, Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Hutton, rh Mr. John
Ilsley, Mr. Eric
Ingram, rh Mr. Adam
Irranca-Davies, Huw
Jackson, Glenda
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Mr. Martyn
Jowell, rh Tessa
Keeley, Barbara
Keen, Alan
Kelly, rh Ruth
Kemp, Mr. Fraser
Kennedy, rh Jane
Khan, Mr. Sadiq
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, Mr. David
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Love, Mr. Andrew
Lucas, Ian
Mackinlay, Andrew
Mactaggart, Fiona
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCabe, Steve
McCarthy, Kerry
McCarthy-Fry, Sarah
McDonagh, Siobhain
McDonnell, Dr. Alasdair
McDonnell, John
McFadden, Mr. Pat
McGovern, Mr. Jim
McGuire, Mrs. Anne
McIsaac, Shona
McKenna, Rosemary
McNulty, Mr. Tony
Meacher, rh Mr. Michael
Merron, Gillian
Michael, rh Alun
Milburn, rh Mr. Alan
Miliband, Edward
Miller, Andrew
Mitchell, Mr. Austin
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Moran, Margaret
Morden, Jessica
Morgan, Julie
Morley, rh Mr. Elliot
Mountford, Kali
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
Osborne, Sandra
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Pickthall, Mr. James
Pope, Mr. Greg
Prentice, Bridget
Prentice, Mr. Gordon
Prescott, rh Mr. John
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, James
Rammell, Bill
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, rh John
Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Roy, Mr. Frank
Ruane, Chris
Ruddock, Joan
Russell, Christine
Ryan, Joan
Salter, Martin
Seabeck, Alison
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Simpson, Alan
Skinner, Mr. Dennis
Smith, rh Mr. Andrew
Smith, Angela E. *(Basildon)*
Smith, rh Jacqui
Smith, John
Sneigrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Taylor, David
Thomas, Mr. Gareth
Thornberry, Emily
Timms, rh Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Turner, Dr. Desmond
Ussher, Kitty
Walley, Joan
Ward, Claire
Wareing, Mr. Robert N.
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Mr. Alan
Wills, Mr. Michael
Winnick, Mr. David
Winterton, rh Ms Rosie
Wood, Mike
Woodward, Mr. Shaun
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Noes:
Liz Blackman and Jonathan Shaw

Question accordingly negatived.

Clause 54

DEPUTY, AND TEMPORARY ADDITIONAL, MASTERS ETC.

Amendments made: No. 43, page 41, line 37, leave out 'and (3)' and insert 'to (3B)'.

No. 44, page 41, line 38, leave out subsection (2) and insert—

'(2) In subsection (1)—

(a) for "the Lord Chief Justice, after consulting the Lord Chancellor," substitute "the Lord Chancellor", and

(b) for "the Lord Chief Justice may, after consulting the Lord Chancellor," substitute "the Lord Chancellor may".'.

No. 45, page 41, line 39, leave out subsection (3) and insert—

'(3) After subsection (1) insert—

"(1ZA) The Lord Chancellor may not appoint a holder of relevant office under subsection (1) without the concurrence of the Lord Chief Justice.

(1ZB) Section 85 of the Constitutional Reform Act 2005 (selection of certain office holders) does not apply to an appointment to which subsection (1ZA) applies.

(1ZC) In this section a "holder of relevant office" means a person who holds, or has held within two years ending with the date when his appointment under this section takes effect—

(a) any office listed in column 1 of Part 2 or 3 of Schedule 2, or

(b) the office of district judge."'.

No. 46, page 42, line 7, at end insert—

'(3A) For subsection (3) substitute—

"(3) An appointment under this section may extend until the day on which a person attains the age of seventy-five years if it is an appointment of a holder of relevant office."

(3B) In subsection (7) for "subsection (1)" substitute "subsection (1ZA)".

(3C) In section 92(1) of the Supreme Court Act 1981 (c. 54) after "this section" insert ", to section 91(3)".'.

No. 47, page 42, line 8, leave out '3' and insert '2'.

No. 48, page 42, line 10, leave out from 'entry' to ', insert' in line 12 and insert

'for an assistant recorder appointed under section 24(1) of the Courts Act 1971 (c. 23)'.

No. 49, page 42, line 13, leave out 'Section 91(1ZA) of the Supreme Court Act 1981' and insert

'Section 91(1) of the Supreme Court Act 1981, unless subsection (1ZA) of that section applies to the appointment'.

No. 50, page 42, line 20, leave out subsections (5) and (6).—*[Vera Baird.]*

Clause 57

ENFORCEMENT BY TAKING CONTROL OF GOODS

Mr. Bellingham: I beg to move amendment No. 10, page 43, line 28, at end insert—

'(2A) The Lord Chancellor shall issue National Standards or other guidance requiring enforcement agents and those acting on their behalf not to act oppressively or disproportionately with regards to vulnerable and other persons.'.

Madam Deputy Speaker (Sylvia Heal): With this it will be convenient to discuss the following amendments:

No. 68, in clause 59, page 44, line 36 , at end insert—

'(h) requiring enforcement agents to work subject to a published contract when enforcing court fines, council tax and non-domestic rate arrears and road traffic debts.'.

No. 8, in clause 84, page 53 , leave out lines 13 to 15.

No. 11, in Schedule 12, page 205, line 27, at end insert—

'(5) In exercising any of their powers or duties under this procedure enforcement agents and any persons authorised to act on their behalf shall act in accordance with National Standards and any guidance issued by the Lord Chancellor.'.

No. 1, page 206, line 16, after 'means', insert—

'(a) '.

No. 2, page 206, line 17, at end insert—

'(b) such tools, books, vehicles and other items of equipment as are necessary to the debtor for use personally by him in his employment, business or vocation;

(c) such clothing, bedding, furniture, household equipment and provisions as are necessary for satisfying the basic domestic needs of the debtor and his family;

(d) money where an enforcement agent has reasonable cause to believe that this would be necessary for the immediate domestic needs of the debtor and his family;

(e) domestic pets;'.

No. 19, page 206, line 17, at end insert—

'(b) goods that fall within paragraph 4A(1);'.

No. 13, page 206, line 31, at end insert—

'Code of conduct

3A (1) The Secretary of State shall issue a code of conduct to ensure that the poor, vulnerable and socially excluded are protected from disproportionate enforcement.

(2) Enforcement agents, courts, creditors and others with responsibility for an enforcement action shall comply with the code of conduct.'.

No. 41, page 206, line 31, at end insert—

'Protection from disproportionate enforcement action

3A The Secretary of State shall issue guidance to ensure that the poor, vulnerable and socially excluded people are protected from disproportionate enforcement action.'.

No. 12, page 207, line 3, at end insert—

'4A (1) The following fall into the definition of exempt goods so as to preclude seizure of—

(a) any goods which are fixtures or fittings attached to the premises including goods which are plumbed in or connected to water, fuel or power supplies,

(b) domestic animals and animals kept as pets,

(c) guard dogs,

(d) any dog on which a blind person relies,

(e) any animal which is kept for commercial gain, save as allowed through common law and where provision for the welfare of the animal has been arranged in advance,

(f) in the case of domestic dwellings no sum of money of £500 in cash or below,

(g) in the case of domestic dwellings no sum of money which would leave the debtor with less than £500.

(2) In the case of domestic dwellings no sum of money above £500 is to be removed without the civil enforcement officer recording the purpose for which the money is to be used.'.

No. 3, page 207, line 42, at end insert—

'Rights and remedies information

6A (1) Her Majesty's Court Service shall prepare an information sheet to inform debtors of the rights and remedies available to them with respect to an enforcement power.

(2) Regulations must make provision for the information to be included in an information sheet to include—

(a) powers of entry and re-entry;

(b) limits and controls on the power to use reasonable force;

(c) exempt goods;

(d) w[illegible] of taking control of goods;

(e) permitted costs and charges;

(f) rights to redress;

(g) how to complain;

(h) how to ask for time to pay;

(i) where to go for advice and assistance.

(3) Regulations must make provision for the form, ordering and prominence of information.

(4) The Lord Chancellor shall consult such persons and bodies he considers appropriate on the content of regulations under this paragraph.'.

No. 25, page 208, line 2, at end insert—

'and has signed a form to indicate that the notice has been received'.

No. 69, page 208, line 2, at end insert—

'by recorded delivery mail and, in the event of any failure of delivery, by personal visit by the enforcement agent, acknowledged by the signature of the debtor.'.

No. 36, page 208, line 28, at end insert—

'and only if they are not money, clothing, bedding, furniture, household equipment and provisions as are necessary for satisfying the basic domestic needs of the debtor and his or her family or such tools or other items of equipment as are necessary for the debtor to continue in his business, employment, vocation or education.

(2) Regulations may clarify, limit or expand the exemptions in subparagraph (1), including but not limited to placing an upper monetary limit on the value of a protected item where necessary.'.

No. 26, page 209, leave out line 6.

No. 38, page 209, line 14, leave out paragraph 13.

No. 27, page 209, line 21, leave out sub-paragraph (2).

No. 20, page 209, line 29, at end insert 'or other competent person'.

No. 16, page 209, line 34, at end insert—

'(5) In this paragraph a "competent person" is any person either residing at the relevant premises or working at the relevant premises where these are premises where the debtor carries out trade or business at the time when control is taken, who—

(a) is 18 years of age or over; and

(b) fully understands the consequences of the procedure being carried out.'.

No. 15, page 209, line 34, at end insert—

'Premises occupied by a single woman or persons under 16

13A Where a dwelling is known or believed to be occupied by a single woman or a child under 16, no visit with the intention of seizing goods shall be permitted unless the enforcement officer is female or is accompanied by a female enforcement officer.'.

No. 28, page 213, line 2, at end insert—

'and after notice has been given to the owner of any vehicle in relation to which the power is to be exercised'.

No. 70, page 213, line 2, at end insert—

'(1A) There shall be no enforcement action until notice has been served by recorded delivery mail, and in the event of any failure of delivery, by personal visit by the enforcement agent, acknowledged by the signature of the debtor.'.

No. 29, page 213, line 7, at end insert—

', before doing either of those things,'.

No. 30, page 213, line 12, leave out sub-paragraphs (3) and (4) and insert—

'(3) The enforcement agent must deliver the notice to any relevant premises in a sealed envelope addressed to the debtor.

(4) Premises are relevant if the enforcement agent reasonably believes that they are the place, or one of the places, where the debtor—

(a) usually lives, or

(b) carries on a trade or business.'.

No. 31, page 213, line 37, leave out 'Before the end of the minimum period' and insert—

'If a vehicle is clamped or removed under the provisions of this Schedule'.

No. 32, page 214, line 1, leave out sub-paragraph (2).

No. 40, page 217, line 24, leave out sub-paragraph (2).

No. 7, page 221, line 28, at end insert—

'(4A) Regulations must make provision for legal aid to be available where financially necessary in all such actions.'.

Government amendments Nos. 64 and 65.

Mr. Bellingham: The amendments relate to enforcement by taking control of goods, and the relevant procedure. I shall say a word about the amendments in my name and that of my hon. Friends. Amendment No. 10 is about protection for vulnerable people. Amendment No. 11 makes it clear that enforcement agents must act in accordance with national standards. Amendment No. 19 is about exempt goods. Amendment No. 13 is about a code of conduct to protect the vulnerable, and is closely related to amendment No. 10. Amendment No. 12 deals with the tools of trade. Amendment No. 3, which is about rights and remedies information, was tabled by the Liberal Democrats but we have signed it. Amendments Nos. 16 and 20 are about the competent persons test. Amendment No. 15 is about protection for the under-16s.

We have heard today about vulnerable groups and the pressure that they may come under. Although the vast majority of bailiffs act correctly and properly and do an excellent job, there are those who do not do such a good job and who abuse their power. We have already debated whether it would appropriate to bring in tougher regulation for those who do abuse their power, but too many cases have come to our attention of bailiffs turning up on the doorsteps of vulnerable people.

4.15 pm

I want to refer to one or two cases that should never have happened. A case in 2001 involved a man from Southwark suffering from serious learning difficulties, who might well have been a constituent of the hon. Member for North Southwark and Bermondsey (Simon Hughes), and the local council outsourced the collection of the debt to a private bailiff. This man had a council house debt of £235.10, plus the costs of a hearing, and he received a summons, parts of which were highlighted and in bold type. Many such summonses are despatched every day. It said:

"If a liability order is granted the Council will be able to take one or more of the following actions: instruct bailiffs to take your goods to settle your debt...you will be liable to pay the bailiffs' costs...instruct your employer to deduct payments...deduct money...make you bankrupt, or make a charging order against your home, or have you committed to prison."

That person had no support or help whatever and he ended up committing suicide.

Other cases involve people who were in desperate plight. A case reported to us by the citizens advice bureau in Lincolnshire involved a tenant who had vacated premises without notice and owing rent. The client did not know where the tenant had gone and was unaware that he had not paid his TV licence. One day when the client was at the premises, two bailiffs arrived to collect the sum due. The client explained who he

was, and eventually the bailiffs believed him. However, they said that they had not come all that way to leave with nothing, and insisted that the client pay the fine instead. The client again said that he was not liable, but the bailiffs said that if he did not pay the fine in cash immediately, they would telephone for a lorry, break into his premises and take goods to the value of the fine. When the client explained that he did not have sufficient cash on him, the bailiffs insisted on accompanying him to the bank to withdraw the money. When the client phoned the magistrates court, he was told to take his complaint to the local CAB. The client told the CAB that he felt so intimidated and frightened that he had no choice but to pay the fine, and went to the bank with one of the bailiffs.

I gave an example earlier of a tragic case involving a woman from Manchester who was visited by bailiffs in respect of a debt owed by her daughter, who did not live with her. The bailiffs told her that she was responsible for her daughter's debt and that they were permitted to move goods from the property, which of course was wrong.

I also gave an example earlier of a CAB client in Bedfordshire whose husband had died, but the next day the bailiffs called at her house. She explained that her husband had died, that there were real problems in the family and that he had not made his will, but they insisted on going ahead with enforcement action.

The Minister said in Committee, and she alluded to it again this afternoon, that various measures will be in place to help vulnerable people. She referred specifically to the national standards for enforcement agents, which make clear those who are potentially vulnerable, including the elderly, people with a disability, the seriously ill, the recently bereaved, single parent families and pregnant women. When the Minister replies, I hope that she will be able to make clear whether those national standards are being properly adhered to.

The Reverend Paul Nicholson of the Zacchaeus 2000 Trust has done a huge amount of work in helping the vulnerable over many years and has become an expert in bailiff procedure and enforcement procedure. He has been assiduous in briefing the Committee and hon. Members and I applaud him for his work. When the Minister wrote to him, she made it clear:

> "We remain of the opinion that the best way to tackle the problems that enforcement agents may face when identifying or being confronted by so-called potentially vulnerable debtor groups or situations is through the training they will have to undergo and through the enhanced and extended certification process."

Is she going to honour that pledge? Will the existing national guidelines be adhered to? I hope that they will. The Bill will give bailiffs substantially more power. I am concerned by the use of complicated language in schedule 12, and Philip Evans, national chair of the Certified Bailiffs Association, made it clear in a letter to members of the committee that he felt that the language used in the schedule was "gobbledegook." He was concerned that, over many years, the Government had not enforced the national standards and made sure that they were adhered to properly. We will have a system of regulation for private bailiffs, but it will not cover Crown agents. There will be a new certification process for them and the Minister says there will be remedies for people who have complaints. The Government have a huge vested interest in making sure that the money is collected—in many ways we respect and accept that—but there will be a great deal of pressure on bailiffs, who, we must bear in mind, will have increased powers.

I am concerned by the new forced entry powers, which, to be fair, do not flow from the Bill; they were brought in by the Domestic Violence, Crime and Victims Act 2004. This extra amendment to that Bill was tabled at the last moment and overturns many hundreds of years of common law.

Bailiffs now have far more power as a result of the 2004 Act and will receive additional powers under the Bill. In Committee, I quoted the argument about the Englishman's home being his castle, which dates back to the 14th century Semayne case. The case was commented on by William Pitt the elder, the first Earl of Chatham, in a classic quote that sums up this part of common law. In the 1960s case Southam *v* Smout, Lord Denning cited William Pitt the Elder's famous saying:

> "The poorest man may in his cottage bid defiance to all the force of the Crown. It may be frail; its roof may shake; the wind may blow through it; the storms may enter; the rain may enter—but the King of England cannot enter; all his forces dare not cross the threshold of the ruined tenement".

That sums up the situation that was prevalent in common law until the Government changed it.

The Bill gives bailiffs yet more powers, including more powers of entry, and vulnerable people may suffer as a consequence. We do not want that to happen and it would be easy to add extra safeguards, which is what the amendment proposes. Why should not the tools of the trade be exempt in the Bill? Many of those who run into debt will be self-employed small business people. The hon. Member for Stroud (Mr. Drew) mentioned a constituency case in which a firm had run into debt and the bailiffs came round and removed what might have been vital equipment.

I would like the Minister to comment on two additional points. First, there has of late been a lot of discussion as to whether, once the bailiffs have been unleashed, for example by a central payment office, to go to visit a debtor and to raise the money, if the debtor then wants to go back to the magistrates court to request a hearing for a review of a disproportionate fine, the magistrates court can withdraw the bailiffs after the request to enter. The Minister wrote to Rev. Paul Nicholson saying that in her view the magistrates court does have the power to order the bailiffs to be called off so that the case for review can take place. On the other hand, I have seen an opinion by leading counsel, in reference to a particular case, making it clear that it does not have the power to withdraw the bailiffs. In fact, the clerks to the magistrates court in Her Majesty's Courts Service central payments office in Buckinghamshire say that they do not have that power. They cited—it was also cited by leading counsel—the case of R *v.* Hereford and Worcester Magistrates Court, ex parte MacRae, 1998, 163 JP 433. The Minister needs to clarify this because it is very important in terms of how the vulnerable are treated once they get seriously into debt and run into major

problems. If Rev. Paul Nicholson and leading counsel are saying one thing and the Minister and her civil servants are saying something else, that is a pretty unfair and rum situation.

Secondly, I should like to touch on the point relating to judicial review. As we know, judicial review is used to control illegal or unlawful decisions—decisions which break the law or which a body or organisation has no power to make. For example, there could be procedural impropriety, or a situation where unfair decisions are made, or the decision maker is biased, or unreasonable decisions take place where the bodies in question have discretion but do not use it. In 1948, a well known case—Associated Provincial Picture Houses v. Wednesbury Corporation—laid down the Wednesbury rules, which refer to all cases of judicial review. When it comes to Crown bailiffs—the Government-employed bailiffs—who act on behalf of Her Majesty's Government, public bodies and local authorities, there is no proper system of judicial review, which means that the actions of these Government employees and Crown servants cannot be properly held to account in the courts. That concerned us a great deal in Committee, where we had a substantial debate about it. That strengthens the case for amendment No. 10, which would lay down in the Bill a proper code to help the vulnerable.

Earlier, the Minister said that schedule 12 lays down the appropriate remedies and protection. She mentioned the use of reasonable force, methods of address and the procedures relating to the sale of goods. We accept a great deal of that, but it does not go far enough. We feel very strongly at a time when the Government are giving bailiffs more power, when more and more people are falling into debt, and when, sadly but inevitably as more debts are enforced and more private bailiffs are employed, that there will be abuses of the system. The Bill's consequences will be felt in places, and we are grateful for that. For example, the Security Industry Authority will regulate private bailiffs.

4.30 pm

Not only the small minority of private bailiffs abuse power, however. Government bailiffs also do that from time to time. There are far too many cases of vulnerable people who are at their wits' end suffering persecution, strain and stress that none of us would wish on anyone. We get such cases in our surgeries and advice centres and we read about them. They are unfortunately a fact of life. The Bill will help to reduce such cases; but granting more power, not putting in place a proper system of judicial review, and relying exclusively on schedule 12 and its remedies are not enough.

I therefore urge the Under-Secretary to consider the amendment, which would provide for issuing national standards and guidance that required enforcement agencies not to act oppressively or disproportionately. If she accepts it, I shall not press amendments about the tools of the trade, the code of conduct, the rights and remedies information sheet, the competent persons test and protection for the under-16s. Amendment No. 10 goes to the core of what we are trying to achieve.

We have grave concerns about the Bill, but it will do a substantial amount of good through the unified tribunal system, the provisions on looted art and the measures to update the enforcement system. However, if we go ahead without the amendment, we will unleash on the public a system that will not give them a fair deal.

Mr. Austin Mitchell: I shall speak about amendments Nos. 68, 25, 69, 36, 26, 38, 27, 28, 70, 29 to 32 and 40. Reading them out is a speech in itself, so I shall try to be brief. I do not want to hold up proceedings—we are here, feeling the hand of history on our shoulders, while our constituents are feeling the waters of history in their wellingtons and basements. I would much rather be in my constituency helping my constituents deal with their problems.

I congratulate the hon. Member for North-West Norfolk (Mr. Bellingham) because it is good to see the Conservative party taking up the defence of the poor and vulnerable, as he has done consistently throughout our debates on the Bill. My amendments have the same purpose.

A high proportion of mistakes occurs in many cases in which bailiffs are brought in. Those mistakes are made in the system of delivering fines and punishment, which is extraordinarily sloppy. We have a mobile society, especially in London, and fairly antiquated court procedures, which grind slowly on and get to grips with the issues some weeks after the matters have arisen, and then mistakes are often made in delivery.

I hope that my hon. and learned Friend the Minister will explain why we do not require all court matters and judgments to be sent by recorded delivery. It is not an expensive system—heaven knows it would not add substantially to costs. All European countries require delivery by such a system so that people can be sure that details and fines have arrived. My amendments attempt to avoid mistakes by ensuring that fines and details of bailiffs' intended actions are delivered.

The amendments would prevent the sort of abuses that happen now, when bailiffs make phantom visits. They are paid for visits and, in many cases, it suits them to claim for phantom visits—visits that never took place or left no record at the relevant house. They can charge for all such visits to increase their revenues. It is silly. There are cases where a mistake has been made, and the person involved is not responsible for the charge, yet visits are claimed to have been made, which adds to the bill and compounds the problem.

My amendments Nos. 28, 69, 70, 29 and 30 are an attempt to ensure effective delivery of the bailiffs' action, and of the fines and charges that have been claimed to have been made, to the people responsible. With proper delivery in place, if a mistake had been made the person concerned could contest it. That would cut the whole procedure off. This is a simple provision, and I do not know why we do not adopt it, to ensure that all deliveries by bailiffs, courts and councils are made by recorded delivery, so that guarantees are in place.

Amendment No. 68 would require the publication of the contracts between the courts, the local authorities and the firms of bailiffs, so that people would know how effectively the firms were being regulated, what the

[Mr. Austin Mitchell]

bailiffs' rights and responsibilities were, and what their own rights were. All too often, inquiries have revealed contracts to be out of date, badly drafted or ineffective, and councils are often reluctant to produce them. People have to go through freedom of information procedures to see the contracts on which this whole system is based, which is ridiculous. We need published contracts to ensure proper enforcement and the proper regulation of bailiffs.

Amendment No. 36 is intended to rectify a major omission from the Bill by providing protection for essential household items and other things needed by the debtor or his family to continue earning a living. Bailiffs should not be able to seize such items, and they need to be protected. I know that essential items are exempt under various statutes. For example, the tools of a person's trade are exempt, except in relation to the enforcement of non-domestic rates and VAT payments. As the amount of penalties and sanctions increases, we need to define what items bailiffs can take, and to extend the basic provision to cover money and foods, which are necessary for the survival of the family.

The policy statement sets out the protection to be given to goods in the regulations. However, if Parliament, through this legislation, effectively abolishes the common law protections, we should enact their replacement in the form of statutory protections, rather than delegating the task to the Minister. The Minister is responsible for using bailiffs to recover Government revenues, and therefore has a vested interest in sustaining and helping them. That is a conflict of interest. We should therefore define what is protected in the legislation and not leave it to be set out in regulations. That is why my amendment No. 36 defines what bailiffs may and may not take, in a clear and simple fashion. What is wrong with that?

I turn to amendment No. 40. Paragraph 53(2) of schedule 12 states that goods that are unsold at auction are to be "abandoned" and must be returned to the debtor. Paragraph 54(1)(a) states that, if that happens, "the enforcement power ceases to be exercisable". Surely that will cause problems. At the moment, if an item does not attract a reasonable price at auction, it is kept back until the next auction. That is sensible, because someone will eventually buy it, and we want to get the best price for such items. Am I correct in saying that the new paragraph will prohibit that? If the alternative to selling the item is to return it, it will surely be flogged for whatever the auctioneers can get for it. It is therefore likely to attract a much lower price than if it is put back in the next auction.

Currently, failure to sell one item does not affect the sale of any other items taken from the debtor. Under paragraph 54, however, if the enforcement power ceases to become exercisable, none of the other items can be sold. It is therefore probable that all the items will be sold off as a simple job lot. That means that they will raise less money than they would if they were sold individually. It is in all our interests that the debtor gets the best price for the items confiscated. I worry that the provision will stop that.

Mr. Bellingham: The hon. Gentleman might not be aware of it, but I gave an example in Committee of a woman who had a substantial debt, of about £500. The bailiffs took from her about £1,000 worth of household goods—white goods, a television set and other bits and pieces—but they made only £30 at auction.

Mr. Mitchell: I am grateful for that example; I have heard similar examples, but not of such a low price for an estimated £1,000 worth of goods. We must protect people from such a possibility. We want the debtor to get the maximum possible price for the goods confiscated. That is the only protection that we can decently offer. It is ridiculous to consider such goods to be abandoned, and my amendment No. 40 would therefore remove paragraph 53(2) of schedule 12.

Having heard the speech and the examples given by the hon. Member for North-West Norfolk, I am sorry that I missed the joys of the Committee. It has been a real pleasure to contribute to today's debate. Having enjoyed the disrepute of leading the first major rebellion of the new Government, involving a massive number of my colleagues—the Whip is glaring at me already—may I say to my hon. and learned Friend the Minister that I do not intend to hold the terrible threat of further rebellions over her head? Given that we must protect the vulnerable, however, I hope that she will assure me that the protections that I want to introduce through the amendments will be secured under her new regime.

Simon Hughes: We had an interesting discussion during the voting as to whether, before the new Prime Minister appoints his Government, there is a Government at all, and whether there are such things as Government amendments. The Minister and others have assured me that there are, and we are working on that basis. Therefore, we can still rebel.

Mr. Mitchell: That is another reason for expediting proceedings. I want to go home and wait for the phone not to ring.

Simon Hughes: There may be time yet.

This group of amendments was introduced by the hon. Member for North-West Norfolk (Mr. Bellingham). Were he to seek to divide the House on his lead amendment, my hon. Friends and I would support him. As he rightly says, the purpose of this group is to ensure that standards apply in all places and at all times to prevent the vulnerable from being adversely affected by bailiffs and people coming to their homes and taking their property.

Amendment No. 10 is a permissive amendment, which would require national standards and guidance, thus providing a gold standard. That would be a welcome initiative. In this large group of amendments, the majority of which were tabled by the hon. Member for Great Grimsby (Mr. Mitchell), the Liberal Democrats have tabled amendments Nos. 8, 1, 2, 3 and 7.

4.45 pm

Amendments Nos. 1 and 2 are a return to the proposal that we should be more specific in the Bill about what constitute exempt goods. I remember the debate, and the Minister's summary response was that we need flexibility. The lack of specificity in the Bill would be covered if there were general guidance and national standards, and amendment No. 10 would

cover the criticism of amendments Nos. 1 and 2. Amendment No. 8 has been discussed, but it is an anomaly in this day and age that clause 84 should state:

"This part binds the Crown"—

and then continues:

"But the procedure in Schedule 12 may not be used...to recover debts due from the Crown...to take control of or sell goods of the Crown...or...to enter premises occupied by the Crown."

I understand that there would be great embarrassment, for instance, if the bailiffs could go into Buckingham palace, especially this afternoon at the same time as other people. That would clearly be inappropriate. However, we discovered in Committee that that provision also referred to Crown agencies—all of those acting under the authority of the Crown. We believe that there should be no exemption. Some years ago we changed the rules to reduce the exemptions that apply in general to the Crown and they should be reduced here too.

We have argued that clear information should be given to individuals about their rights, and our amendment No. 3 is similar to those tabled by the hon. Member for Great Grimsby. It would require that Her Majesty's Court Service prepare an information sheet, to be made generally available and that reflects the rules and tells debtors of the rights and remedies available to them. That is the same point as that made by the hon. Gentleman. At the moment, the law is confusing. If we went down the Old Kent road in my constituency and asked people when they thought they had a duty to let someone who was chasing them for money into their house, we would get all sorts of different answers, because the law is not generally known or understood. People do not know when they are obliged to let people in. Many people would say that a home in England is a castle and that we must be allowed to keep people out. It is indeed the case that in many cases people do not have to let others into their house, even if they come with some rights over property, because there are processes that have to be gone through. It is important to make that clear.

The document should cover the powers of entry; the powers of re-entry; when reasonable force can be used; when force can be used; exempt goods; how goods can be secured; how goods can be taken away; what can be charged, because goods can be removed and retained, while the costs tick up like a meter and the owners cannot recover them; what remedy is available if goods are collected wrongly; how one can complain; how one can ask for time to pay; and where one should go for advice and assistance. That information is important.

Amendment No. 7 proposes that the debtor, when seeking to enforce rights against those who come to seize their goods, should have legal aid. There should be an ability to challenge the authority, whether it is the state, local government or the private sector.

Our amendments are about giving the citizen the power to know the law and their rights, and ensuring that people in positions of authority—especially those with a financial hold over them—cannot abuse that position. We need a new regime and the amendments would help towards that end. I hope that the Minister will be sympathetic to them.

Mr. Newmark: I am delighted to be able to return to this important if somewhat heterogeneous Bill, although I very much doubt that our deliberations will be among the top one or two stories on the news tonight. The Minister may look doubtful about that, but it is a shame because the Bill will have a considerable impact on those of our constituents unfortunate enough to find themselves in financial difficulty.

If anything is more stressful than moving house, it is probably the thought that someone may enter it to remove treasured possessions. The Opposition have been consistent in our appeals for a code of conduct that is transparent and accessible to members of the public, and on which they can rely when they are in difficulty with bailiffs. The poor, vulnerable and socially excluded are at particular risk, but a code of conduct or set of notional standards would bring universal benefits.

The slightly tenuous argument was advanced in Committee that bailiffs already have their own code of conduct, and that a Government code would be to no avail in dealing with the few bailiffs who have decided to ignore their own. However, national standards or a code of conduct set by the Government would ensure consistency and hold up a mirror to the whole enforcement profession, and that could not but be to the advantage of the public as a whole.

If that is not sufficient, proposed new paragraph (2) of amendment No. 13 makes it explicit that the code would not be a matter of whimsy, but that people would be expected to adhere to it. We are all aware of the sterling work of the citizens advice bureaux in assisting people who get into debt. Staff at the office covering Braintree, Witham and Halstead have written to me with their general concerns about the Bill, and specific examples of problems that they have encountered recently.

In one example, a client was being chased for a debt even though she thought that she was up to date with it. Indeed, it turned out that the debt was nearly 10 years old. That was unfortunate in itself, but her real concern was that the bailiff involved was demanding entry to her house and would not accept any payment terms whatsoever. The CAB client had offered to pay the debt over a period of six months, but the bailiff said that he could only accept three monthly instalments.

I know that such problems are all too common, and that is why I continue to believe that the Bill is missing an opportunity to set out, clearly and accessibly, the behaviour expected from bailiffs when dealing with the poor, vulnerable or socially excluded. Society and Government have a special responsibility to those people—an implicit responsibility that ought to be made explicit.

Requiring bailiffs to act proportionately would also be an attempt to legislate for common sense. The Minister has that quality in abundance, but unfortunately it is sometimes lacking in bailiffs, who can clock up hundreds of pounds of costs in order to get their hands on pennies.

The Minister places her trust in training as part of the beefed-up certification process, but training can still fall short of the mark, even when those participating in it have the best of intentions. In addition, the certification process will almost certainly be opaque to public scrutiny, whereas a code of conduct and

[Mr. Brooks Newmark]

minimum standards would be clearly understood by the enforcement profession and, more importantly, the public.

In Committee, there was some question over the secrecy of the bailiffs bible. The Minister keeps it under lock and key in her office because it concerns operations issues which, in her opinion, should not be made public. That is indicative of one of the problems with the Bill. There is a suspicion, or even just a perception, that a lot is going on behind closed doors in terms of available guidance, standards and training.

A code of conduct or recognisable national standards would go a long way towards dispelling that perception. The Minister has been kind enough to acknowledge that the predecessors to these amendments were all well intentioned, but suggested that they were unnecessary because the conduct of bailiffs would be well enough regulated by appropriate regulations. However, she hit the nail on the head when she said that she did not expect a debtor to read them and that there was no chance of that happening, but more chance that they might lead to national standards or a code of conduct that is clearly in the public domain. She has been steadfast in her position on that line of argument, but I hope that she will reconsider the position today.

I also wish to speak in support of amendment No. 12 on the need to provide in the Bill a list of items exempted from possessions that enforcement officers are able to remove. I do not in any way suggest that it is a full list. As we discussed in Committee, regardless of whether it is even possible to provide a full list, it is also inexpedient to do so because such a list would need to evolve over time. Nevertheless, a core list in the Bill and further exemptions spelled out by regulations are not mutually exclusive. If I am incorrect in that assumption, I hope that the Minister will correct me in her usual gracious way. My concern is that parts of the Bill are so skeletal that it is remarkable that they have not been seized upon by Damien Hirst as a candidate for diamond-plating.

I am grateful for the Ministry's detailed policy statement on delegated powers, but the fact that it reaches 65 pages on its own suggests either that it is the very model of detail or that there are an awful lot of delegated powers. In Committee, the Minister advanced two principal arguments for the Government's reliance on regulations, and I should like to challenge each of them. First, she said that it was necessary to preserve flexibility by not pinning the exemptions to a list on the face of the Bill. I quite agree with that, and I have no doubt that thorough consultation, which I hope the Government are committed to, will turn up some worthy exemptions that have not yet occurred to the Minister.

In the space of just a few minutes, members of the Committee thought of a number of potentially necessary additions to the list, but I do not think that anyone has suggested that a list appearing in schedule 12 need be exhaustive. The amendment tabled by my hon. Friend the Member for North-West Norfolk (Mr. Bellingham) does not seek to address matters like the prophesy of future technological advances, or to start listing all trade tools that might conceivably stand in the line of fire—wigs and gowns included. However, a list included in schedule 12 merely needs to cover some of the ground as an explicit indication of the Government's intentions, and one which has statutory authority.

That brings me to the second of the Minister's arguments, which was that—the paucity of parliamentary time would make any list contained in the Bill entirely untenable because of the scant opportunity to amend it. That perfectly reasonable objection could be overcome by the simple addition of a reference to any further regulations that the Minister should, from time to time, need to lay before Parliament. I assume that I am right in thinking that the Government would not envisage the need to come to Parliament to repeal the protection that the amendment offers to guide dogs. The Minister will be glad to hear that I shall not devote any further time to the potential inequity of canine repossession, but will she address one question that arose from my reading of the detailed policy statement?

Paragraphs 143 and 144 concern situations in which enforcement officers may take control of goods that would normally be exempted but that have a value beyond their common use and can therefore be easily replaced. The guidance gives the example of an antique dining table, which could easily be replaced by a utilitarian table in order to release some value. How does the Minister envisage that process operating in practice, given that enforcement officers will not be replacing like with like? That seems to be a recipe for confusion or even abuse.

5 pm

If the enforcement officers take the table and replace it, who meets the cost of the replacement until such a time as the original is sold, and what provision is made for the cost of the related logistics? Enforcement officers could spend a considerable sum on finding replacements for otherwise exempted items—for example, money would be spent on buying and transporting them—but the underlying debt might not be reduced at all by the whole process. Perhaps the Minister could comment on the complexity and the potential for abuse represented by the guidance. I do not wish to go any wider of the amendment, but I hope that she will reconsider the Government's position on the inclusion of a list in the schedule.

Finally, I deal with amendment No. 15 which relates to single women and children. I am conscious that the issue has already been addressed at some length, but I wish to make two points. First, it seems an entirely reasonable proposition that single women—by which I mean women on their own—should be dealt with by female enforcement officers. It is a well established principle that searches by police, Customs officers and security staff are sensitive to gender, because searches are invasive. Visits by bailiffs are similarly invasive and deserve to be treated with comparable sensitivity.

Secondly, on the issue of children under the age of 16, the amendment is necessary to reinforce the available protection. The Minister confirmed in Committee that there is something of a lacuna between the protection offered to children under 12 and that offered to children under 18. If the only person on the premises is under 12, the bailiff is required to withdraw,

but if there is someone aged between 12 and 18 the bailiff is entitled to make inquiries before leaving. The protections deal only with situations in which a child is home alone and do not address the position of children who are otherwise subjected to a visit by a bailiff. I hope that the Minister will comment on that situation. I am conscious that she will argue that bailiffs will be trained in how to deal with children and other vulnerable people, but I just question whether that is enough.

Vera Baird: As everyone has said, this is quite a sizeable group of amendments. I will deal with them painstakingly and thoroughly, although I hope not tediously. The hon. Member for North-West Norfolk (Mr. Bellingham) talked about the Englishman's castle again. I want to quote briefly from an article in *The Times*, which said:

"An 'Englishman's castle' fuss will always erupt when someone claiming special rights wants the portcullis raised. The argument is every bit as old as the language it is couched in. Victor Tunkel, secretary of the legal-history group the Selden Society, explains that creditors even in Anglo-Saxon times had a 'right of distress', allowing them to 'seize a bloke's best beast, the tools of his trade"—

we do not want to do that—

"or his bed'. Royal tax collectors similarly were seldom shy of crossing the threshold, and history has offered few ruder awakenings than 'Open up in the name of the King!' All that has changed is the volume and complexity of the law".

We intend to protect the vulnerable and to ensure that the law is known to the public. I have already mentioned on many occasions, both in Committee and in the Chamber, the extent to which we will go to ensure that the Bill does exactly that. The hon. Gentleman makes much play of the increased powers in the Bill. He knows that I have undertaken that, until there is a satisfactory and full regulatory process in place, and a complaints system and a licensing system, the new power that he is particularly concerned about—breaking into houses—will not be introduced. I am at a loss as to what the hon. Gentleman thinks anyone could possibly add to that.

The hon. Gentleman tells horror story after horror story, but I could do the same thing because I, too, have a citizens advice bureau and vulnerable people in my constituency. I do not doubt that Redcar has as many rogue bailiffs as his constituency and that of the hon. Member for Braintree (Mr. Newmark). That is exactly why we are introducing the new regime. This part of the Bill is designed to put an end to precisely the kind of mischief about which we have heard.

The hon. Member for Braintree made an attractive speech, as ever. Contrary to his assertion, I have no kind of bible under lock and key anywhere in my possession. The bailiffs bible, which he mentioned, was made available to a body that asked for it—perhaps it was the Zacchaeus 2000 Trust—with redacted passages. He says that I keep the document secret, but I offered each and every member of the Public Bill Committee the opportunity to look at the document without the redacted bits. Who has come to look at it? No one.

Let me deal first with amendment No. 8. Hon. Members might recall that there was some discussion in Committee about clause 84 and the application of part 3 to the Crown. There are already statutory obligations on the Crown to ensure that creditors who might be owed money by the Crown are paid. The Crown can be sued and it cannot ignore any judgment made against it by a court. Section 25 of the Crown Proceedings Act 1947 makes provision for the satisfaction of orders against the Crown. The Crown will thus not escape its obligations simply because it is exempt from enforcement under schedule 12.

As a matter of fact amendment No. 8 would not work, because although it would allow an enforcement agent to use the power in schedule 12 against the Crown to take control of or to sell goods, the agent would not be able to enter premises to get them in the first place. He would thus be able to take control of or sell only Crown goods found on premises occupied by a third party. I am sure that that is not what anyone intends. Given that it is clear that existing provisions will ensure that orders against the Crown will be satisfied, there is no need for the amendment.

I acknowledge the good intentions behind amendment No. 68, which was tabled by my hon. Friend the Member for Great Grimsby (Mr. Mitchell). Indeed, there are good intentions behind all his amendments, including even his rebellion-causing new clause. Contracts between Her Majesty's Courts Service and enforcement companies for the enforcement of unpaid magistrates courts fines are already published. They are available on the departmental website.

While the Department has no direct control over the contractual negotiations that local authorities carry out when tendering out work to outside enforcement companies for the enforcement of parking fines and local taxes, we would certainly consider that the publication of such contracts would be good practice. However, hon. Members should bear in mind the fact that that many local authorities do not contract out such services. They are often carried out in-house by directly employed members of a local authority's staff. In that case, the contract would be a contract of employment between the local authority and its employee and the publication of such a contract would be intrusive, improper and unnecessary. However, I hope that my assertion is sufficiently strong to allow my hon. Friend to feel that real steps forward have been made.

Amendments Nos. 10, 11, 13, 15 and 41 are concerned with protecting the vulnerable. As I have said many times, I agree entirely with the sentiments behind the amendments, as will hon. Members on both sides of the House. I am surprised and sorry that anyone thinks that schedule 12 is gobbledegook. I think that it is straightforward and easy to understand.

National standards have been talked about. Although I do not have a chained-up 'bible', I have a copy of the national standards in question: "Effective Enforcement"—the national standards for enforcement agents. They will be reflected in the new enhanced and extended certification process for enforcement agents who are not Crown employees but who will work through the county court. They will also be reflected in future regulation by the Security Industry Authority, when that fine day dawns. The training requirements for enforcement agencies will ensure that all agents have a thorough working knowledge of all the relevant areas of enforcement law and of the national standards.

[Vera Baird]

Agents will have to comply with many other things to undertake enforcement work, and the training will cover those requirements. Agents will need to be able to deal with potentially dangerous or aggressive situations, develop negotiating skills and understand and acquire the ability to deal with vulnerable or potentially vulnerable debtors, as well as undergoing enhanced criminal record checks. I have already alluded to the fact that the deposit of a bond will be required, and that it could be used and forfeited if there was a breach of certification.

Crown-employed enforcement agents will continue to be subject to their own high standards of training and guidance, which include diversity awareness and dealing with the vulnerable and with potentially vulnerable situations. As I have repeatedly said, no one disputes the fact that there is little complaint about those people. I reiterate that the intention is for a commonality of standards in the future among those against whom there is no complaint, so as to bring up to those standards those against whom there is complaint—in so far as those people survive in the industry at all, because if they are cowboys, they will be out at first base.

Simon Hughes: Is there an automatic penalty for breach of any of the standards in the manual?

Vera Baird: I do not know that it would be an automatic penalty. We intend to bring the national standards and the requirements of schedule 12 into the terms of certification and ultimately the terms of licensing. The question will then be whether there has been a breach of the certificate or the licence, depending on the stage in the evolution of regulation in which the breach occurs. At that point, the processes and responses that I have already set out will apply, so it is more complicated than an automatic penalty.

Simon Hughes: May I deduce, therefore, that the answer is that breach of standards would normally result in loss of licence? I am not trying to trap the Minister; I just wanted to find out about the status of the standards and what the effect of a breach would be.

Vera Baird: I do not feel trapped. The hon. Gentleman makes an inappropriate inquiry, if I may say so, but the question is not as simple as he suggests. Somebody who breached their licence or certificate in a fairly minor way, which might still be couched in terms of a breach of national standards, might not automatically lose their licence. The hon. Gentleman will recall that a range of penalties is available to the county court judge, who may, when dealing with a complaint in certain circumstances, think it appropriate to summon the bailiff before him and tell him off. Many steps would be taken before actually ending somebody's livelihood, but I have no doubt that in serious or repeated breaches of standards judges will act appropriately and with rigour. Similarly, the SIA will implement the standards with rigour.

On amendment No. 15, I am not sure why the hon. Member for Braintree and others consider it necessary to include a specific provision for dealing with premises where the occupant is known to be a single woman, in the sense of a woman alone. What about protecting women who are not known to be on their own? The distinction is arbitrary. The process is not intrusive in the way that searches by police officers are. We are talking about a bailiff knocking on the door and presumably, as a rule, seeking walking possession. That is not about personal searches or anything that requires gender-specific treatment, so we think there is no need for the amendment. The training requirements will include training in how to identify and deal with vulnerable and potentially vulnerable debtors.

5.15 pm

After consultation, and if it is considered appropriate, regulations made under paragraph 24 of schedule 12 will reflect those parts of the national standards that state that, on discovering that the only person on the premises is a child, the enforcement agent should withdraw immediately, without making further inquiries. If those regulations were breached, remedies would be available under paragraph 66 of the schedule. That would put that part of the national standards into a higher, more immediate category, and a separate code of conduct and separate responsibilities to comply with the code would therefore become unnecessary.

Our proposals go beyond what amendment No. 41 is designed to achieve. In particular, the status of the guidance issued by the Lord Chancellor and the sanctions that would be available if an enforcement agent chose to ignore it are not clear. Concepts such as "vulnerability" are difficult to put in statutory terms, and generic definitions would make it difficult to predict who would fall into the vulnerable category. What is important is good character, accredited training and getting people who do not behave properly or understand their responsibilities out of the business entirely.

Amendments Nos. 1, 2, 12, 19 and 36 are about exempt goods and are similar to amendments that were debated in Committee. Our intention is that both the general definition of exempt goods and the specific list of goods themselves will be clearly set out in regulations. The hon. Member for Braintree will remember that during the Committee debate, hon. Members suggested a number of goods that, thanks to technical innovation, are now considered to be essential to a debtor's livelihood. That made the point that any list put into statute could never be exhaustive because circumstances change.

Furthermore, to change a statute takes a lot of parliamentary time. A regulation made under a statute carries just as much statutory authority: it is the law—not in exactly the same way, but just as patently as if it were statute—yet it can be refined, tidied up, added to and taken away from far more easily than amending a statute, which would occupy parliamentary time which, to be frank, ought to be occupied by much more high-level matters. Appropriate scrutiny is available for the list, but as I understand it, the hon. Gentleman's concern is not about the contents of the list, but about where the list is put—into which document. Our clear view is that regulation is the right place for it.

The hon. Gentleman will also remember that when an amendment suggesting a list of goods was debated in Committee, we looked at the list in the policy

statement that we issued some time ago stating how we would use the powers in the Bill and found some differences between the two lists. That made the point that if we make a list, someone will have a bright idea about an item that should be added to it. What is proposed in the amendment is far too rigid—*[Interruption.]* The hon. Gentleman says, "Okay."

I understand that hon. Members have concerns about debating the provisions in advance of seeing the regulations, but the policy statement fills that gap. In paragraphs 133 to 136 of that statement we set out the goods that we currently think should be exempted, and they include tools of the trade.

Under amendment No. 25, a debtor would have to sign a form stating that notice had been received before goods could be taken away. I understand the concern, but it would enable people to thwart efforts to take control of goods by declining to sign the form. That would undermine the remedy, which is quite a good one.

Mr. Austin Mitchell: Of course, the signing could be for the recorded delivery of the letters—an acknowledgement that they have been received.

Vera Baird: My hon. Friend says that, but my response to his amendment No. 69, which would oblige post to be sent by recorded delivery, is that a person could easily thwart the whole process by refusing to sign the receipt for the recorded delivery. Other court notices are not sent by recorded delivery. Ours, at least, will by sent by first-class post, but many such notices are sent by second-class post. On amendments Nos. 16 to 20, a controlled goods agreement can be signed by a person other than the debtor; I think that that is clear.

Mr. Mitchell: I am sorry, but the Minister has given a trivial defence. The letter sent by recorded delivery could contain a large sum of money. No one would know what was is in it until they opened it.

Vera Baird: I did not really want to quibble on this subject, but the fact is that if recipients are knowing debtors, as we envisage they will be, if a recorded delivery letter came along, they would probably be very suspicious of it. The point is that we cannot say whether Mrs. X in Great Grimsby knew what the contents of the recorded delivery letter were, but we can say that refusing to sign for the letter is a sure way of thwarting the whole process. It would not allow us to go ahead with the seizure of goods or walking possession, although I thought that everyone in the Chamber, no matter what their party, thought that that was a desirable remedy that should be used—albeit with great care, as we have been at pains to set out.

I have dealt with a great many of the other amendments. On amendment No. 26, it is suggested that we should limit the value of the goods to be seized to the value of the debt owed, but that is a difficult line to draw finely. We have said in paragraph 12(1) of schedule 12 that an enforcement agent will take control only of goods that are proportionate to the value of the debt owed, plus any future costs. That seems to us to be the right way forward.

Amendment No. 27 would make a distinction between goods seized on the highway and goods seized in other ways. I have already addressed the principle: we think that the measure would just add confusion and would not improve matters. On the issue of abandoned goods—again, this is a concern raised by my hon. Friend the Member for Great Grimsby—the goods have to be sold for the best price. If goods that have been in a legally conducted sale are left unsold, they will be deemed abandoned. That is intended to protect the debtor from an enforcement agent keeping the debtor's goods indefinitely until they are eventually sold, possibly after many attempts.

Amendment No. 3 on information sheets is a Liberal Democrat amendment. We will provide a large amount of information, and the information on the sheet proposed by the hon. Member for North Southwark and Bermondsey (Simon Hughes) is just a very small part of what we will make available. His amendment is, I fear, unclear, but he can rest assured that his aim, which is to ensure that people are entitled to know their rights, will be met. An enforcement agent has to provide a notice before action commences and after entering premises, as the hon. Gentleman knows. That is expressed in schedule 12.

Amendment No. 7, which is about legal aid, would insert a requirement that regulations must

"make provision for legal aid to be available where financially necessary"

in all actions that are to be brought in the High Court, irrespective of the merits of the application. We just could not tolerate that; as the hon. Gentleman knows, there are merits and means tests for all legal aid applications, so that would be a great crashing change.

I hope that I have reassured hon. Members. We will protect the public and we will ensure that there is good information available to them, so that they know their rights. Part of that process will take place through legislation. I have dealt in detail with most of the amendments in the group, and I hope that hon. Members now feel that they can withdraw them.

Mr. Bellingham: I am grateful to the Minister for her response. She has put my mind at rest on some points, and certainly on exempt goods, tools for trade, and the code of conduct for the vulnerable. I am grateful to my hon. Friend the Member for Braintree (Mr. Newmark) for his excellent contribution on the subject of protection of the under-16s and children. The Minister answered many of his points. I should be grateful if she would write to me at some stage about the power to withdraw bailiffs who have been unleashed in cases in which the debtor wants to seek relief from a disproportionate fine at a magistrates court. I do not expect a reply now, as we want to get on, but I would be grateful if she wrote to me in due course.

I am concerned that the Minister has not given us a favourable or satisfactory response to amendment No. 10, which we have discussed at great length. I believe that we have won the argument, so it is my wish to press the amendment to a vote.

Question put, That the amendment be made:—

The House divided: Ayes 220, Noes 278.

Division No. 161] **[5.25 pm**

AYES

Afriyie, Adam
Ainsworth, Mr. Peter
Alexander, Danny
Amess, Mr. David
Ancram, rh Mr. Michael
Arbuthnot, rh Mr. James
Atkinson, Mr. Peter
Bacon, Mr. Richard
Baldry, Tony
Barker, Gregory
Baron, Mr. John
Barrett, John
Beith, rh Mr. Alan
Bellingham, Mr. Henry
Benyon, Mr. Richard
Beresford, Sir Paul
Binley, Mr. Brian
Bone, Mr. Peter
Brady, Mr. Graham
Brake, Tom
Brazier, Mr. Julian
Breed, Mr. Colin
Brokenshire, James
Brooke, Annette
Browne, Mr. Jeremy
Burns, Mr. Simon
Burrowes, Mr. David
Burstow, Mr. Paul
Burt, Lorely
Butterfill, Sir John
Cable, Dr. Vincent
Cameron, rh Mr. David
Campbell, rh Sir Menzies
Carmichael, Mr. Alistair
Carswell, Mr. Douglas
Cash, Mr. William
Clark, Greg
Clarke, rh Mr. Kenneth
Clifton-Brown, Mr. Geoffrey
Conway, Derek
Crabb, Mr. Stephen
Curry, rh Mr. David
Davey, Mr. Edward
Davies, David T.C. *(Monmouth)*
Davies, Philip
Davis, rh David *(Haltemprice and Howden)*
Djanogly, Mr. Jonathan
Dorrell, rh Mr. Stephen
Dorries, Mrs. Nadine
Duncan, Alan
Duncan Smith, rh Mr. Iain
Dunne, Mr. Philip
Ellwood, Mr. Tobias
Evans, Mr. Nigel
Evennett, Mr. David
Fabricant, Michael
Fallon, Mr. Michael
Farron, Tim
Featherstone, Lynne
Field, Mr. Mark
Foster, Mr. Don
Fox, Dr. Liam
Francois, Mr. Mark
Fraser, Mr. Christopher
Gale, Mr. Roger
Garnier, Mr. Edward
Gauke, Mr. David
Gibb, Mr. Nick
Gidley, Sandra
Goldsworthy, Julia
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gove, Michael
Gray, Mr. James
Grayling, Chris
Green, Damian
Grieve, Mr. Dominic
Gummer, rh Mr. John
Hague, rh Mr. William
Hammond, Stephen
Hands, Mr. Greg
Harper, Mr. Mark
Harris, Dr. Evan
Harvey, Nick
Hayes, Mr. John
Heald, Mr. Oliver
Heath, Mr. David
Heathcoat-Amory, rh Mr. David
Hemming, John
Hendry, Charles
Herbert, Nick
Hollobone, Mr. Philip
Holloway, Mr. Adam
Holmes, Paul
Horam, Mr. John
Horwood, Martin
Howard, rh Mr. Michael
Howarth, David
Howarth, Mr. Gerald
Hughes, Simon
Huhne, Chris
Hunt, Mr. Jeremy
Hunter, Mark
Hurd, Mr. Nick
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Jenkin, Mr. Bernard
Johnson, Mr. Boris
Jones, Mr. David
Kawczynski, Daniel
Keetch, Mr. Paul
Kennedy, rh Mr. Charles
Kirkbride, Miss Julie
Knight, rh Mr. Greg
Kramer, Susan
Lait, Mrs. Jacqui
Lamb, Norman
Laws, Mr. David
Leech, Mr. John
Leigh, Mr. Edward
Letwin, rh Mr. Oliver
Lewis, Dr. Julian
Liddell-Grainger, Mr. Ian
Lilley, rh Mr. Peter
Llwyd, Mr. Elfyn
Loughton, Tim
Luff, Peter
Mackay, rh Mr. Andrew
Maples, Mr. John
May, rh Mrs. Theresa
McCrea, Dr. William
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Miller, Mrs. Maria
Milton, Anne
Mitchell, Mr. Andrew
Moore, Mr. Michael
Moss, Mr. Malcolm
Mulholland, Greg
Murrison, Dr. Andrew
Neill, Robert
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Oaten, Mr. Mark
Öpik, Lembit
Osborne, Mr. George
Ottaway, Richard
Paice, Mr. James
Paterson, Mr. Owen
Pelling, Mr. Andrew
Penning, Mike
Penrose, John
Pickles, Mr. Eric
Price, Adam
Prisk, Mr. Mark
Pritchard, Mark
Pugh, Dr. John
Randall, Mr. John
Redwood, rh Mr. John
Reid, Mr. Alan
Rennie, Willie
Rifkind, rh Sir Malcolm
Robathan, Mr. Andrew
Robertson, Hugh
Robertson, Mr. Laurence
Rogerson, Dan
Rowen, Paul
Ruffley, Mr. David
Russell, Bob
Sanders, Mr. Adrian
Selous, Andrew
Shapps, Grant
Shepherd, Mr. Richard
Simmonds, Mark
Soames, Mr. Nicholas
Spelman, Mrs. Caroline
Spicer, Sir Michael
Spink, Bob
Spring, Mr. Richard
Stanley, rh Sir John
Steen, Mr. Anthony
Stunell, Andrew
Swayne, Mr. Desmond
Swinson, Jo
Swire, Mr. Hugo
Syms, Mr. Robert
Taylor, Mr. Ian
Taylor, Matthew
Taylor, Dr. Richard
Teather, Sarah
Thurso, John
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vaizey, Mr. Edward
Vara, Mr. Shailesh
Viggers, Peter
Villiers, Mrs. Theresa
Walker, Mr. Charles
Wallace, Mr. Ben
Waterson, Mr. Nigel
Watkinson, Angela
Webb, Steve
Whittingdale, Mr. John
Widdecombe, rh Miss Ann
Wiggin, Bill
Willetts, Mr. David
Williams, Hywel
Williams, Mark
Williams, Mr. Roger
Williams, Stephen
Willis, Mr. Phil
Willott, Jenny
Wilson, Mr. Rob
Wilson, Sammy
Winterton, Ann
Winterton, Sir Nicholas
Yeo, Mr. Tim
Young, rh Sir George
Younger-Ross, Richard

Tellers for the Ayes:
Mr. Crispin Blunt and Andrew Rosindell

NOES

Ainger, Nick
Ainsworth, rh Mr. Bob
Allen, Mr. Graham
Anderson, Mr. David
Atkins, Charlotte
Bailey, Mr. Adrian
Baird, Vera
Balls, Ed
Banks, Gordon
Barlow, Ms Celia
Barron, rh Mr. Kevin
Begg, Miss Anne
Benn, rh Hilary
Benton, Mr. Joe
Berry, Roger
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Borrow, Mr. David S.
Bradshaw, Mr. Ben
Brennan, Kevin
Brown, Lyn
Brown, Mr. Russell
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Butler, Ms Dawn
Byrne, Mr. Liam
Cabom, rh Mr. Richard
Campbell, Mr. Ronnie
Caton, Mr. Martin
Challen, Colin
Chaytor, Mr. David
Clapham, Mr. Michael
Clark, Ms Katy
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Connarty, Michael
Cooper, Rosie
Cooper, Yvette
Corbyn, Jeremy
Cousins, Jim

Crausby, Mr. David
Creagh, Mary
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Curtis-Thomas, Mrs. Claire
Darling, rh Mr. Alistair
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Dai
Dean, Mrs. Janet
Devine, Mr. Jim
Dismore, Mr. Andrew
Dobbin, Jim
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Durkan, Mark
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Ennis, Jeff
Farrelly, Paul
Fisher, Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, Caroline
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gapes, Mike
Gardiner, Barry
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gilroy, Linda
Godsiff, Mr. Roger
Goggins, Paul
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom
Havard, Mr. Dai
Healey, John
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Heyes, David
Hill, rh Keith
Hillier, Meg
Hodge, rh Margaret
Hoey, Kate
Hood, Mr. Jim
Hope, Phil
Hopkins, Kelvin
Howarth, rh Mr. George
Howells, Dr. Kim
Hoyle, Mr. Lindsay
Ilsley, Mr. Eric
Ingram, rh Mr. Adam
Irranca-Davies, Huw
Jackson, Glenda
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Mr. Martyn
Jowell, rh Tessa
Joyce, Mr. Eric
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Kelly, rh Ruth
Kemp, Mr. Fraser
Kennedy, rh Jane
Khan, Mr. Sadiq
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, Mr. David
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Love, Mr. Andrew
Lucas, Ian
Mackinlay, Andrew
Mactaggart, Fiona
Mahmood, Mr. Khalid
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marshall-Andrews, Mr. Robert
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCabe, Steve
McCarthy, Kerry
McCarthy-Fry, Sarah
McDonagh, Siobhain
McDonnell, John
McFadden, Mr. Pat
McFall, rh John
McGovern, Mr. Jim
McGuire, Mrs. Anne
McIsaac, Shona
McKenna, Rosemary
McNulty, Mr. Tony
Meacher, rh Mr. Michael
Merron, Gillian
Michael, rh Alun
Milburn, rh Mr. Alan
Miliband, rh David
Miller, Andrew
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Moran, Margaret
Morden, Jessica
Morgan, Julie
Morley, rh Mr. Elliot
Mountford, Kali
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
Osborne, Sandra
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, James
Rammell, Bill
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, rh John
Robertson, John
Rooney, Mr. Terry
Roy, Mr. Frank
Ruane, Chris
Ruddock, Joan
Russell, Christine
Ryan, Joan
Salter, Martin
Seabeck, Alison
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Simpson, Alan
Skinner, Mr. Dennis
Smith, rh Mr. Andrew
Smith, Angela E. *(Basildon)*
Smith, rh Jacqui
Smith, John
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Taylor, David
Thomas, Mr. Gareth
Thornberry, Emily
Timms, rh Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Turner, Dr. Desmond
Turner, Mr. Neil
Ussher, Kitty
Vaz, rh Keith
Walley, Joan
Ward, Claire
Wareing, Mr. Robert N.
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Mr. Alan
Wills, Mr. Michael
Winnick, Mr. David
Winterton, rh Ms Rosie
Wood, Mike
Woodward, Mr. Shaun
Woolas, Mr. Phil
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Noes:
Mr. Alan Campbell and Mr. Ian Cawsey

Question accordingly negatived.

Clause 129

PROTECTED OBJECTS

Mark Fisher (Stoke-on-Trent, Central) (Lab): I beg to move amendment No. 83, page 99, line 18, after 'with', insert

'the Due Diligence Guidelines for Museums, Libraries and Archives on Collecting and Borrowing Cultural Material published from time to time by the Department for Culture, Media and Sport in relation to that object and'.

Mr. Deputy Speaker (Sir Michael Lord): With this it will be convenient to discuss the following amendments: No. 84, page 99, line 20, at end insert

'(including provenance and if appropriate ownership) on a public register for the purpose of inviting any person who asserts a claim to that object to raise an objection to its inclusion in the exhibition within a specified period.'.

No. 85, page 100, line 10, at end insert—

[Mr. Deputy Speaker]

'(9A) The Secretary of State shall make regulations for the establishment of an independent committee, such as the Spoliation Advisory Committee, to monitor the publication and reporting of specified information, the compliance of museums and galleries with the Due Diligence Guidelines for Museums, Libraries and Archives on Collecting and Borrowing Cultural Material published from time to time by the Department for Culture, Media and Sport and the handling of claims made or objections raised in relation to any object.'.

No. 86, in clause 131, page 101, line 4, at end insert—

'(2A) It shall be a condition of such approval that any approved institution has agreed to apply to each and every object the Due Diligence Guidelines for Museums, Libraries and Archives on Collecting and Borrowing Cultural Material published from time to time by the Department for Culture, Media and Sport.'.

No. 87, page 101, line 6, after 'particular,', insert 'it must withdraw approval'.

No. 88, page 101, line 10, after 'reason),', insert

'and the institution has failed to improve its procedures having received a warning from the appropriate authority specifying a reasonable time frame in which to do so,'.

No. 89, page 101, line 12, at end insert

'and, in the case of failure which is capable of remedy, has failed to remedy the failure having received a warning from the appropriate authority specifying a reasonable time frame in which in which to do so.'.

Mark Fisher: The amendments seek to ensure that the immunity that is granted to works of art as they travel between countries is not achieved at the expense of those who believe that they have a rightful claim to those works of art. They relate to works of art that were looted in time of war and particularly to works that the Germans took in the second world war; what is known as holocaust looting.

This has become a major international problem recently as more and more great international museums put on temporary exhibitions to attract people and, for the enjoyment of the public, the need to borrow great works and move them between countries becomes greater every day. In recent years there have been a number of high profile and contentious cases, when works have appeared in a country destined for an exhibition and have been subject to injunctions and legal action. Inevitably that creates great insecurity and impossibility in terms of planning by the international museums. It is also something of an inhibition to those generous enough to loan what they believe to be their own works of art, whether they be museums or individuals.

A general sense of insecurity developed and most countries around the world—certainly most European countries and American states—introduced legislation that granted some form of immunity to museums so that works could be loaned with a degree of certainty. Most of that legislation balanced the needs not only of the museums, but of the donors and the people who felt that they had a claim to those works of art.

We did not introduce such legislation and our great national galleries—the Tate, the British Museum, the National Gallery and particularly the Royal Academy, which has many high profile international exhibitions—launched a well argued and vigorous campaign and persuaded the Government that we had to do something about that. The Government took the point and introduced immunity.

The museums, understandably, are concerned about their exhibitions. They were perhaps less rigorous about the potential rights of people who had a legal claim, or whose forefathers had a legal claim, to those works of art. The amendments seek to correct that imbalance. They would not take away from what the great national galleries and museums have achieved, or what the Government have given them in legislation, but they would provide a measure of balance to ensure that the museums do not act at the expense of people whose families once believed that they owned such works of art and who see those works appear in front of them, only to be swept away before they have had a chance to make a legal claim, or to establish the provenance that might do that.

The amendments are corrective and would introduce due diligence, on which the Government have already established the principle, to require museums to use their best offices and efforts to establish the provenance of a work of art. They would have a responsibility when accepting a work of art to see whether there was an owner out there and whether the people loaning it genuinely had title to it. In almost all cases, they do, but there have been some contested cases and it is those that the amendments seek to address.

If the Government are minded to be sympathetic to the amendments and are interested in pursuing the idea of due diligence, that would be constructive, even-handed and fair and Members on both sides would welcome it. Even if that were the case, this would be only the first step towards resolving the problem. Just establishing the concept of due diligence, or assigning oversight of that procedure to an independent committee, will not be the end of the story. For example, there will be the question of the guidelines and guidance issued to that committee.

The problem is likely to grow in future, with all the archaeological works of art that are coming out of Iraq and flooding the international markets, not least in London. It will prove much more difficult to prove provenance in such cases. I fear that looted art will be with us for a long time and will be a general source of contention and unhappiness. It is therefore important that we are, first, establishing this immunity and, secondly, at the same time correcting it as regards the rights of people who have good title to works of art.

5.45 pm

I stress that this is only a start: certain major problems lie ahead. About three years ago, the Russians, who looted a huge amount of art in the second world war when they swept through Europe and drew it all back to Moscow and St. Petersburg, nationalised everything through their own legislation. In theory, those works of art can now be lent around the world and, on the face of it, their provenance will be entirely legal and correct. That legislation is not currently recognised by UNESCO, which is considering drawing up guidelines to try to deal with that situation. In fact, there are plenty of problems. If one burrows right back in time, many of the works in the national collections of most European countries have been looted from somebody at some point during

wartime. That is a slightly more esoteric point, but there is no doubt that the Russian arrangement will be difficult to resolve. The UNESCO guidelines will be important, because a kind of laundering of provenance makes this difficult subject even more difficult.

For today, I hope that the amendments will find favour with the Minister and that she will think that it is possible to establish such a committee. Due diligence is not an easy thing to achieve. The National Museum Directors Conference has had a committee working on it for several years; I must declare an interest, having been a member. Other members—they are an interesting collection—have included Sir Nicholas Serota, Lord Moynihan, Miss Marina Vaizey, the well known art historian, Miss Ann Webber, who probably knows more about looted art than anybody else in this country, and Professor David Cesarani. However, relatively few people in this country have much experience of the issues involved, other than one or two dealers. It will not be easy to find the expertise to augment any committee that the Government nominate to take on this work. Nevertheless, it is possible, with good will, encouragement and thoughtful guidelines and guidance, that we can establish a model that other countries may well find useful in dealing with these difficult issues.

I commend the amendments to the Minister and hope that the Government are not averse to them.

Mr. Michael Fallon (Sevenoaks) (Con): These are important amendments. The House is indebted to the hon. Member for Stoke-on-Trent, Central (Mark Fisher) for drawing our attention to clause 129, which I support. The risk of judicial seizure is a significant one, and exhibition planning becomes increasingly impossible if international lenders will not lend to countries that do not have immunity as regards seizure legislation. There is a balance to be struck between the rights of potential claimants and the much wider public interest in ensuring that such international exchanges take place.

Amendments Nos. 83 and 85 are fairly innocuous; I certainly support the concept of due diligence. I have slight reservations about amendment No. 84, which goes very wide and is almost an invitation to any person to litigate. I wonder whether the hon. Gentleman might reflect on its drafting. The same applies to amendment No. 86, which would make the guidelines mandatory not only for every exhibition but for every conceivable object in the exhibition. Guidelines should probably be no more than guidelines. However, the whole House should support the spirit behind the amendments and the letter of the clause.

Mr. Edward Vaizey (Wantage) (Con): I pay tribute to the hon. Member for Stoke-on-Trent, Central (Mark Fisher) for tabling the amendments. He made a forceful speech on the subject on Second Reading.

It is worth recording that, when the issue was first discussed in the other place, the Government made some important concessions, which we welcomed, especially the requirement for museums to exercise due diligence. Important progress was made in providing that only museums that the Secretary of State nominated would be granted immunity from seizure, thus ensuring that those that exercise due diligence will be granted immunity. However, as the hon. Gentleman pointed out, more progress can be made, especially through amendment No. 85.

The hon. Gentlemen kindly referred to my mother's diligent work on the National Museum Directors Conference committee alongside him. As he pointed out, the Government rightly want to ensure that museums have the maximum flexibility to exercise due diligence and are not subject to a regime that is too bureaucratic. He wants to ensure that an independent committee audits museums' due diligence procedures and can give independent advice. That is an important safeguard.

As has been said on other occasions when part 6 was debated, there is an important balance to be struck. Conservative Members acknowledge the need for our national museums to benefit from some immunity from seizure legislation to maintain the high quality of international exhibitions that come to this country. However, we also recognise the need for those whose families lost works of art during the second world war—and people and countries that have lost works of art through more recent conflicts, especially in Iraq and Afghanistan—to have appropriate safeguards in place so that they can take action if required. It is vital to strike a balance, and the amendments provide further safeguards for individuals and families. We look forward to the Under-Secretary's comments on the Government's view.

The hon. Gentleman also referred to Russia effectively nationalising its looted art. I asked the Under-Secretary of State for Culture, Media and Sport, the hon. Member for Tottenham (Mr. Lammy) about the matter. I believe that the Russian federal law on cultural valuables, which was passed in 1998, creates a specific loophole. The Government appear to believe that that makes such looted art effectively Russian art and a matter of Russian law. Will the Under-Secretary comment on what a museum is expected to do in exercising due diligence if a piece of looted art is Russian art under Russian law but, de facto, is looted art?

Jenny Willott (Cardiff, Central) (LD): Liberal Democrat Members agree with almost all that has been said on the subject. We held an interesting discussion on the matter in Committee and another interesting debate took place in the other place. Much of what needs to be said has therefore been said in several places.

The amendments are reasonable and sensible, and everybody has said that we need to strike a balance. Although we agree that the provisions in the Bill go in the right direction, the amendments would tighten up the measure a little, and ensure that it is even better and that the balancing act is carefully maintained.

Vera Baird: I applaud the intention behind the amendments tabled by my hon. Friend the Member for Stoke-on-Trent, Central (Mark Fisher), and I hope that I can give him the satisfaction that he seeks, although not by accepting them. I will write to the hon. Member for Wantage (Mr. Vaizey) about his proposition on due diligence and the conflict of laws, if I do not satisfy him with my few words.

[Vera Baird]

Amendments Nos. 83 and 86 are unnecessary. It is one of the basic principles set out in the due diligence guidelines published by the Department for Culture, Media and Sport that a museum should not acquire or borrow any item unless it is satisfied that there are no legal or ethical doubts about that item. This means that a museum will have to apply the due diligence guidelines in relation to every single item that it wishes to borrow. Failure to do so will amount to failure to comply with the guidelines. As clause 131(3)(a) makes clear, this would threaten the approved status of the museum.

Amendment No. 84 is also unnecessary. We intend to require museums to publish sufficient information about a particular object to ensure that it can be identified by anyone who may have an interest in that object. This will require the publication of some information on provenance, but we do not think that it is necessary for the full provenance of an object to be published in every case. Where, for example, the object concerned is a 17th century painting that was acquired by the Metropolitan museum in New York in the 19th century and has never left the museum's control, there would appear to be no point in giving full details of its provenance.

We also propose to require publication of the identity of the lender in advance of an exhibition, when the lender is a public body. More difficult issues arise in relation to the publication of the identity of private owners, and we will be discussing with museums and other interest groups whether and how it would be possible for that information to be made available to potential claimants.

Amendment No. 85 would require provision to be made for the establishment of a new statutory body. We do not think that that is necessary. The amendment refers to the spoliation advisory panel. That is not a statutory body, and it is not supported by regulations. However, it plays a very valuable role in resolving claims relating to objects lost during the Nazi era that are now in our public collections. Other non-statutory bodies, such as the reviewing committee for the export of works of art, play an equally valuable role in relation to the export of cultural objects.

DCMS will be working closely with the Museums, Libraries and Archives Council to ensure that the Secretary of State has access to appropriate advice on the due diligence procedures followed by museums seeking approval, and that, following approval, museums' due diligence procedures and their compliance are subject to appropriate monitoring. We accept that it would be beneficial for advice from an independent body to be available to the Secretary of State. DCMS proposes to seek the assistance of the acceptance in lieu panel, an independent body which has experience in considering provenance issues, in monitoring the compliance of museums and galleries with the due diligence requirements. DCMS is having discussions with the panel on how such assistance may be offered.

Amendments Nos. 87 to 89 relate to the withdrawal of approval from museums. We do not believe that it is necessary either to limit the discretion given to the appropriate authority in clause 131(3), as amendment No. 87 seeks to do, or to prescribe the procedures that must be followed if a museum is considered not to have undertaken adequate due diligence procedures or to have failed to comply with regulations requiring additional information to be given on request, as amendments Nos. 88 and 89 seek to do.

The Secretary of State is required to act reasonably and proportionately in exercising any discretionary power, and this applies to the power in clause 131(3) as much as to any other power. Removal of approved status in the cases set out in paragraphs (a) and (b) of this subsection without any warning, and without giving a reasonable time for a museum to rectify the faults that have been identified, would be regarded as acting unreasonably in any case where a museum's failures, either in relation to due diligence or to the provision of information, could be easily rectified.

However, we would wish to reserve the power to act without notice in any case in which this could be justified. We want museums to know that if, after they have received approval under these provisions, they decide that it is no longer necessary to carry out any due diligence, there is a risk that their approved status will be removed with little or no warning. I hope that what I have said has reassured my hon. Friend, and that he now feels able to withdraw his amendment.

Mark Fisher: I am most grateful to the Minister. Her response has been extraordinarily constructive and positive. If this is an indication of the new Administration's attitude towards amendments, that Administration will be generally welcomed throughout the House. I am most grateful for her attention to detail. I am slightly nonplussed, however, as a member of the acceptance in lieu panel, which she has nominated to act on behalf of, or through, the Museums, Libraries and Archives Council to fulfil these responsibilities. We will be happy to accept that responsibility, although it will involve a certain amount of work. It is important work, however, and I think that hon. Members on both sides of the House, and those in another place, who have taken an interest in these matters will appreciate the Minister's constructive attitude. I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

It being Six o'clock, MR. DEPUTY SPEAKER *put the Questions necessary to dispose of the business to be concluded at that hour, pursuant to Order [5 March].*

Clause 139

PROTECTED FUNCTIONS OF THE LORD CHANCELLOR

Amendments made: No. 51, page 108, line 5, leave out '91(1ZA)' and insert '91(1)'.

No. 71, page 108, line 10, at end insert—

'( ) In the entry for section 26(5), (6) and (9) of the Judicial Pensions and Retirement Act 1993 (c. 8), for "and (9)" substitute ", (9) and (13)".'.—*[Mr. Roy.]*

Clause 143

COMMENCEMENT

Amendments made: No. 66, page 109, line 32, at end insert—

'( ) Section [Appointment as Chairman of Law Commission] comes into force at the end of the period of two months beginning with the day on which this Act is passed.'.

No. 52, page 110, line 1, after 'sections' insert '53, 54, [Transfer from salaried to fee-paid judicial office], [Appointment of Deputy Circuit judge],'.

No. 53, page 110, line 1, leave out 'and this section' and insert ', this section and Schedule 11'.—*[Mr. Roy.]*

Schedule 6

TRIBUNALS FOR THE PURPOSES OF SECTIONS 30 TO 36

Amendment proposed: No. 9, page 141, leave out lines 18 and 19.—*[Mr. Bellingham.]*

Question put, That the amendment be made:—

The House divided: Ayes 224, Noes 277.

Division No. 162] **[6 pm**

AYES

Afriyie, Adam
Ainsworth, Mr. Peter
Alexander, Danny
Amess, Mr. David
Ancram, rh Mr. Michael
Arbuthnot, rh Mr. James
Atkinson, Mr. Peter
Bacon, Mr. Richard
Baker, Norman
Baldry, Tony
Barker, Gregory
Baron, Mr. John
Barrett, John
Beith, rh Mr. Alan
Bellingham, Mr. Henry
Benyon, Mr. Richard
Beresford, Sir Paul
Binley, Mr. Brian
Bone, Mr. Peter
Bottomley, Peter
Brady, Mr. Graham
Brake, Tom
Brazier, Mr. Julian
Breed, Mr. Colin
Brokenshire, James
Brooke, Annette
Browne, Mr. Jeremy
Burns, Mr. Simon
Burrowes, Mr. David
Burstow, Mr. Paul
Burt, Lorely
Butterfill, Sir John
Cable, Dr. Vincent
Campbell, rh Sir Menzies
Carmichael, Mr. Alistair
Carswell, Mr. Douglas
Cash, Mr. William
Clark, Greg
Clarke, rh Mr. Kenneth
Clifton-Brown, Mr. Geoffrey
Conway, Derek
Crabb, Mr. Stephen
Curry, rh Mr. David
Davey, Mr. Edward
Davies, David T.C. *(Monmouth)*
Davies, Philip
Davis, rh David *(Haltemprice and Howden)*
Djanogly, Mr. Jonathan
Dorrell, rh Mr. Stephen
Dorries, Mrs. Nadine
Duncan, Alan
Duncan Smith, rh Mr. Iain
Dunne, Mr. Philip
Ellwood, Mr. Tobias
Evans, Mr. Nigel
Evennett, Mr. David
Fabricant, Michael
Fallon, Mr. Michael
Farron, Tim
Featherstone, Lynne
Field, Mr. Mark
Foster, Mr. Don
Fox, Dr. Liam
Francois, Mr. Mark
Fraser, Mr. Christopher
Gale, Mr. Roger
Garnier, Mr. Edward
Gauke, Mr. David
Gibb, Mr. Nick
Gidley, Sandra
Gillan, Mrs. Cheryl
Goldsworthy, Julia
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gove, Michael
Gray, Mr. James
Grayling, Chris
Green, Damian
Grieve, Mr. Dominic
Gummer, rh Mr. John
Hague, rh Mr. William
Hammond, Stephen
Hands, Mr. Greg
Harper, Mr. Mark
Harris, Dr. Evan
Harvey, Nick
Hayes, Mr. John
Heald, Mr. Oliver
Heath, Mr. David
Heathcoat-Amory, rh Mr. David
Hemming, John
Hendry, Charles
Herbert, Nick
Holloway, Mr. Adam
Holmes, Paul
Horam, Mr. John
Horwood, Martin
Hosie, Stewart
Howarth, David
Howarth, Mr. Gerald
Hughes, Simon
Huhne, Chris
Hunt, Mr. Jeremy
Hunter, Mark
Hurd, Mr. Nick
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Jenkin, Mr. Bernard
Johnson, Mr. Boris
Jones, Mr. David
Kawczynski, Daniel
Keetch, Mr. Paul
Kennedy, rh Mr. Charles
Key, Robert
Kirkbride, Miss Julie
Knight, rh Mr. Greg
Kramer, Susan
Lait, Mrs. Jacqui
Lamb, Norman
Lancaster, Mr. Mark
Laws, Mr. David
Leech, Mr. John
Leigh, Mr. Edward
Letwin, rh Mr. Oliver
Lewis, Dr. Julian
Liddell-Grainger, Mr. Ian
Lidington, Mr. David
Lilley, rh Mr. Peter
Llwyd, Mr. Elfyn
Loughton, Tim
Luff, Peter
Mackay, rh Mr. Andrew
Maclean, rh David
MacNeil, Mr. Angus
Maples, Mr. John
May, rh Mrs. Theresa
McCrea, Dr. William
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Miller, Mrs. Maria
Milton, Anne
Mitchell, Mr. Andrew
Moore, Mr. Michael
Mulholland, Greg
Mundell, David
Murrison, Dr. Andrew
Neill, Robert
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Oaten, Mr. Mark
Öpik, Lembit
Ottaway, Richard
Paice, Mr. James
Paterson, Mr. Owen
Pelling, Mr. Andrew
Penning, Mike
Penrose, John
Pickles, Mr. Eric
Price, Adam
Prisk, Mr. Mark
Pritchard, Mark
Pugh, Dr. John
Randall, Mr. John
Redwood, rh Mr. John
Reid, Mr. Alan
Rennie, Willie
Robathan, Mr. Andrew
Robertson, Hugh
Robertson, Mr. Laurence
Rogerson, Dan
Rowen, Paul
Ruffley, Mr. David
Russell, Bob
Sanders, Mr. Adrian
Selous, Andrew
Shapps, Grant
Shepherd, Mr. Richard
Simmonds, Mark
Soames, Mr. Nicholas
Spelman, Mrs. Caroline
Spicer, Sir Michael
Spink, Bob
Spring, Mr. Richard
Stanley, rh Sir John
Steen, Mr. Anthony
Stunell, Andrew
Swayne, Mr. Desmond
Swinson, Jo
Swire, Mr. Hugo
Syms, Mr. Robert
Taylor, Mr. Ian
Taylor, Matthew
Teather, Sarah
Thurso, John
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vaizey, Mr. Edward
Vara, Mr. Shailesh
Viggers, Peter
Villiers, Mrs. Theresa
Walker, Mr. Charles
Wallace, Mr. Ben
Waterson, Mr. Nigel
Watkinson, Angela
Webb, Steve
Weir, Mr. Mike
Whittingdale, Mr. John
Widdecombe, rh Miss Ann
Wiggin, Bill
Willetts, Mr. David
Williams, Hywel
Williams, Mark
Williams, Mr. Roger
Williams, Stephen
Willis, Mr. Phil
Willott, Jenny
Wilson, Mr. Rob
Wilson, Sammy
Winterton, Ann
Winterton, Sir Nicholas
Yeo, Mr. Tim
Young, rh Sir George
Younger-Ross, Richard

Tellers for the Ayes:
Mr. Crispin Blunt and Andrew Rosindell

NOES

Ainger, Nick
Ainsworth, rh Mr. Bob
Alexander, rh Mr. Douglas
Allen, Mr. Graham

Anderson, Mr. David
Atkins, Charlotte
Bailey, Mr. Adrian
Baird, Vera
Banks, Gordon
Barlow, Ms Celia
Barron, rh Mr. Kevin
Begg, Miss Anne
Bell, Sir Stuart
Benn, rh Hilary
Benton, Mr. Joe
Berry, Roger
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Borrow, Mr. David S.
Brennan, Kevin
Brown, Lyn
Brown, Mr. Russell
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, Andy
Butler, Ms Dawn
Byrne, Mr. Liam
Campbell, Mr. Ronnie
Caton, Mr. Martin
Challen, Colin
Chapman, Ben
Chaytor, Mr. David
Clapham, Mr. Michael
Clark, Ms Katy
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Connarty, Michael
Cooper, Rosie
Cooper, Yvette
Corbyn, Jeremy
Cousins, Jim
Crausby, Mr. David
Creagh, Mary
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Curtis-Thomas, Mrs. Claire
Darling, rh Mr. Alistair
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Dai
Dean, Mrs. Janet
Devine, Mr. Jim
Dismore, Mr. Andrew
Dobbin, Jim
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Ennis, Jeff
Farrelly, Paul
Field, rh Mr. Frank
Fisher, Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, Caroline
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gapes, Mike
Gardiner, Barry
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gibson, Dr. Ian
Godsiff, Mr. Roger
Goggins, Paul
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom
Havard, Mr. Dai
Healey, John
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hillier, Meg
Hodge, rh Margaret
Hodgson, Mrs. Sharon
Hoey, Kate
Hood, Mr. Jim
Hope, Phil
Hopkins, Kelvin
Howarth, rh Mr. George
Howells, Dr. Kim
Hoyle, Mr. Lindsay
Ilsley, Mr. Eric
Ingram, rh Mr. Adam
Irranca-Davies, Huw
Jackson, Glenda
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Mr. Martyn
Jowell, rh Tessa
Joyce, Mr. Eric
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Kelly, rh Ruth
Kemp, Mr. Fraser
Kennedy, rh Jane
Khan, Mr. Sadiq
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Love, Mr. Andrew
Lucas, Ian
Mackinlay, Andrew
Mactaggart, Fiona
Mahmood, Mr. Khalid
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Marshall-Andrews, Mr. Robert
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCabe, Steve
McCarthy, Kerry
McCarthy-Fry, Sarah
McDonnell, John
McFadden, Mr. Pat
McFall, rh John
McGovern, Mr. Jim
McGuire, Mrs. Anne
McIsaac, Shona
McKenna, Rosemary
McNulty, Mr. Tony
Meacher, rh Mr. Michael
Merron, Gillian
Michael, rh Alun
Milburn, rh Mr. Alan
Miliband, rh David
Miller, Andrew
Mitchell, Mr. Austin
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Moran, Margaret
Morden, Jessica
Morgan, Julie
Morley, rh Mr. Elliot
Mountford, Kali
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, Mr. Jim
Murphy, rh Mr. Paul
Norris, Dan
O'Brien, Mr. Mike
Osborne, Sandra
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, James
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, rh John
Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Roy, Mr. Frank
Ruane, Chris
Ruddock, Joan
Russell, Christine
Ryan, Joan
Salter, Martin
Seabeck, Alison
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Simpson, Alan
Skinner, Mr. Dennis
Smith, rh Mr. Andrew
Smith, Angela E. *(Basildon)*
Smith, rh Jacqui
Smith, John
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Taylor, David
Thomas, Mr. Gareth
Thornberry, Emily
Timms, rh Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Turner, Dr. Desmond
Ussher, Kitty
Vaz, rh Keith
Walley, Joan
Watho, Lynda
Wareing, Mr. Robert N.
Watts, Mr. Dave
Whitehead, Dr. Alan
Williams, rh Mr. Alan
Wills, Mr. Michael
Winnick, Mr. David
Winterton, rh Ms Rosie
Wood, Mike
Woodward, Mr. Shaun
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Noes:
Mr. Ian Cawsey and Mr. Alan Campbell

Question accordingly negatived.

Schedule 8

TRIBUNALS AND INQUIRIES: CONSEQUENTIAL AND OTHER AMENDMENTS

Amendments made: No. 54, page 162, line 12, at end insert—

'( ) In section 26 (retirement date for holders of certain judicial offices etc.) subsection (7) is amended as follows.

( ) In paragraph (f) for the words from "(persons" to the end substitute "(holders of relevant office);".

( ) After paragraph (g) insert—

"(ga) hold office as a deputy judge of the Upper Tribunal if—

(i) section 94B of the Constitutional Reform Act 2005 applied to the appointment, and

(ii) his corresponding qualifying office was listed in section 6(1) of the Tribunals, Courts and Enforcement Act 2007;"'.

No. 55, page 162 , leave out lines 40 to 42 and insert—

'Deputy judge of the Upper Tribunal appointed under paragraph 7(1) of Schedule 3 to the Tribunals, Courts and Enforcement Act 2007, except in a case where the holding of the office by the person in question falls within section 26(7)(ga) of this Act

Deputy judge of the Upper Tribunal by virtue of an order under section 31(2) of the Tribunals, Courts and Enforcement Act 2007'.—*[Vera Baird.]*

Schedule 11

DISTRICT JUDGES AND DEPUTY DISTRICT JUDGES

Amendments made: No. 56, page 201, line 26, leave out from 'judge,' to end of line 33 and insert 'or

(b) holds, or has held, the office of district judge.

(1B) The Lord Chancellor may not appoint a person under subsection (1) without the concurrence of the Lord Chief Justice if the person—

(a) holds the office of district judge, or

(b) ceased to hold the office of district judge within two years ending with the date when the appointment takes effect.

(1C) Section 85 of the Constitutional Reform Act 2005 (c. 4) (selection of certain office holders) does not apply to an appointment to which subsection (1B) applies."'.

No. 57, page 201, line 38, leave out 'under subsection (1B)' and insert 'to which subsection (1B) applies'.

No. 58, page 202, line 24, leave out sub-paragraphs (2) and (3) and insert—

'(2) If the person had held the office of district judge before his appointment, the person is to be treated after the commencement date as if section 102(1B) of that Act had applied to his appointment (and had been complied with).'.

No. 59, page 203, line 7, leave out from 'judge,' to end of line 14 and insert 'or

(b) holds, or has held, the office of district judge.

(1ZB) The Lord Chancellor may not appoint a person under subsection (1) without the concurrence of the Lord Chief Justice if the person—

(a) holds the office of district judge, or

(b) ceased to hold the office of district judge within two years ending with the date when the appointment takes effect.

(1ZC) Section 85 of the Constitutional Reform Act 2005 (c. 4) (selection of certain office holders) does not apply to an appointment to which subsection (1ZB) applies."

( ) In subsection (1A)(a) (duration of appointment as deputy district judge of person who previously held office as district judge), for "if he has previously held office as a district judge," substitute "if subsection (1ZB) applies to the appointment,".'.

No. 60, page 204, line 4, leave out from 'date' to end of line 5 and insert

'as if section 8(1ZB) of that Act had applied to his appointment (and had been complied with).'.

No. 61, page 204, leave out lines 15 to 19 and insert—

'"(g) hold office as a deputy district judge if either section 102(1B) of that Act (former district judge appointed as deputy in the High Court) or section 8(1ZB) of the County Courts Act 1984 (former district judge appointed as deputy in the county courts) applied to the appointment;".'.

No. 62, page 204, leave out lines 24 and 25 and insert

', for the words after "except in a case where" substitute "subsection (1B) of that section applied to the appointment of the person in question."'.

No. 63, page 204, leave out lines 28 and 29 and insert

', for the words after "except in a case where" substitute "subsection (1ZB) of that section applied to the appointment of the person in question."'.—*[Vera Baird.]*

Schedule 13

TAKING CONTROL OF GOODS: AMENDMENTS

Amendments made: No. 64, page 233, leave out lines 11 to 15.

No. 65, page 245, line 11, at end insert—

'Income Tax Act 2007 (c.3)

158 In section 955(4) of the Income Tax Act 2007 (proceedings before set-off claim is made) after "attachment" insert "or under Schedule 12 to the Tribunals, Courts and Enforcement Act 2007 (taking control of goods)".'.—*[Vera Baird.]*

Title

Amendment made: No. 67, line 3, after 'appointments', insert 'and appointments to the Law Commission'.—*[Vera Baird.]*

Order for Third Reading read.—[Queen's Consent, on behalf of the Crown, signified.]

6.15 pm

Vera Baird: I beg to move, That the Bill be now read the Third time.

This has been called a heterogeneous Bill and that is a reasonably accurate description. It will create a simplified statutory framework for tribunals, improving access to justice in many ways and establishing a platform for future reform. It will strengthen the independence of tribunals by separating them from the departments whose decisions they are reviewing. It will increase consistency of procedure and rules and it will deliver efficiency savings by, for instance, allowing the tribunal judiciary to sit more readily in other jurisdictions. It will thus enable us in a number of ways to deliver better services to users.

The enforcement provisions will create a consolidated code of enforcement agent law, bringing much greater clarity and removing scope for abuse. The Bill will allow us to create a simplified fee structure that will reward enforcement agents up front to discourage abuse. It will provide debtors with a range of remedies

[Vera Baird]

when an enforcement agent breaches the new code, and it will create an enhanced and extended certification scheme for enforcement agents, paving the way to independent licensing by the Security Industry Authority.

The Bill contains a number of measures for debt management and relief, which will come to the assistance of debtors when that is desirable. It also contains what I think and hope from our most recent debate will be a balanced system between the owners of potentially looted goods and museums that need an element of immunity. In a number of other ways scattered around the Bill are improvements to access to justice broadly. In the words of "1066 And All That", it is, I suggest, "a Good Thing".

I am very grateful for the way in which members of the Committee and those who have taken part today have applied themselves in the most amiable way to trying to get the best out of the Bill and to helping the Government to make sure that it is as strong and effective an aid to improving access to justice as it could possibly be. So good natured have almost all the exchanges been that I think the worst allegation that has been made about the Government in the whole of the Bill's passage through the House was that the Minister leading for the Government was a trendy dresser. I commend the Bill to the House.

6.18 pm

Mr. Bellingham: I thank the Minister for her comments. As she pointed out, the Bill tries to achieve a number of ends. In many ways, it is also quite a skeletal style of Bill, because of the meat that will have to be put on the bones through regulations, and we accept that.

We have subjected the Bill to substantial scrutiny in Committee, and I am grateful to the Minister for her forbearance and understanding and for ensuring that we have not had to guillotine the Bill at any stage. We had full debates in Committee and all the different concerns that we have put to the Government have been looked at. Although we cannot claim that we have had satisfaction on every single count, we have been able to put strong points of view on various fronts and we have had some of the concerns answered and some of our worst fears put to rest.

There are still areas that concern us. They have been gone through and I will not rehearse them now; it is not the time to do it. However, as a result of the Bill, we will have a far more efficient and effective unified tribunal system. The taxpayer ultimately will get better value for money if we look several years ahead. In the short term, there will obviously be implementation costs for the new unified tribunal system and I still have my concerns about the general tax commissioners. I always take the view, "If it ain't broke, don't try to fix it." Certainly I deeply regret the fact that the general commissioners have been included in the unified tribunal system.

The Government have done the right thing as far as judicial appointments are concerned. There has been a great deal of debate about enforcement by taking control of goods and the enforcement of judgments and orders. We were right to push the amendments that we did and to have votes on some of the key issues. I am sorry that the Minister has not conceded all the different points that we would like her to concede. On the other hand, by subjecting the Bill to substantial scrutiny, we have at least put the points of view of many of the organisations that stand up for people who are likely to get into debt and have bailiffs knocking on their doors. It must be a horrifying experience to go through all that. That is why we, as parliamentarians, were quite right to spend a substantial amount of time looking at the new procedures and powers, and the rights that people have to protect themselves.

I am still concerned, because, including the Committee stage and the debate this afternoon, we have had something like 10 votes on the key issues relating to bailiffs and on not one of those issues did the Government concede a great deal, although to be fair they have made it clear that—through regulations, possible changes to schedule 12, and the flexibility and power that Ministers have to issue guidelines and rules—they will encompass many of the concerns that we have put forward. Obviously we will have to wait and see what happens. With a Bill of this nature, which gives so much power to the Government to issue regulations and to make changes over the next few months and years, we are putting a great deal of trust in Ministers not to deviate from the course that this particular Minister has assured us they will follow.

We were quite right to keep pushing the point about the regulation of bailiffs. If we give bailiffs more power, we must have a proper method of protecting the wider public and give them the chance of redress and recourse to a proper complaints procedure through a body that imposes regulation. I thank the Minister for acceding to some extent to our wishes by bringing bailiffs within the remit of the SIA. That is a positive move forward and it would not have come about were it not for the representations made by Members on both Opposition Front Benches. We have pushed hard for this measure. I know that it is not everything that we wanted, but we have to be grateful for half a step forward, rather than the full step forward that we would have liked.

There is a great deal in the Bill that concerns debt management schemes, administration orders, and debt management and relief. Much of that has been well thought out. We have not subjected it to the same level of scrutiny as other parts of the Bill, but the Government have put a lot of time and effort into it and hopefully it will lead to a far better system.

As far as the protection of cultural objects on loan is concerned, this afternoon's debate was important. The Minister went a significant distance towards putting the mind of the hon. Member for Stoke-on-Trent, Central (Mark Fisher) at rest. He composed those amendments from his hospital bed. He was in hospital with septicaemia of his leg and was involved in negotiations with various different organisations when working on the amendments. He was brave to come to the House today to talk about the amendments, and I am pleased that the Minister is going to listen to some of the things that he said. We hope that the part of the Bill that relates to cultural objects will become far

better and more effective, because we all realise that galleries and museums are a vitally important part of our cultural life.

We are not going to vote against the Bill, because there is too much good in it to justify doing so—even though we have some ongoing concerns. I hope that we can continue the dialogue that we have had so far about those areas of concern. The Minister has always made it clear to us that, although we may disagree, her door is always open and she is prepared to discuss matters and listen to us and to the outside organisations that have been so assiduous, thorough and professional in briefing me, my colleagues on the Front Bench and other colleagues who take an interest in the Bill. We will not oppose the Bill, but we will be looking carefully at how the legislation develops and how it is implemented over the months and years ahead.

6.25 pm

Mr. Austin Mitchell: I join the chorus of praise. The Bill is leaving the House in a better form than when it arrived. In the main, I do not quibble with most of its provisions, especially those on debt management and relief. My interest has been concentrated on the provisions on bailiffs. I am a latecomer to that debate, so I have been engaged in a catch-up exercise. I am grateful for the advice that I have received from people such as Philip Evans about the way in which to catch up.

My concern about, and interest in, the subject was elicited by the clamping of my daughter's car and a charge of £700. I secured an Adjournment debate on the subject to which the Minister replied charmingly, although the *Grimsby Telegraph* categorised my speech as a foul-mouthed rant—we get such reviews from Grimsby. Following that debate, I have become aware that there is a large pool of bitterness and resentment about the behaviour of bailiffs and a need for them to be effectively controlled and regulated. People from throughout the country wrote to me with horror stories that clearly indicated that something needed to be done, and the Bill goes some way towards addressing the alarming situation.

We face the problem that our society is built on debt. We are all encouraged to take on more debt, and some people are carrying crippling burdens of debt. All the fixed penalty fines that are imposed add to such debt, and those fines are a particular burden for the poor and vulnerable. It is interesting that Liberal, Conservative and Labour Members are concerned about the possible oppression of the poor and vulnerable that is caused by the burden of debt. We are seeing penalties on poverty for people at the bottom of the social scale. Members are in a fairly comfortable position because we do not face bailiffs banging on our doors—at least I do not think that we do. It is interesting that since the housing allowance for Members of Parliament became so generous, we have ceased to be interested in housing problems. As we are fairly comfortable and well off, we are less interested than we should be in the problems of the poor, but they are very real. A large section of society is struggling with the burden of debt. A visit from the bailiffs—

Mr. Deputy Speaker: Order. I hesitate to interrupt the hon. Gentleman, but this is a Third Reading debate, rather than an opportunity to canter around the entire course again.

Mr. Mitchell: I apologise, Mr. Deputy Speaker. A Third Reading third rant is not appropriate.

The problems to which I have referred will have to be addressed effectively through regulations. A large area must be defined through regulations, so I hope that the Minister has listened to what has been said. She is a listening and concerned Minister, and I think that she has dealt effectively with points that have been raised. However, those points must be addressed by the regulations.

I would have preferred an independent regulator to the Security Industry Authority, because the authority will probably be as much use as the community wardens in Grimsby would be if they were asked to deal with the Enron affair, British Aerospace, or a mafia problem. The authority will not be sufficiently powerful or effective. The way in which the authority develops is now in the Minister's hands, as is the way in which bailiffs' powers will be controlled, regulated and restrained.

It is unfortunate that we are breaching the principle that an Englishman's home is his castle, which was first breached by the Domestic Violence, Crime and Victims Act 2004. That is bad, because we are making the punishment a further penalty by increasing the burdens on the poor. However, the matter is now in the hands of the Minister and the regulator. My hon. and learned Friend has listened to the debates and made adjustments, so I am sure she will ensure that the regulations that will be the basis of control of the bailiffs will be as effective as the House clearly wants them to be in protecting the poor and the vulnerable.

I congratulate the Minister on her handling of the Bill. It has been an education to watch its effective progress, which I hope will continue.

6.30 pm

Simon Hughes: This has been a momentous afternoon. In less than seven hours, one Prime Minister has answered his last Question Time and indicated his intention to stand down not only as Prime Minister but as a Member of Parliament. The Chancellor of Exchequer of this morning has become the Prime Minister of this afternoon. The Bill, which came into Parliament from the Department for Constitutional Affairs, leaves as a Bill from the Ministry of Justice. I think I am right in saying that when it receives its Third Reading and Royal Assent it will be the first Bill from the new Ministry; indeed, it may also be the first Bill of the new prime ministership to receive Royal Assent.

The Bill is important in terms of history, but it is important in its own right, too, and I congratulate the Government. The Bill is another indication that they are interested in justice reform—of the system and the courts—which has been necessary for a long time.

The first part of the Bill reforms tribunals and gives them a structure, which is necessary and welcome. Like the hon. Member for North-West Norfolk (Mr. Bellingham) and others, my only reservation is about how the general commissioners for taxes and their clerks will be dealt with, but we have made our views clear on that. There are some welcome proposals on judicial appointments, which met with no dissent on either side of the House.

[Simon Hughes]

The measures on debt management and relief are also welcome. As the Minister and the hon. Member for Great Grimsby (Mr. Mitchell) said, we are all aware that we live in a debt-ridden, debt-shackled society, where the chains are getting longer and the pressures are becoming greater all the time. It is important to help people to manage debt and get out of it. I am sure that every MP regularly confronts people in that position in their surgery; it is a sad fact of our society that pressures to buy are so great that they can overtake the possibility of survival. For some people at the lower end of the income scale that has always been the case, but more people are affected, and more severely and dangerously.

The last point of complete assent was that we needed to do something about cultural objects on loan in the UK. We have made progress and protected those objects in a better regime.

A more controversial subject was how we should deal with bailiffs, enforcement agents and others who have the right to enter people's homes or businesses, or to take their property. There has been dispute about that issue. As well as amendments in Committee, four Opposition amendments and one Labour Back-Bench amendment were tabled today. None succeeded, but the Minister gave us some useful and welcome assurances during the passage of the Bill, not least that the new powers will come into force only when the new protection—the new regulatory structure—is in place. That was the most welcome change in the Government's position and we backed it with much appreciation.

My hon. Friend the Member for Cardiff, Central (Jenny Willott) and I enjoyed serving in Committee and doing our duty on the Bill. We realise that it is important, but the work is not yet done. As the hon. Member for Great Grimsby reminded us, we live in an age not only of much more debt, but where there are 266 powers under which people can enter the homes of our citizens. We have managed to circumscribe some of them in relation to debt and the collection of debt, but many others remain uncontrolled in a way that the citizen does not understand. There remains work for the Department and for Parliament to do to make sure that we give citizens more rights as well as allow people properly to enforce the debts that are owed to them.

My final reflection is that although there may have been much more interest today in the Executive than in the legislature, the legislature has continued to do its job today while others around us are doing theirs. In the end, it is the laws that are passed as well as the policies of Ministers that most influence people's lives. This is an important Bill and I hope that many people will benefit from it.

Question put and agreed to.

Bill accordingly read the Third time, and passed, with amendments.

DELEGATED LEGISLATION

Motion made, and Question put forthwith, pursuant to Standing Order No. 118(6) (Delegated Legislation Committees),

Extradition

That the draft Extradition Act 2003 (Amendment to Designations) Order 2007, which was laid before this House on 24th May, be approved.—*[Steve McCabe.]*

Question agreed to.

EUROPEAN UNION DOCUMENTS

Motion made, and Question put forthwith, pursuant to Standing Order No. 119(9) (European Standing Committees),

Fisheries: By-catches and Discards

That this House takes note of European Union Document No. 8179/07 and Addenda 1 and 2, Commission Communication, A policy to reduce unwanted by-catches and eliminate discards in European fisheries; and agrees with the Government's initial assessment of the proposal that it represents a sound basis for debate, but that the discussion of possible solutions needs to take full account of the mixed nature of many of the EU fisheries and balance the socio-economic interests involved, whilst the UK is mindful of the importance of effective enforcement and control and the resource implications thereof.—*[Steve McCabe.]*

Question agreed to.

PETITION

Post Office (Bromley)

6.36 pm

Robert Neill (Bromley and Chislehurst) (Con): My petition relates to the proposal by the Post Office to close the main post office in Bromley town centre and transfer its activities to an upstairs floor of the local WH Smith—a matter of great concern to people in my constituency and in surrounding areas, including the constituency of my hon. Friend the Member for Beckenham (Mrs. Lait), who is present.

The petition states:

To the House of Commons.

The Petition of the residents of Bromley and the surrounding area and visitors to the London Borough of Bromley.

Declares that the Petitioners are extremely concerned by the Post Office Ltd. decision to close the East Street crown post office and relocate services to WH Smith and believe that this will lead to a greatly reduced service and result in serious access problems especially for the disabled and elderly.

The Petitioners therefore request that the House of Commons make clear to the Government and Post Office Ltd. the importance of the East Street Post Office to the local community and the benefit that it currently provides.

And the Petitioners remain, etc.

To lie upon the Table.

Kosovo

Motion made, and Question proposed, That this House do now adjourn.—*[Steve McCabe.]*

6.37 pm

Mark Pritchard (The Wrekin) (Con): I am grateful for the opportunity to speak on this important subject. Given the current impasse in Kosovo, tonight's debate is timely. First, however, I think it only right to put on the record our remembrance of those people across the ethnic divide in former Yugoslavia who suffered for such a long time, with many thousands losing their lives in the conflict.

The debate on Kosovo's future status has reached a crucial point. United Nations special envoy Martti Ahtisaari's final comprehensive proposal for a Kosovo status settlement still does not have universal agreement, and it is that lack of consensus which is causing the current road-block to progress. The United States, backed by the UK, although understandably eager to see a Kosovo settlement, is perhaps in danger of being a little too eager in calling for a new UN resolution to be adopted "as soon as possible". At this sensitive juncture, such a resolution might be unhelpful and awkwardly premature. It was not over-constructive of President Bush to declare in Tirana two weeks ago that "Kosovo is independent". The comments might have played well in Albania, but they did little to advance a consensus-based settlement. A unilateral declaration by the United States and the United Kingdom would also serve to undermine an already weakened United Nations.

Clearly, an early settlement to the Kosovo question is desirable to all players. Failure to make progress would set back the timetable for Kosovo's and Serbia's applications to become members of the European Union, and would also impact on other candidate countries in the region.

It is in the interests of Europe and the region that a settlement be agreed, but it needs to be a lasting settlement that stands the test of time—and tests will surely come. German Chancellor Merkel was right to say at the G8 summit that Europe's leaders want a consensus-based solution, but that consensus should be based on agreement between Serbia and Kosovo, not agreement between the United Kingdom and the United States. The US and the UK should not underestimate the resolve of the Serbian people on that matter, and should not overestimate the attraction of future EU membership for Serbia. Yes, jobs are important, but long-term jobs and investment in both Kosovo and Serbia can be sustained in the long-term only if there is long-term peace.

The United States has impressive insight into and knowledge of geopolitics, but to suggest that the US has a greater knowledge of the Balkans than Kosovo's near neighbours, such as Slovakia, Romania and Russia, is misguided. I do not wish to be unnecessarily critical of the UK Government, but once again it appears that they are falling in behind the position of the American State Department and, more importantly, the White House, rather than trying to realign the US's position, which would be more helpful to all those involved in the process.

There is still time for the UK Government to adopt a "candid friend" approach, but time is running out. I reiterate that there are great dangers in trying to force through a plan without consensus. If consensus cannot be achieved, we should try to make progress, with fewer areas of disagreement; there is a distinction between the two. The Minister for the Middle East will know that peace—true peace that lasts—is not written on scrolls and treaties, but on the hearts and minds of peoples and populations.

That brings me on to Russia. As the record suggests, I have been critical of Russia on many occasions, but on the issue of Kosovo I think that Russia is right in saying that there needs to be a negotiated solution, rather than an imposed solution. Notwithstanding that, Russia should not wittingly or unwittingly allow its view on the status settlement to be entangled by wider fears about European expansion. It is not just in Europe's interests, but in Russia's own strategic interest, for there to be peace in the Balkans.

What can be done to make progress? First, there should be full implementation of Security Council resolution 1244, as regards the conditions in which Kosovo's Serbs live. Secondly, Kosovo's Prime Minister, Mr. Çeku, needs fully to recognise how far Serbia has come, and he should not make unreasonable demands of President Tadic. He also needs to ensure that Kosovo's expectations are managed appropriately internally. That, of course, should be done through peaceful means. Mr. Çeku's Government need to agree on multi-ethnic symbols for the future of the Kosovo state. They should also ensure that more robust measures, and not just measures for the protection of Serbian religious sites, are put in place to protect the Serb minority.

The United States Administration should allow some modifications to the Ahtisaari plan, such as the creation of the post of special envoy for minorities, and the setting of a five-year moratorium—I am flexible about the length of the moratorium—before Kosovo can apply for UN membership. Washington, London, Berlin and Pristina need to avoid using the pretext of pro-Kosovo independence violence on the streets of Pristina to try to rush through a settlement. Such a policy could fuel further genuine and/or orchestrated violent protests in Pristina, and further such protests in response in Belgrade.

I should like to ask the Minister why the UK Government dismissed so quickly the proposal to split the Ahtisaari plan. First, we could consider ensuring that Kosovo's Government improved the lives of the 100,000 Serbs still living in Kosovo, as I said earlier, but robust measures should be taken. Perhaps it could be implicit that after that, there would be a process leading towards statehood at a later agreed date. Perhaps the Government need to revisit that possibility. Does the Minister agree that both the letter and spirit of resolution 1244 on the protection of minority rights should remain a precondition of the status issue? Sustainable social, economic and political equilibrium is clearly needed if peace is to be maintained in the region.

I am conscious of Kosovo's status post-settlement, and I hope that in trying to ensure a peaceful future for the Balkans—perhaps intervention through NATO should only have ever been a temporary military

[Mark Pritchard]

measure, not a long-term political intervention—the United States, the UK and their partners should ensure they do all they can to make sure that Kosovo does not become, over time, a base camp for the radicalisation of the Balkans.

Mike Penning (Hemel Hempstead) (Con): I thank my hon. Friend for his generosity in giving way. May I take him back to his comments about NATO and invite him to join me in congratulating the NATO and British troops who helped to secure the peace in Kosovo? We would not be able to discuss peace and Kosovo's future were it not for the brave personnel in our armed forces, especially the British armed forces.

Mark Pritchard: Absolutely. My hon. Friend, as ever, makes a pertinent and well put point, and I pay tribute to all the members of Her Majesty's armed services who served, or are serving, in the Balkans. He will know that more than 200 members of the intelligence corps and signal regiment are serving in Kosovo today, and the former Prime Minister was right to refer to that in the House today.

May I touch on common foreign policy? In his recent European Council statement to the House, former Prime Minister Blair said that it was

"important that Europe has a common foreign and security policy".

I fundamentally disagree with the breadth of the statement. In the same reply, Mr. Blair unwittingly underlined the very reason why such a policy is unworkable. He said that

"in relation to Iran, Kosovo or how we make progress in the middle east...it should allow us to have a European position."—[*Official Report*, 25 June 2007; Vol. 462, c. 28.]

Perhaps the Minister can remind the new Prime Minister that there is no common European position on Kosovo. Slovakia, Romania and Greece all have major reservations about taking the Ahtisaari plan en bloc. If Europe cannot agree a common foreign policy position in its own backyard, how can it agree a common position on the many global challenges that will face us and unravel over the coming years and decades?

In conclusion, if the American Administration make a unilateral declaration on Kosovo's independence, that could precipitate exactly the same action from the Assembly of Kosovo and Prime Minister Çeku. That would be a huge and dangerous step backwards, which is why a new timetable for a new settlement agreement would be helpful to everyone involved. Negotiations cannot continue in perpetuity—I accept that eight years working towards a settlement is long enough—and the limbo should end. Further clarity and reassurance are needed, not alarm and threats. There is a great deal of difference between a timetable towards a new consensus resolution and the imposition of a resolution. Yes, progress needs to be made, but it must be proportionate to the extant good will within the process, not disproportionate. I hope that our new Prime Minister will start his premiership by encouraging the United States to listen more and first rather than after the damage is done. Diplomatic short cuts seldom provide long-term solutions for peace, and the price of getting a Kosovo settlement wrong would be very costly indeed.

6.49 pm

Andrew Mackinlay (Thurrock) (Lab): First, may I congratulate the hon. Member for The Wrekin (Mark Pritchard), who initiated the debate, on his sensible, prudent assessment of where we are in relation to Kosovo? I thank him, too, for allowing me to trespass on his debate. I wholeheartedly agree with almost everything that he said, but I should like to complement his speech with my own examination, having visited Kosovo and having worked on the issue as a member of the Select Committee on Foreign Affairs.

I believe that each and every one of us in the House supports the notion of people having self-determination. I take that principle into consideration when examining the future of Kosovo, Serbia and the former Yugoslav region. I am conscious of the fact that the former Prime Minister, Tony Blair, can justifiably take pride—

Mr. Deputy Speaker (Sir Michael Lord): Order. I appreciate that there have been many changes today—*[Interruption.]* I am sorry. I am told that Mr. Blair has resigned.

Andrew Mackinlay: Not at all, Mr. Deputy Speaker. I understood that Tony Blair had resigned from the House and gone.

Tony Blair is entitled to take pride in the intervention that occurred a number of years ago to put some arms around the people of Kosovo and protect them from a potential genocide and ethnic cleansing exercise. Nevertheless, the present situation in Kosovo is fragile. I say with unusual respect and courtesy to Ministers and, through them, to the Foreign Office that I think they are still reading the tea leaves slightly wrong.

If one goes to other parts of Europe and speaks to members of other diplomatic services and international agencies that have some involvement in Kosovo, one will find that a number of them will say spontaneously that the Ahtisaari plan is dead. That might be wrong, but I am reflecting in the House what they say. There is always a danger of the Foreign Office thinking that it can still pursue the plan. I have heard members of the Foreign Office and administrators say, "Eventually Russia will come round." That is a big mistake.

One always hopes that one can persuade, but sometimes one has to recognise people's red lines. On Kosovo, Russia made it clear that it is not prepared to sign up to Kosovan independence along the lines of the Ahtisaari plan. However, it is prepared to negotiate some way of moving forward in that fragile region. Russia is entitled to be listened to. Like the hon. Member for The Wrekin, I was concerned about George Bush going to the region and almost bouncing the international community into saying that the Ahtisaari plan and Kosovan independence were as good as delivered. That is extremely dangerous. I hope the Government will use their best offices to counsel restraint on the part of the United States, and that they will pause and reflect whether there is a way round the differences that exist.

Ever since tsarist times, Russia has seen itself as having some responsibility towards the other Slavonic nations. That was reflected during the time of the monarchy, during the communist period and in the Russian Federation today. That is imbued in Russians, and they inevitably have a desire to support the Serbian Government. Russia says that it has adhered to the Helsinki Final Act of the late 1970s, which provided that there should be no arbitrary alteration of the boundaries of the states of Europe. Of course there have been alterations, but the Russians say that they have never fostered or encouraged that. That is true, and they say it with some common sense and prudence.

The Russians argue that if we arbitrarily alter the boundaries of Europe and create an independent Kosovo because of the views of the people in that area, there are other parts of Europe, much more fragile, where the same principle could be applied.

It could apply to Transnistria, which wishes to break away from Moldova. There are parts of Georgia where there are Russian enclaves that would like to join the Russian Federation. There are parts of Armenia and Azerbaijan where such minorities exist, and the principles that Ahtisaari is advocating for Kosovo could also apply there. That is an extremely dangerous position, but one need not go to those areas to support the notion that this could be a dangerous precedent. The Basques in Spain and France could have argued this. There are Hungarians in Slovakia and Romania who would probably argue along those lines. So we must tread cautiously and not be dismissive of the logical, prudent and well-rehearsed case of Russia, which says, "Hang on a moment. Let's be cautious about breaching the principles of the Helsinki Final Act."

Mark Pritchard: Does the hon. Gentleman agree that although there is a lot of good in the Ahtisaari plan, it should be seen not as a table-d'hôte menu but as an à la carte menu, and that we need to work around that?

Andrew Mackinlay: I wholeheartedly agree with the hon. Gentleman, and I want to come on to what I think is the way forward. I am not dismissing Ahtisaari, I am simply saying that Ahtisaari with Kosovan independence, a seat at the United Nations and an internationally recognised personality as a sovereign independent state would at this stage be foolhardy. But there is a way forward, and I notice that the hon. Gentleman pleaded with the British Government to consider splitting the Ahtisaari plan, using it as a basis for negotiations, which I wholeheartedly support.

A phrase is being used in the international community that I would like the Minister to examine and consider, both during this debate and subsequently, and that phrase is Hong Kong-plus. Basically, it means that just as Hong Kong, which is de jure part of the People's Republic of China, is not a state of the United Nations, yet has its own currency, its own offices in the big cities of the world, and in essence its own foreign service—although it cannot deal with matters relating to defence and wide foreign policy—and in so many respects, such as commerce, is a separate political unit, technically part of China, but with this independence, so Hong Kong-plus seems to be the way forward to overcome the difficulty of Kosovo and Serbia, with their two quite legitimate positions.

One can have sympathy for both sides, but one could create a situation where, at least for a score of years, or perhaps 25, Kosovo remained de jure part of Serbia. That would satisfy many moderate Serbians, who see it as a principle that Kosovo should not be separated from Serbia. It would satisfy the moderate mainstream people of Serbia who see Kosovo in the context of all its attachments to their religious and cultural background, with its many critical religious and cultural sites. Kosovo would stay de jure part of that country, and its title could be negotiated—Serbia-Kosovo, or perhaps a new title. Although that would not satisfy people in Kosovo who demand independence, it could avoid conflict. They would live with it if they knew that the business and running of Kosovo was to be done by a democratically elected Government based in Pristina. That is the way forward, and could avoid conflict, and it would give some assurance.

Things do not stand still. I hesitate to use the term "buy more time" because it seems rather clumsy, but if the international community had another score of years to spend on this matter, things would not stand still. One would hope that the other constituent parts of the former Yugoslavia would have acceded to the European Union, and one would hope that Serbia and Kosovo, as a unit, would have come into the EU. That is the way forward in terms of conflict resolution. After all, we would have reconstituted within Europe the states that made up Yugoslavia. People would be able to feel comfortable, living in the areas where their communities and their religious and ethnic friends and relations were. They could commute and work in Belgrade, or vice versa, and they could visit the religious orthodox sites in what is currently the area of Kosovo. Those within Europe have free mobility of labour, and this is possibly a way forward.

Mark Pritchard: I am grateful to the hon. Gentleman, who has been very generous in my debate.

It being Seven o'clock, the motion for the Adjournment of the House lapsed, without Question put.

Motion made, and Question proposed, That this House do now adjourn.—*[Mr. Watts.]*

Mark Pritchard: Does the hon. Gentleman agree that Albania has a major role in ensuring that its dialogue with Kosovo is restrained and measured, certainly in the context of its wanting to accede to the EU? It needs to be a responsible player in the region.

Andrew Mackinlay: Yes, and Tirana is doing that. Sometimes—out of either ignorance or malevolence—some people exaggerate the desire of Albania and try to imply that there is strong irredentist movement there. That is not proven; in fact, a resolution of this matter will probably guarantee that that does not happen. Albania is on board for the kind of scenario and solution that, rather inadequately, I fear, I am outlining. Albania aspires to EU membership and has no desire to take Kosovo into its territory.

We must advance the carrot of EU membership simultaneously for Kosovo-Serbia, Bosnia-Herzegovina and the other states of the former

[Andrew Mackinlay]

Yugoslavia that are outside the EU. If we can bring them in more or less simultaneously, many of the ingredients that create anxieties, jealousies and problems involving property rights will be minimised. I would have thought that the Hong Kong-plus scenario is the way in which Her Majesty's Government should proceed. They could say, "We broadly accept the Ahtisaari plan, but we don't think that we should be talking at present, or in the foreseeable future, about a seat at the United Nations or a single legal personality as a sovereign independent state. Let's proceed according to the precedent of what happened with Hong Kong and China."

I hope that my hon. Friend the Minister will reflect on that and will take my word that, outside the UK, there is a view that the Ahtisaari plan, which provides independence fairly immediately, will not succeed and will not get through the UN Security Council. The great danger of President Bush's action is that if the plan is vetoed at the Security Council—that would be disastrous, so I would prefer it not to be put there—there will be people in the United States who will encourage a unilateral declaration of independence in Pristina. That would be catastrophic, in my view.

The United States would then probably recognise Kosovo unilaterally, and there would be a major split in the EU which, whatever our views of the EU, none of us wants. It would send all the wrong signals around the world about the solidarity of Europe. Countries such as Spain, Hungary, Slovakia and others would be very unhappy about breaking the principles of the Helsinki Final Act, given all the ethnic minorities in their countries. It would be disastrous if a unilateral declaration of independence were to be coaxed or encouraged by the United States, or by the clumsy handling of other European states.

We tend to think, wrongly, that Kosovo is a territory where overwhelmingly there are Kosovan Albanians. Of course, even today there are in the territory significant numbers of Serbs in enclaves, who are feeling quite frightened. There are precious cultural and, mainly Orthodox, religious sites in Kosovo, which are very important to people and are guarded by troops from NATO, the European Union and other countries who have contributed, very helpfully, over the years. There are also people who have fled their homes in Kosovo and are living on the north bank of the city of Mitrovica.

It would be careless to grant independence to Kosovo without recognising those people, who have a moral right of return to their properties and their cultural and religious sites. If they were ignored, some people would find that unacceptable and could resort to guerrilla warfare. There are extreme nationalists in Serbian politics who would exploit that situation. We would hang out to dry the sensible and brave people in Serbian political life who want to bring their country and the other countries of the former Yugoslavia into the wider European family. We have an obligation to those brave people, who have come a long way, particularly over the past two or three years. There is a fragile parliamentary-based Government in Belgrade to whom we need to give as much support as we can. I counsel the Minister—I hope that he will continue in office next week, but this might have to be in his final hours as a Minister—to do what he can, or to leave on the file his desire at least to reflect on the idea of Hong Kong-plus.

7.6 pm

Mike Penning (Hemel Hempstead) (Con): I congratulate my hon. Friend the Member for The Wrekin (Mark Pritchard) on securing the debate and articulating so much knowledge about a very complicated subject. I also congratulate the hon. Member for Thurrock (Andrew Mackinlay), who, I am sure, understands the subject far better than I do.

Without delaying the House for too long, I want to join other Members in trying to encourage the Minister to slow down. We have heard a lot about big-tent politics in the past few days, and if there is one part of the world where we need big-tent politics, it is the Balkans. It is absolutely crucial that we do not assume that, as a Library paper said recently, the only main players are those that were there in 1994—America, the UK, France, Germany, Italy and Russia. The picture is much bigger than that. Sadly, so much blood was shed to get to the position where we are now, both before NATO got involved and subsequently. We must not forget the desperate situation in Kosovo before the NATO troops were there. I pay tribute from the Conservative Back Benches to the former Prime Minister for the work that he did to help to secure peace in Kosovo.

We must not do anything that jeopardises the extraordinarily delicate situation in the Balkans. If we push ahead, perhaps for the sake of our American colleagues and their political situation, and ignore that delicate situation, we will imperil not only the people of the Balkans but, again, our own troops. That part of the world has a very delicate history. We should not forge ahead with an outcome that the majority of people in Serbia and in Kosovo are not on board with, so that they feel that it is being imposed on them by the Contact group, and nor should we ignore the views of the other countries involved, including Greece and Albania.

I am not a great lover of the European Union, but it has its uses. If we can create peace in Europe, especially in the Balkans where it has been so difficult to achieve over the centuries, by encouraging these countries to join the EU—to see the bigger picture and be part of the European movement—that is one aspect of the EU that I am sure that British taxpayers would be happy to pay for.

As I said, I do not want to detain the House. The Minister has heard the message this evening that we should not push forward too fast. If more hon. Members were present, I am sure that he would have heard the same sentiments from them. Eight years is a short time in the history of the Balkans. We have a golden opportunity, for which British and NATO soldiers have paid with their lives, to have lasting peace in that part of the world. I urge the Minister—or whoever will be in post—the new Foreign Secretary and the new Prime Minister to say, when they visit their American counterparts, "Slow down. Give these people a chance to be involved. Don't exclude them or impose anything on them." Excluding them or imposing a solution could put the rest of Europe in jeopardy.

7.10 pm

The Minister for the Middle East (Dr. Kim Howells): I thank the hon. Member for The Wrekin (Mark Pritchard) for securing the debate and for his interest in Kosovo—he has great expertise in that important subject. May I join him in praising our armed forces in the Balkans? The hon. Member for Hemel Hempstead (Mike Penning) drew our attention to the bloodshed that has occurred there. I saw that, and the bravery of our troops in action, at first hand in Bosnia in 1993.

I also witnessed something about which the hon. Member for The Wrekin was calm and restrained: the bloodthirsty jihadists who flocked into Bosnia to murder and kill in the name of some perverted translation of religion. We are keenly aware of the danger of slipping back into a bloodbath, which is why we must get matters right.

I also thank my hon. Friend the Member for Thurrock (Andrew Mackinlay). I have been accused of many things, but never of reading the tea leaves wrongly.

Andrew Mackinlay: The froth on the beer, then.

Dr. Howells: And certainly not the froth on the beer.

I always reflect carefully on my hon. Friend's words and observations. He is a skilled member of the Foreign Affairs Committee and I greatly respect his opinion on such matters.

I also share your confusion, Mr. Deputy Speaker, about the status of the debate. When the hon. Member for The Wrekin rose to speak, I wondered whether it was the last timetabled debate of the Blair era or the first of the Brown era.

Andrew Mackinlay: The first of the new era.

Dr. Howells: My hon. Friend is probably right and it is a great honour to participate in it.

There have been many international challenges in my time in Parliament. I clearly remember the difficult days of 1998 and 1999 in Kosovo. In June 1999, the United Nations Security Council unanimously adopted resolution 1244, which, by providing for a UN mission and a NATO military presence, drew the war in Kosovo to a close. We have come a long way since then. In many ways and for most people, Kosovo today is a much better place than it was in 1999. However, as the hon. Member for The Wrekin, my hon. Friend the Member for Thurrock and the hon. Member for Hemel Hempstead said, the position remains fragile and we must be aware of that.

Although resolution 1244 tackled the immediate post-conflict challenges, it left the key issue of status unresolved. In November 2005, Ambassador Kai Eide reported to the UN Security Council that the status quo was unsustainable and that the time had come to find a solution to the Kosovo status issue.

Earlier this year, after 14 months of intensive negotiations between the parties, and, as the hon. Member for Hemel Hempstead reminded us, almost eight years on from 1999, UN special envoy Ahtisaari concluded:

"The current uncertainty has become a major obstacle to Kosovo's democratic development, accountability, economic recovery and inter-ethnic reconciliation."

I firmly agree with that analysis. Persisting with the status quo in Kosovo is certainly no recipe for stability, and nothing that I have heard tonight seeks to claim that. Nor is it a recipe for reconciliation between Kosovo's Albanian and Serb communities, or for much-needed economic regeneration. Nor is it morally right. It would consign the 2 million people in Kosovo to continuing political and economic stagnation.

President Ahtisaari negotiated tirelessly, holding 15 rounds of direct talks between Belgrade and Pristina while experts from the special envoy's office met the parties separately on no fewer than 26 occasions. He also took sensitive account of the situation in Serbia, and twice accepted delays to his timetable to accommodate political developments in Belgrade. My hon. Friend the Member for Thurrock was right to draw attention to the fact that the situation in Belgrade is constantly shifting; I have drawn a lot of encouragement from that.

President Ahtisaari submitted his proposals, which he described as independence for Kosovo,

"supervised by the international community",

to the UN Security Council on 26 March. I believe that his proposals strike the right balance for Kosovo and the region. They recognise the aspirations of the majority of Kosovo's population while providing extensive reassurance and protection to non-Albanian communities, particularly the Kosovo Serbs. The settlement provides for assured minority participation in central Government and for far-reaching decentralisation, including through the creation of new Serb-majority municipalities. It provides for continued links and funding between Serbia and Serb municipalities in Kosovo, and it would also create protection zones around more than 40 key Serb cultural and religious sites in Kosovo, as mentioned by the hon. Member for The Wrekin.

I recognise that the Ahtisaari plan will be challenging to implement, and I warmly welcome the Kosovo Assembly's prompt undertaking to implement it in its entirety. That will require real commitment from Kosovo's leadership and support from the wider public. It will also require the Kosovo Serb leadership to recognise the opportunities that the settlement presents for its communities, and to begin to engage with that. It will also require a sustained commitment from the international community. Substantial planning is already under way for that international presence.

I want to address some of the issues relating to that which were raised by the hon. Members for The Wrekin and for Hemel Hempstead. On implementation of the Ahtisaari proposals, it is envisaged that NATO will continue to provide the international military presence in Kosovo. Separately, there will be a robust international civilian presence. A European security and defence policy mission will be responsible for working with the Kosovo institutions related to policing and the rule of law, and an international civilian office will be responsible for overseeing the implementation of the settlement. I understand perfectly the point raised by the hon. Member for Hemel Hempstead that the response from EU members

[Dr. Howells]

to that proposal will range from enthusiasm to hostility. There is no question about that. The hon. Gentleman described a need for big-tent politics, and we have to understand the need for that in Kosovo, just as we do in the EU. It was a good description.

Two teams—an EU planning team and an international civilian office preparation team—are in place in Kosovo, carrying out the necessary planning and preparation for the arrival of the international civilian presence. Those institutions will take over from the UN mission in Kosovo during a 120-day transition period. NATO and KFOR—the Kosovo peace implementation force—remain strongly focused on planning, too. During that period, the Kosovo Government will continue to carry out their responsibilities, including the day-to-day running of government, as well as the passing of legislation to facilitate the new arrangements for the territory. There is no question of a vacuum in Kosovo under the Ahtisaari proposals.

While Kosovo is a sensitive issue for some EU member states, the EU as a whole has consistently given clear messages in support of Ahtisaari and his efforts. On 18 June, the General Affairs and External Relations Council,

"confirmed its support to UN Special Envoy Martti Ahtisaari and reiterated its view that his comprehensive proposal...provides the basis for the settlement of the Kosovo issue".

The council also,

"underlined the necessity of rapidly finding a solution to the Kosovo status issue."

The Ahtisaari proposals are now in New York, and the UK remains committed to achieving a Security Council resolution, even if that is not an easy task.

My hon. Friend the Member for Thurrock asked what would happen if Russia rejected the proposal. I certainly do not want to engage in a hypothetical discussion of what might happen—we could do that until this time next week. Russia may not come along with a plan. At this moment, however, we are focused on achieving a resolution in New York. There is no realistic alternative to supervised independence. Drift is emphatically not a safe option, although I am grateful to him for raising the model, as he put it, of Hong Kong-plus. The Ahtisaari proposal, as I shall try to explain, is a better model.

Mark Pritchard: Does the Minister agree, however, that the alternative is perhaps to split the Ahtisaari plan into two, so that the status settlement runs alongside delivery on other key issues, such as more protection for minorities—clearly, mostly Serbs?

Dr. Howells: Such a split would lose the careful balance that, we believe, runs through the Ahtisaari proposals. It would simply not work on the ground. Two thirds of the Ahtisaari proposals set out safeguards and benefits for the Kosovo Serbs. It would be difficult to convince the Kosovo Albanians to implement those elements of the proposals if the issue of status were left unresolved.

In addition, I firmly believe that NATO and the EU would not be prepared to invest the necessary resources in trying to implement an unworkable arrangement. Both those international bodies stand ready to implement the Ahtisaari settlement. We need a sustainable outcome that will generate stability. Proposals for, say, a phased settlement will lead to the opposite unless it is clear that the end destination is supervised independence, as recommended by Ahtisaari. As the hon. Gentleman will know, the special envoy concluded, and all observers of the status process agreed, that over the course of the negotiations the positions of the parties on the crucial issue of status diverged. We should not be under any illusion that further negotiations would lead to a negotiated outcome.

The hon. Member for Hemel Hempstead drew attention to the fact that, in terms of the history of the Balkans, eight years is not a long time. As someone who has always been passionately interested in history, I suppose that, relatively, it is not a long time. But for the minorities within the former Yugoslavia who have been suffering, it is a long time. They are looking forward to giving their children the opportunity of a better education and a better life within their country, instead of having to move away from the western Balkans, as so many have done, to find work, the dignity of a paid job and some semblance of a sustainable future.

Mike Penning: My background is that of a military historian, and the history of the Balkans is especially long and detailed. The Minister referred to drift, which is an important issue. Some parts of the world do not have railway stations, but the train goes through at a speed at which people can get on it without it stopping. If the process goes forward too fast, the other parties will not be able to join it. Rather than drift, the pace must not be that of a race: the other participants must be able to get involved rather than being left behind.

Dr. Howells: It is a good analogy, but I would rather see the train stop—

Mike Penning: It might never start again.

Dr. Howells: That is true, although I am confident that it would. I take the hon. Gentleman's point. The Security Council now needs to face up to its responsibilities. It will be a tough period and require tough decisions, but it has no choice but to make them. The time has come to do that.

I do not deny that there will be serious differences of opinion. The hon. Member for The Wrekin warned us of some of the possible consequences of that. There will particularly be disagreements with Russia, but all sides accept the need for a solution that will enhance regional stability. The UK remains convinced of the need to find a way forward. It is our clear preference to secure a Security Council resolution paving the way for the implementation of the Ahtisaari proposals. We will continue to work with Russia and other Contact group members to adopt such a resolution. I made a point of asking the powers that be in the Foreign Office what part Russia plays in the Contact group, and I was told that it is a vigorous part. The Russians are strong and vigorous interlocutors and they take a particular view of the situation. That dialogue has been very important, and it continues. The decisions will not be made in a vacuum, but in the light of a real dialogue.

Mark Pritchard: Is the position of the UK Government exactly the same in relation to the timing of any new UN resolution coming forward or not?

Dr. Howells: Yes. We want to see a UN resolution come forward, and we want to see it sooner rather than later. I cannot give the hon. Gentleman the dates of the Security Council deliberation on the subject, but I will try to find out for him when it might be timetabled. We are determined that the time has come for the Security Council to make this decision and we will discuss that with Russia, which is an extremely important player, for the reasons that my hon. Friend the Member for Thurrock—among others—described.

In the interests of showing that no stone has been left unturned in the search for a solution, I welcome the idea from President Sarkozy for a further period for a final round of talks between the parties. But it must be clear that if they fail to agree, we must move forward on the basis of Ahtisaari's proposals.

We can either bring the process to completion or consign it to the "too difficult" tray. For the reasons that the hon. Members for The Wrekin and for Hemel Hempstead have given, that would be a very risky move. It would remind me too much of the mistakes that were made early on, when Yugoslavia broke up. The latter course carries real risks for the stability of the region. The situation will not stand still. The lesson from the 1990s in the Balkans is that drift leads to instability. The choice is to tackle Kosovo in a smooth and orderly way on the basis of a UN process endorsed by the Security Council, or to find ourselves reacting to future events in a way that could involve far greater challenges.

What of Serbia in all this? It is important to say something about it. I want to be clear that bringing the Kosovo status process through to completion is not and should not be seen as punishing Serbia. We understand the strong emotions that this issue can arouse, but this process is about putting in place the right outcome—the only realistic outcome from our point of view—for Kosovo. I want to see both countries and both Kosovo Serb and Kosovo Albanian communities prospering and moving forward towards EU and NATO membership, if that is what they want.

There has been some progress by Serbia in recent weeks. The chief prosecutor for the International Criminal Tribunal for the former Yugoslavia told the UN Security Council on 18 June that the Serb authorities had

"expressed a clear commitment to provide all necessary assistance to locate and arrest the remaining fugitives".

That has started to deliver results, with the arrest of two fugitive indictees in recent weeks. Against that background, the European Commission restarted—

The motion having been made at Seven o'clock, and the debate having continued for half an hour, MR. DEPUTY SPEAKER *adjourned the House without Question put, pursuant to the Standing Order.*

Adjourned at half-past Seven o'clock.

House of Commons

Thursday 28 June 2007

The House met at half-past Ten o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

New Writs

Ordered,

That Mr. Speaker do issue his Warrant to the Clerk of the Crown to make out a New Writ for the electing of a Member to serve in this present Parliament for the Borough Constituency of Ealing, Southall, in the room of Piara Singh Khabra, deceased.

Ordered,

That Mr. Speaker do his issue his Warrant to the Clerk of the Crown to make out a New Writ for the electing of a Member to serve in this present Parliament for the County Constituency of Sedgefield in the room of the Right Honourable Anthony Charles Lynton Blair, who since his election for the said County Constituency hath accepted the Office of Steward or Bailiff of Her Majesty's Three Chiltern Hundreds of Stoke, Desborough and Burnham in the County of Buckingham.—*[Jacqui Smith.]*

Oral Answers to Questions

EDUCATION AND SKILLS

The Secretary of State was asked—

Academic Boycott (Israel)

1. **Michael Fabricant** (Lichfield) (Con): If he will make a statement on the proposed academic boycott of Israel. [146019]

The Minister for Higher Education and Lifelong Learning (Bill Rammell): We have made our position on this issue extremely clear in recent weeks, including during my recent visit to Israel, when I stated clearly that the Government fully support academic freedom and are firmly against any academic boycotts of Israel or Israeli academics. While I appreciate the independence of the University and College Union, I am very disappointed that it has decided to pass a motion that encourages its members to consider boycotting Israeli academics and education institutions. I profoundly believe that that does nothing to promote the middle east peace process—in fact, it does the reverse.

Michael Fabricant: I am very grateful to the Minister for that answer. He will know from his visit to Israel that its academic institutions lead the world, especially in the fields of medicine, science, engineering and IT. Any boycott would damage higher education in the UK, as well as in Israel. What steps can he take as a Minister to ensure that there is co-operation and dialogue? Even Universities UK has said that such a boycott would be very damaging to us in Britain.

Bill Rammell: The fact that I undertook the visit to Israel very shortly after the boycott was announced, a visit on which I was very pleased to be accompanied by Professor Drummond Bone, vice-chancellor of Liverpool university, and president of Universities UK, sent out a very strong message on behalf of those institutions. Education must be a bridge between different peoples, and not a subject of conflict. We are currently working on an idea that I put forward during the visit—that we hold a seminar in London involving Palestinian, Israeli and British academics to demonstrate that education should bring people together.

Jane Kennedy (Liverpool, Wavertree) (Lab): I welcome what my hon. Friend has said, and applaud the fact that Professor Drummond Bone accompanied him on his visit to Israel. May I invite him to consider what it must be like for Jewish students on British campuses? They are facing a mean and nasty campaign by lecturers that could be described as anti-Semitic. Students of all religions and faiths—and none—should be welcomed on campuses. Such a campaign could damage Britain's universities and students here, as well as our interests abroad.

Bill Rammell: I wholly agree with my right hon. Friend. The numbers of overseas students on our campuses has grown. At a time of international conflict, having students of all faiths, nationalities and belief systems working, studying and living together can only be a force for good. It is clear that Israeli academics and Jewish students feel that they have been picked out for special treatment by the boycott, whereas academics in countries without democratic institutions but with much weaker records in human rights are not proposed for boycott. We need to be steadfast on the matter, and this Government will be.

Mr. Lee Scott (Ilford, North) (Con): Does the Minister agree that, when so many Israeli universities are doing projects and programmes that benefit not only the Jewish people of Israel but the Druse, the Palestinians and people far beyond that, a boycott can only be detrimental and, far from bringing peace, will divide people?

Bill Rammell: I totally agree with the hon. Gentleman. During my visit to Jerusalem, I met Israeli academics at Hebrew university who were engaged in giving direct advice to the Palestinians in the occupied territories. The idea that we would want to stop that kind of co-operation bewilders me, and we should oppose it most strongly.

Dr. Nick Palmer (Broxtowe) (Lab): Does my hon. Friend agree that one of the problems with sweeping actions such as the boycott is that they affect individuals regardless of their personal views for or against the peace process? While we can understand people who take a critical view of one Government or another, they should not use a weapon that hurts individuals who might actually agree with them.

Bill Rammell: Again, I agree with my hon. Friend. I profoundly believe that in Israel and the occupied territories, there are both progressive and reactionary voices. The problem with an academic boycott is that it makes the job and the position of the progressives much more difficult and it entrenches and enhances the position of those who want to take a hard line.

Child Care

2. **Mrs. Janet Dean** (Burton) (Lab): What assistance the Government provide to parents who need child care in order to take up training. [146020]

The Minister for Children and Families (Beverley Hughes): I am announcing £75 million over the next three years so that 50,000 workless families can benefit from free child care, helping parents to gain access to training and move into work. This is in addition to a number of other schemes that help parents pay for child care while training, including care to learn for young parents, learner support funds for adult learners and the new deal for lone parents as well as special pilot schemes in London. Together with the existing schemes, this new funding will help to establish a more comprehensive and coherent system that reaches those in most need of support.

Mrs. Dean: I thank my right hon. Friend for the answer and for the announcement of the extra funding. Will that help the small number of young women in particular who cannot claim working tax credit to support their apprenticeships because they are in non-employed apprenticeships and, if they are over 20, also cannot claim care to learn child care support? If that funding will not help them, can she consider how we can help them?

Beverley Hughes: I thank my hon. Friend for her interest in this matter. As she implies, people on apprenticeships that are classed as employment can apply for working tax credit and, contrary to popular belief, that applies to parents from age 16, not from age 25. She is right that young people on apprenticeships that are classed as non-employed are eligible for education maintenance allowance and, in some instances, care to learn funding. I will take on board my hon. Friend's comments and make sure that we examine the small number of young people who may fall between those stools. We need to ensure that we have a comprehensive system as a result of the funding and that we can assist all those who need help with child care to get into training or work.

Mr. Speaker: I call the hon. Member for Mid-Dorset and North Poole (Annette Brooke). If she feels more comfortable, she can address the House from a seated position.

Annette Brooke (Mid-Dorset and North Poole) (LD): Thank you, Mr. Speaker. What assistance is available to parents who are not seeking work or training, but whose children would particularly benefit from good early-years provision, which may help them to break out of the spiral of poverty within the family?

Beverley Hughes: In addition to all the general Sure Start funding that the Government have put in, to the tune of £21 billion, a specific amount—£3 billion per annum—has been made available to fund free nursery entitlement for every three and four-year-old. That is of great benefit, especially for children from more disadvantaged families, in which parents may not be working but can use that entitlement to get into training or work. In addition, we have some special pilots focused on children over two but under three who do not necessarily qualify for the full entitlement. The pilots are focused in very disadvantaged areas to see whether, by getting those children into early education, we can assist their parents into training and work.

History Teaching

3. **Andrew Rosindell** (Romford) (Con): If he will make a statement on the teaching of history in schools. [146021]

The Parliamentary Under-Secretary of State for Education and Skills (Mr. Parmjit Dhanda): We are currently considering final advice on the new key stage 3 curriculum to be taught from September 2008. The advice specifies the holocaust, the slave trade and the two world wars as compulsory. British history will remain as a substantial element of the curriculum, as I am sure the hon. Gentleman will be pleased to hear.

Andrew Rosindell: I thank the Minister for his reply, but does he agree that a firm grasp of our country's history is vital for all our children and that teaching segments in isolation does nothing to improve the understanding of the glorious traditions of this country? What plans do the Government have to ensure that children are taught a well-rounded and comprehensive history of these islands?

Mr. Dhanda *rose—*

Mr. Speaker: Order. Before the Minister answers, may I tell Members as gently as possible that I would prefer them not to read out their supplementary questions? Supplementaries should be a spontaneous reflection on what the Minister has said.

Mr. Dhanda: I shall try to be as spontaneous as I can, Mr. Speaker.

British history is an important element at all key stages. Our review of key stage 3 will make a difference by ensuring that important elements of British history will be supported; in addition, GCSE and A-level courses will have a minimum content of 25 per cent. British history.

Chris Bryant (Rhondda) (Lab): May I suggest another area that should be part of historical education in this country? The history of Parliament. Parliament has played a key role in establishing our liberties and freedoms, so will my hon. Friend make sure that we use all our resources here so that schools have proper access to this place? Will he also talk to the British Museum about using its resources so that people can understand not only British history but that of the wider world, too?

Mr. Dhanda: I should love the opportunity to talk to the British Museum, and if I get the chance I am sure I will. My hon. Friend makes an interesting point about Parliament, which is, as many Members are aware, part of the citizenship curriculum. Many Members talk about Parliament and the benefits of parliamentary democracy to pupils who visit and tour this place. Long may that continue.

Mr. David Heath (Somerton and Frome) (LD): May I make a plea for room in the curriculum for the teaching of local history and local culture? It is important that young people have a sense of place and identity. I am struck by the fact that when I take children around the House and show them things that relate to the history of Somerset, their teachers tell me that they are never taught about that in history, which seems a great shame.

Mr. Dhanda: There is flexibility in the curriculum for that. Last week, I addressed a conference in Cheltenham where we talked about the city curriculum, which affects my constituency. At key stages 1 and 2 in particular, teachers talk about local landmarks and history and incorporate such work. We encourage schools to continue to do that.

Dr. Ashok Kumar (Middlesbrough, South and East Cleveland) (Lab): The Minister said that the abolition of slavery would be addressed, so in that spirit may I make a plea for the history of black and Asian people in this country? It is also part and parcel of our history, but has never been discussed. Young people would benefit from it in their education.

Mr. Dhanda: Those matters were considered recently as part of the Ajegbo report, of which my hon. Friend may be aware. He and I are very much part and parcel of British life these days, but he is right and, following our review, the slave trade, the British empire, the holocaust and the two world wars will all be essential elements of the key stage 3 curriculum. That is the right way forward: to learn about British life and our history, but also about migration and immigration in the context of the slave trade. It is important that we do so.

Literacy and Numeracy Standards

4. **Mr. Laurence Robertson** (Tewkesbury) (Con): What recent assessment he has made of the literacy and numeracy standards of 11-year-olds. [146022]

The Minister for Schools (Jim Knight): Last year 79 per cent. of pupils achieved the target level 4 or more in English and 76 per cent. did so in mathematics. This represents a significant improvement in the standards of literacy and numeracy in schools compared with, say, 1997 when fewer than two thirds of pupils reached the target level in either subject.

Under this Government, schools in Tewkesbury, the hon. Gentleman's constituency, have made a 14 percentage point improvement for 11-year-olds and a 16 percentage point increase in maths at the same level.

Mr. Robertson: I thank the Minister for that response, which demonstrates how good teaching in Tewkesbury is. However, is it not the case that the increase in standards over the past few years has rather plateaued, and the children who are losing out are those from poorer backgrounds? Given that the previous Prime Minister was elected on the pledge of being tough on not only crime but the causes of crime, rather than looking to build more prisons, would it not be better to tackle the problems that are experienced by the poorest members of society who fail at 11, go on to play truant and then go on to prison? The prisons are full of people who are illiterate or innumerate so, after 10 years of Labour Government, should they not be doing rather better?

Jim Knight: I am not the Prisons Minister—right now anyway. *[Laughter.]* I will therefore not comment on much of that.

The hon. Gentleman talked about plateauing, but he may not know that, in 1996, the National Foundation for Educational Research reported that there had been no improvement in primary standards for 50 years. We have seen significant improvements in the last 10 years that we should celebrate, and the new Prime Minister in his Mansion house speech last week talked about measures that he wants to see us implement in the future to attack some of the problems regarding the children who still need to improve and the narrowing of attainment gaps around income, ethnicity and gender. For example, he talked about the new learning credit that will mean that those on low income receive the support that they need.

Mr. Barry Sheerman (Huddersfield) (Lab/Co-op): Before my hon. Friend becomes Prisons Minister or something else, will he ensure that further research is done on not only the improved literacy and numeracy results, but on the really troubling problems in some areas of selective education, where grammar schools exist and the overall package of education is not very good for the entirety of the population? In fact, many of the struggling young people mentioned by the hon. Member for Tewkesbury (Mr. Robertson) do very badly in those areas.

Jim Knight: My hon. Friend hits upon a very interesting question. I know that it is the subject of much research in the academic community, and I looked at some from the university of York fairly recently that reinforces the point that he makes. Those in selective areas who are not selected into grammar schools suffer from poor outcomes and that is why the Government remain opposed to any new forms of selection and why some Members on the Opposition Front Bench agree with us.

Mr. Rob Wilson (Reading, East) (Con): Who does the Minister hold responsible for the decline in the performance of young working-class white children in our schools? Does he take any responsibility for the policies of the last 10 years that have led to that decline?

Jim Knight: I know that the hon. Gentleman is a member of the Select Committee on Education and Skills and, from his close analysis of statistics, he should be aware of the fact that, although we have concerns about the white working-class boys whose standards have improved but are still not good enough, their

improvement is above the national average. We are starting to see the gap narrowed. With, for example, the measures outlined in Christine Gilbert's review of personalised learning that we published at the beginning of the year and with some of the measures on personalisation and catch-up and stretch that the Prime Minister talked about in his Mansion house speech, we are confident that we will start to address the problem more effectively.

Fiona Mactaggart (Slough) (Lab): The Minister talked about narrowing gaps and we have seen a real and steady narrowing of the gap in key stage 2 achievement of boys and girls in writing. I am concerned, however, that the gap in reading is more variable from year to year; it seems to me that boys do better in years in which the books that they like to read are published. Does he have any proposals to do more to engage boys with reading so that they can properly compete towards the end of primary school?

Jim Knight: My hon. Friend makes an important point about the most persistent gender gap being that relating to boys' reading. We have the national year of reading next year, the roll-out of the every child a reader programme and the success of the reading recovery programmes. We want to see those things expanded to address the persistence of that gap. Naturally, if people are struggling with their reading, in time they will be struggling with the whole of the curriculum, because it is difficult to learn without the ability to read well.

Mr. Nick Gibb (Bognor Regis and Littlehampton) (Con): In spite of the moderate improvements in standards in primary schools over the last decade, which the Minister referred to and which I acknowledge, 40 per cent. of 11-year-olds still leave primary school without having mastered the basics of reading, writing and maths. Synthetic phonics—[Hon. Members: "Hooray!"] They expected me to say that. Synthetic phonics will clearly help to improve literacy, but the TIMSS—the trends in international mathematics and science study—survey, showed that only 5 per cent. of 14-year-olds in the UK achieved the advanced level in the TIMSS mathematics assessment compared with 44 per cent. of 14-year-olds in Singapore. Does the Minister share my view that, having started to roll back the failed progressive approaches to teaching reading, we need to look closely at how maths is taught in primary schools to ensure that it follows tried and tested methods and international best practice?

Jim Knight: The Prime Minister is ahead of the hon. Gentleman. He has already announced the every child counts programme, which involves direct intervention to build on the sorts of things that we have learned have been successful with the every child a reader programme and to apply those same things to maths. The hon. Gentleman should bear in mind that even one of our harshest critics, Professor Alan Smithers, acknowledges that at primary school level our best improvement is in maths. The hon. Gentleman quoted some perhaps slightly misleading statistics. In maths, the figure is up 17 points, meaning that 76 per cent. are reaching the national standard at 11. That is an impressive improvement given the plateauing for 50 years that I talked about earlier.

SEAL Programme

5. **Mr. Graham Allen** (Nottingham, North) (Lab): What progress has been made in rolling out the social, emotional aspects of learning programme in secondary schools (a) in Nottingham and (b) elsewhere; and if he will make a statement. [146023]

The Minister for Schools (Jim Knight): I was delighted to see the progress made by Nottingham local authority in rolling out the primary SEAL programme when I visited my hon. Friend's constituency with him earlier this year. It is holding a SEAL launch for all its secondary schools this week, and it has already selected four schools to become leading practice schools to support others to implement SEAL effectively. All local authorities were briefed last month on the implementation strategy for the programme and are currently selecting which schools to support in the first year.

Mr. Allen: Teaching the social and emotional aspects of learning at secondary level will help to break the intergenerational cycle of educational deprivation in places such as Nottingham by reducing teen pregnancies and helping youngsters to maintain personal and family relationships and responsibilities and to understand life choices. Will the Minister please underline the fact that local education authorities, especially in areas of chronic underachievement in education, do not need to wait for further guidance and instructions from his Department, but should crack on and implement secondary SEAL so that it can have an impact on the life chances of young people who need that opportunity?

Jim Knight: I pay tribute to my hon. Friend for his detailed work in this area and for relating that strongly to his constituency. He makes sure that I keep an eye on Nottingham and I will continue to do so in looking at the roll-out. I do think that we can just get on with implementing the SEAL programme in secondary schools. I have made sure that we have increased to 20 per cent. the number of secondary schools that will have support for SEAL in the first year starting in September and I want to see that accelerate as quickly as possible.

Looked-after Children

6. **Julie Morgan** (Cardiff, North) (Lab): What plans the Government have to promote the improved educational attainment of children and young people in care. [146024]

11. **Mr. Jim Cunningham** (Coventry, South) (Lab): How much he has allocated for the provision of individual tutoring for looked-after children in 2007-08. [146029]

The Secretary of State for Education and Skills (Alan Johnson): The White Paper that was published last week, "Care Matters: Time for Change", sets out an ambitious agenda for improving the lives of children in care, with an additional investment of more than £305 million. Its proposals include improving the education of children in care through a £500 educational

allowance for each child in care falling behind at school, putting the designated teacher on a statutory footing to improve provision in schools, appointing virtual school heads to oversee the children's education, and a £2,000 university bursary. In relation to individual tutoring, aside from the progression pilot that is taking place in 10 local authority areas, the HSBC Global Education Trust announced a £1 million allocation for one-to-one tutoring for children in care as part of the White Paper launch.

Julie Morgan: I thank my right hon. Friend for that reply and congratulate him on the work that he is doing in this respect. I know that he is aware that many children in care say that no one turns up to their parents evenings or goes to their school plays and sports days. What can he do so that those children get the individual care and attention that they need to attain educationally?

Alan Johnson: My hon. Friend is absolutely right. One of the problems for children in care is that the state is not a very good parent. The state ought to be acting more as if it were a natural parent. As we discovered through the most extensive consultation, including with children in care and young people—often in prison—who had passed through the care system, such children did not have a champion. Having a designated teacher and lead professional at every level is key to solving the problem. The production of the White Paper was an extremely important step, but until we actually deliver by changing a situation in which the most vulnerable in our society are treated appallingly, we cannot truly say that we are a civilised society.

Mr. Jim Cunningham: Does my hon. Friend agree that it is important that we support carers, especially those who look after children in care? If a child has an unsettled home life, it does not exactly encourage them to study and they feel abandoned.

Alan Johnson: I agree, but the White Paper identifies the problem that we allow children to slip into care too easily when there are often friends and family who could look after them. Once children slip into care, they are moved around too much. None of these problems is the fault of the fabulous people on the front line who foster children. It is key that the first placement is the right placement so that children are not moved around too often. If they move around too often, they move school too often, which means, especially if they move during their GCSE years, that they fail at education. My hon. Friend is absolutely right to raise that point. I hope that he accepts that the White Paper includes a way forward.

John Bercow (Buckingham) (Con): I welcome very much what the Secretary of State says. However, many children in care suffer from speech, language and communication impairments and have special educational needs. What is he doing to ensure not only that such children who have statements of special educational needs receive the appropriate therapy, but that such children on school action and school action-plus receive speech and language therapy on the scale and with the intensity required so that they are not at the mercy of cash-strapped primary care trusts?

Alan Johnson: The hon. Gentleman is right to raise the issue, as he has done before. When he reads the White Paper, I hope that he agrees with the focus on a care strategy for each individual child in care, including those with such specific difficulties. Things are difficult enough for children with those problems who are in a settled family. Children in care do not have the same support as them and the same champions who can go to school to argue their case. That is why the care strategy and the lead professional are key to resolving that problem for children in care, as well as many others.

Sarah Teather (Brent, East) (LD): Further to the answer that the Secretary of State gave a moment ago to the hon. Member for Coventry, South (Mr. Cunningham) about kinship carers, when the Green Paper was published, the Secretary of State suggested that he would be examining improving the allowances and support for such carers. However, although the White Paper acknowledges the financial pressures on grandparents especially, it is rather vague about giving a commitment to improving allowances and on any specifics of the support that he would recommend. Is he still committed to improving that package and, if so, how will he do that?

Alan Johnson: Yes, I am. I am sorry that that is a bit vague in the White Paper. I hope that it will become clearer as we take the policy through because it is important. Grandparents in particular have a huge role to play. As, thankfully, people are healthier and living longer, there is a question of how we can use grandparents to greater effect.

None of these problems is really to do with money. As Martin Narey, the head of Barnardo's says, this is one of the few areas in which the problem is not cash and finance, but the system. We have put in another £305 million. We will put more money in place to help kinship carers through local authorities so that we get this right. We are spending £2 billion already. The problem is the system, so if extra finance is required, we need to provide that.

Kerry McCarthy (Bristol, East) (Lab): The White Paper says that nearly 10 per cent. of children in care over the age of 10 are cautioned or convicted of a criminal offence in an average year. Given that, will he tell me what discussions Ministers in the Department have had with colleagues in the Ministry of Justice about ensuring continuity of education for children who end up spending a period in custody?

Alan Johnson: As is the case for so many other issues in the White Paper, local authorities have to accept responsibility right the way through. We propose—this will take legislation—that children should remain in care for longer, instead of being pushed out at 16, and that they should be able to stay with adoptive parents until they are 21. In addition, they will have an individual counsellor looking after them until they are 25. On children who are unfortunate enough to go through the criminal justice system, we are talking to colleagues in the Ministry of Justice about how we can co-ordinate action, but it needs to be joined up at local authority level. That is why I say that we could not have taken any of those measures without "Every Child Matters"; it provides the foundation for us to build on, so that we can properly tackle the issue.

Mr. David Willetts (Havant) (Con): I am sure that the whole House will wish the Secretary of State well, whatever today holds for him. May I say that I, personally, have always appreciated the courtesy and consideration that he has shown to me? I am sure that the White Paper on children in care will be one of the achievements in which he takes greatest pride. Indeed, its words on looked-after children may have a particular relevance to some Ministers present today. I remind the Secretary of State that it says:

"Far too many find themselves in placements which do not meet their needs, resulting in a high level of instability."

It is also important to them to know

"details about the placements in advance, in order that they can be more meaningfully involved in deciding where they will live."

May I invite the Secretary of State warmly to endorse those sentiments, and does he perhaps regret that he has spent only 13 months in his most recent placement?

Alan Johnson: I cannot speculate on what announcements might be made later, but the hon. Gentleman may be interested to know—this is absolutely true—that there was a power failure at the Department for Education and Skills this morning. All the lifts and the lights are out, so the power seems to be seeping away. The hon. Gentleman is very kind. I think that he is one of the most intelligent, thoughtful Members of Parliament anywhere in the House. I see that the hon. Member for Altrincham and Sale, West (Mr. Brady), who was in the Chamber, has now disappeared, but I think that the hon. Member for Havant (Mr. Willetts) was absolutely right in what he said on selection in his speech to the CBI a couple of weeks ago. All I can say about where we might go is that I have been in three Cabinet positions, and my shadow on every occasion has been the hon. Gentleman, so wherever I am going, I am pretty sure that he is coming with me.

Apprenticeships

7. **Ms Diana R. Johnson** (Kingston upon Hull, North) (Lab): How many apprenticeship places have been created for 16 and 17-year-olds in Hull since 1997; and what plans he has for provision in the future. [146025]

The Parliamentary Under-Secretary of State for Education and Skills (Phil Hope): Some 4,400 young people have started an apprenticeship in the city of Hull since 2001. Figures are not available at local authority level for the years before that. Nationally, the apprenticeship programme goes from strength to strength. We have trebled the numbers in learning since 1997, and 100,000 people a year complete an apprenticeship. The completion rate now stands at almost 60 per cent. We want to expand the programme further so that by 2013 any suitably qualified young person will be entitled to an apprenticeship place.

Ms Johnson: I thank my hon. Friend for that encouraging reply, and I ask him to join me in congratulating Shaun Anderson from Hull, who was the runner-up in the personal achiever section of the apprenticeship awards. Will he confirm that the investment in our young people and the commitment made to them through apprenticeships is in marked contrast to the sniping and negative comments of the Opposition?

Phil Hope: My hon. Friend is absolutely right. I attended the apprenticeship awards gala evening last Wednesday at which Shaun's achievements and those of many other young people were recognised and celebrated. It was not only apprentices who attended but the people who trained them, employers from Hull and across the country, and sponsoring companies such as British Gas, BAE Systems, City and Guilds, BT and many others. It is good that we can celebrate success not only in the number of young people taking up apprenticeships but in the commitment and hard work that they and their supporters demonstrate. It would be helpful if the Opposition, instead of running down that successful system, could for once start to show support and celebrate the apprenticeship system.

Mr. David Chaytor (Bury, North) (Lab): The complete destruction of the apprenticeship system during the dark ages of the Tory years was an act of wanton vandalism, and it is a great tribute to the Government that there has been a huge increase in numbers. Does my hon. Friend accept, however, that there is still more work to be done to improve completion rates and that part of the solution is to increase the portability of apprenticeships? What plans does he have to do precisely that?

Phil Hope: My hon. Friend is absolutely right: we have trebled the numbers. Five or six years ago, the completion rate was as low as 24 per cent., but I am delighted that a focus on the problem means that 60 per cent. of young people are now completing their apprenticeships. That is an amazing step forward, and it aligns us with our competitors in France, Germany and other parts of the European Union. We have to do even better, however, so we will continue to drive the programme forward, using innovations such as those that he has described to run the apprenticeships system, to ensure that more young people complete apprenticeships. Indeed, we have a target of 400,000 young people a year undertaking apprenticeships by 2020. That is the Leitch ambition, and it is one that we share.

Children's Centres

8. **Kitty Ussher** (Burnley) (Lab): What assessment he has made of the impact that children's centres are having on levels of inequality among young children. [146026]

The Minister for Children and Families (Beverley Hughes): An evaluation strategy for children's centres is being developed, and the rigorous and independent national evaluation of Sure Start is monitoring Sure Start local programmes as they transform into children's centres. In 2005, emerging findings highlighted the fact that there were already positive overall effects on parenting and on child outcomes for most families in those very disadvantaged areas. They also identified the need to work harder to reach and support the most disadvantaged families. We have taken steps to ensure that children's centres do so.

Kitty Ussher: I am grateful to the Minister for that response, and I am glad that a proper evaluation of the impact of children's centres on families is under way. May I probe her a little further specifically on child inequality? Is there any evidence that areas with children's centres have greater or less child inequality than similar areas that do not have children's centres?

Beverley Hughes: As part of the series of reports in the national evaluation of Sure Start, four further reports will be published today. Research in one report shows faster reductions in child poverty in Sure Start areas compared with England as a whole. That research looked at local programmes over five years, and identified improvements which, however, we cannot correlate directly with Sure Start, because a number of other factors in those areas need to be taken into account. None the less, that is encouraging because in Sure Start areas, as I have said, there are greater decreases in the percentage of children living in workless households, and improvements in child health, with fewer respiratory illnesses and severe injuries, which reflects the better integration of services in Sure Start areas.

Dr. Vincent Cable (Twickenham) (LD): While it is undoubtedly true that Sure Start education centres are popular and successful, does the Minister acknowledge the Birkbeck research in that evaluation programme, which clearly shows that the centres do not reduce inequality, because they do not address the differing language skills of different social classes?

Beverley Hughes: The hon. Gentleman is right that there is a high level of satisfaction with children's centres. In another piece of research, 90 per cent. of parents were very satisfied, and 9 per cent. were quite satisfied with them. Parents certainly believe that they are getting what they need for their children from children's centres. Language acquisition is an important part of the redevelopment of the early years foundation stage which, as he will know, will be delivered in any setting for an early-years child from nought to five. That focus on communication, literacy and language is a vital part of ensuring that children develop those skills and it will enhance their well-being as a whole.

Mr. Andy Reed (Loughborough) (Lab/Co-op): Although the evaluation is important, I am sure that, like me, my right hon. Friend has talked to parents who think those centres have changed their lives completely. However, I wish to pursue the point about those who are most disadvantaged. While the children's centres in my Loughborough constituency have reached many of the disadvantaged, the most disadvantaged are probably still not being targeted and extra work is being done to bring them in. Can she explain in a little more detail what measures are being taken to reach out even further to those who would benefit most from the vast array of services provided through the children's centres in Loughborough?

Beverley Hughes: My hon. Friend is right. In tackling inequality, which is the next big challenge for all public services, not just children's centres, the crucial question for us is how those public service professionals, health visitors and so on can reach the people who are the most disadvantaged, who will not find their way to services voluntarily or easily for all kinds of reasons. With reference to children's centres, we have issued clear guidance on how that outreach work needs to be done. Universal services such as health visitors, which are non-stigmatising and go to every household when a child is born, have a key role to play. Building on that role, we have funded the nurse-led family partnerships, which are using specialist health visitors with first-time very young parents, often teenage parents, to work with them not just for the first few weeks, but from pregnancy right through until children are two years old and more. They, too, will work through children's centres and provide a strong lead as to how we can develop this important outreach approach.

Miss Julie Kirkbride (Bromsgrove) (Con): The Minister will be aware of a number of reports out in recent weeks showing that social mobility in the United Kingdom has declined to the point that it is the worst of any developed country where it is measured. Given that there are many advantages to the Sure Start programme, but that a great deal of public money is spent on it, is she prepared to make any claim as to how the Sure Start programme might improve social mobility for our fellow citizens in the future?

Beverley Hughes: First, it is important to put the record straight. In fact, social mobility started to decline in the 1980s and 1990s under the Conservative Government. What we have managed to do so far, which is not enough for this Government, is to halt that decline. That is the first stage in reversing the decline in social mobility, which is our objective. Secondly, the focus on early years, which this—

Mr. Speaker: Order. The Minister should give consideration to other hon. Members who are seeking to speak.

Kali Mountford (Colne Valley) (Lab): Local Liberal Democrat councillors have welcomed children's centres as a part of tackling child poverty, but Tory councillors have said that they would close children's centres unless they were a proven success. That has caused concern for local parents. Can my right hon. Friend tell the House on what basis councillors would be able to close children's centres, and give my constituents some reassurance?

Beverley Hughes: Just in case any councils in the future thought they might be able to reverse the trend, we have enshrined the integration of services for the early years though children's centres in legislation in the Childcare Act 2006, which received Royal Assent in July last year.

Miss Anne McIntosh (Vale of York) (Con): Without commenting on the right hon. Lady's potential for upward mobility later today, may I ask how she responds to the conclusions of the Sutton Trust report, which found that social mobility has declined to its lowest level in the UK for 20 years, and the National Audit Office's report in December last year, which found that of the children's centres visited, only nine out of 30 actively targeted the harder to reach? Does she agree that her end of term report will read, "The Government must try harder"?

Beverley Hughes: We made it clear from the outset, which is why we have put all the phase 1 children's centres in the most disadvantaged areas, that we see that as an essential long-term programme focusing on the youngest children, directly reducing child poverty and improving social mobility. We also know that what happens in practice depends very much on the actions of people in those children's centres. We have made it clear in subsequent guidance that outreach must remain a fundamental element of the children's centre programme, and that it must be strengthened. Our consultants are working to ensure that that happens in practice.

Specialist Diploma

9. **Jeff Ennis** (Barnsley, East and Mexborough) (Lab): How many secondary schools he expects to participate in the delivery of the 14-19 specialist diploma; and if he will make a statement. [146027]

The Parliamentary Under-Secretary of State for Education and Skills (Phil Hope): Eventually all schools and colleges will offer an entitlement to the diplomas. We will start in September 2008 on a small scale. On 28 March, we announced the first 145 consortiums across the 97 local authorities that have been given approval to offer one or more of the first five 14-19 diplomas from September 2008. Within those consortiums, 800 secondary schools have said that they will be either feeder institutions to other consortium partners or offer diplomas themselves.

Jeff Ennis: In a recent YouGov poll, 65 per cent. of secondary schoolteachers said that they believe that the new diplomas will simply be training programmes leading to low-paid jobs for non-academic students. Will the Minister dispel that view, and does he agree that the prime objective of diplomas must be to bring about a parity of esteem between academic and vocational qualifications?

Phil Hope: My hon. Friend is right that that myth is completely erroneous. I agree with the Edge Foundation, which conducted the survey. It said that

"diplomas should be highly attractive to students of all aptitudes and abilities, including the most able. They should offer a genuine alternative to existing GCSEs and A levels."

We are investing a lot of money in the new diplomas to allow young people to choose a vocational route that will take them through either to higher education—for example, an engineering degree—or to work. The diplomas will attract talented young people from across the system.

Mr. John Hayes (South Holland and The Deepings) (Con): The Edge Foundation also said that

"The current time-scales are unrealistic—some would say dishonest".

The Education and Skills Committee has considered the matter in detail. It said that

"the development work has sometimes been uncomfortably compressed",

and it doubted whether those in charge have a clear sense of the diploma's purpose. The Minister must know that the doubts referred to by the hon. Member for Barnsley, East and Mexborough (Jeff Ennis) are widespread. The House expects him today to give an absolute assurance on the consistency, rigour and capacity of schools to deliver the diplomas—or does he still share the Secretary of State's chilling view that the diplomas may go horribly wrong?

Phil Hope: The hon. Gentleman has moved from slagging off the apprenticeship system to running down the diploma system. He must learn that he is not doing himself or his party any favours by running down the education system and the young people within it. We have implemented a gateway of quality: 38,000 students will start those diplomas, and an extra £50 million will go into work force development. Those young people will study towards high-quality diplomas involving a combination of practical and academic learning, which will be the envy of countries across the world.

SOLICITOR-GENERAL

The Solicitor-General was asked—

Law Officers

21. **Mr. David Jones** (Clwyd, West) (Con): If he will make a statement on the future role of the Law Officers. [146039]

23. **Mr. Andrew Robathan** (Blaby) (Con): If he will make a statement on the future role of the Law Officers. [146041]

The Solicitor-General (Mr. Mike O'Brien): Questions 21 and 23 are identical, and I can imagine why they were tabled, although I think that today is a little bit early.

The future of the Law Officers will no doubt be decided by the new Prime Minister, and in so far as the Law Officers' advice to Parliament is concerned, by this House. I understand that the Constitutional Affairs Committee is currently considering those issues, and we will read its report with interest.

Mr. Jones: The Solicitor-General will be aware that in his letter of resignation to the outgoing Prime Minister, the Attorney-General referred to "the host of challenges" that he had faced in that office. Does the Solicitor-General agree that those challenges are and have for centuries been inherent in that role and that the best way to deal with them is to meet them head on and not to use them as excuses for changing the nature of that office? If so, will he communicate that view to the new Prime Minister?

The Solicitor-General: My noble Friend Lord Goldsmith has performed those duties by facing some of the difficult decisions that he has had to make on a series of issues head on. He has dealt with those decisions with a great deal of integrity. He has taken a lot of flak, particularly from those in certain galleries, about those issues, but he has done so with a level of

integrity. In future, Law Officers will continue to display seriousness about the law, respect for the law and integrity in dealing with the law.

Mr. Robathan: The Solicitor-General believes, rightly, that Law Officers should be accountable to the Houses of Parliament, particularly to the House of Commons, whereas the Minister of State, Ministry of Justice, the right hon. and learned Member for Camberwell and Peckham (Ms Harman), has taken a somewhat different view. We have discussed collective responsibility with the right hon. and learned Lady in the past—she was of course the Solicitor-General's predecessor—and had disagreements. Now that she is deputy leader of the Labour party, chairman of the Labour party and reportedly going to be Leader of the House, whose view does he think may prevail?

The Solicitor-General: As I have already said, we are looking forward with interest to the report from the Constitutional Affairs Committee. I think that my right hon. and learned Friend made some interesting and weighty contributions to the debate about the future of the Law Officers. We should remember that the Law Officers have a role in advising this House, and we will look to see what view the House and the new Prime Minister take on what their future should be.

Rob Marris (Wolverhampton, South-West) (Lab): Could my hon. and learned Friend clarify the constitutional conventions and rules of the respective Houses as to which House the Attorney-General should sit in and which House the Solicitor-General should sit in?

The Solicitor-General: There is not really a convention about that—it is a matter of how the Prime Minister decides that he wishes to deal with these matters. I suppose that there are certain advantages in having one of the Law Officers in each House, but that has not always been the case. I remember that when I came into the House in the 1990s both Law Officers were in this House.

David Howarth (Cambridge) (LD): Will the Solicitor-General advise the new Attorney-General to give up the seemingly new practice of attending Cabinet as a matter of course? Does not that appear to put the Attorney-General in the position of being too close to the Government to advise objectively on matters such as the war in Iraq and the dropping of the prosecution of BAE?

The Solicitor-General: That will be a matter for the new Attorney-General to consider. My right hon. and noble Friend Lord Goldsmith took the view that there were certain advantages in his attending Cabinet because he was then aware of what was happening as it was happening and was able to use the opportunity to talk to other Cabinet members. However, the new Attorney-General will no doubt consider the issues and take a view on whether he should attend.

Simon Hughes (North Southwark and Bermondsey) (LD): May I thank the Solicitor-General and the outgoing Attorney-General for their courtesy at all times during the previous Administration, whatever our differences of view on certain issues? Will he accept, and perhaps pass on, a couple of suggestions? First, if, in future, Law Officers give advice that is then prayed in aid in order to influence a vote here, that should become public, not be kept private. Secondly, while responsibility for prosecutions should of course remain with somebody accountable to Parliament, there should be an exemption if the prosecutions are of other parliamentarians or civil servants, because that requires an independent decision, not a political one.

The Solicitor-General: I am grateful to the hon. Gentleman for his comments, which I will certainly pass on to my right hon. and noble Friend. Ministers who go to a lawyer for legal advice want to know that that advice will be frank, accurate and confidential, as indeed does anyone. It becomes very difficult for people to go to their lawyer if they think that that advice will be immediately made public. In certain circumstances, it can be made public, but we need to consider that with a great deal of care. As for the role of Law Officers in relation to certain prosecutions, the safeguards in the way in which such decisions are taken will, I hope, prove in due course to be adequate.

Mr. Dominic Grieve (Beaconsfield) (Con): May I first echo the Solicitor-General's words about the Attorney-General and extend my thanks to him for the way in which he has communicated with me? I have always taken the view that the Attorney-General discharged his duties with integrity and fortitude. I thank the Solicitor-General, too, for what he has done and I hope that we may continue to see him at the Dispatch Box.

Let me consider the future role of the Law Officers. In response to questions on 26 April, the Solicitor-General made it clear that he believed that the Law Officers must be accountable to their several Houses of Parliament, whether they are in the House of Lords or the House of Commons. Does not it follow that, if there were any suggestion that that accountability should be removed, the Solicitor-General, if he is still in post, would oppose it and that, if it were forced through, his position would be untenable and he would have to resign?

The Solicitor-General: The Constitutional Affairs Committee is examining those matters and we will consider its views with great care and listen to the arguments that its members present. Doubtless the new Prime Minister will take a view on the matter in due course. Those views will have to be given a great deal of weight and regard.

Media Reporting (Criminal Cases)

22. **Lynda Waltho** (Stourbridge) (Lab): What steps he is taking to ensure that media reporting does not prejudice fair trials; and if he will make a statement. [146040]

The Solicitor-General: The Attorney-General has in the past issued advice to the media about reporting proceedings, including specific advice on coverage of individual cases, to help to avoid potential prejudice of fair trials. The right to a fair trial has to be balanced with the qualified right to freedom of expression under the European convention on human rights. The public

have a right to be kept informed of developments in cases and there must be a substantial risk of serious prejudice to proceedings for there to be any interference with that right.

Lynda Waltho: The Fawcett Society estimates that less than 15 per cent. of rape is reported, and a major influence on whether someone—especially a woman—proceeds with her case is believed to be the prospect of adverse reporting and the naming, and almost shaming, of her past life. What further steps can my hon. and learned Friend take to guarantee anonymity in those cases?

The Solicitor-General: Protecting the anonymity of complainants in rape cases is enormously important. More women—and, indeed, men—who are victims of rape are reporting the incidents, and that is positive. However, rape is difficult to prove, especially in cases in which those involved knew each other and the central issue is consent. It is therefore important that the Law Officers respond cautiously to requests to enable the courts to publish names. Indeed, such a request has been made in the Warren Blackwell case. We are anxious to ensure that those who are considering reporting rape can know that they retain an appropriate level of anonymity and that their names will not be published in newspapers unnecessarily.

Mr. William Cash (Stone) (Con): Does the Solicitor-General agree that one of the problems that we have experienced with applying the European convention on human rights is associated with the role of the Attorney-General? In the past few years, we have relied far too much on questions relating to the interpretation of the law on human rights. If we are to have a new Attorney-General, he should not only be in the House of Commons, but he should not be totally committed to the European convention on human rights in all its shapes and forms.

The Solicitor-General: As one of the Ministers who took through the Human Rights Act 1998 and introduced the convention to law, may I defend it, especially in the context of the question, which is, to some extent, about the freedom of the press? The Human Rights Act enshrines some of those freedoms. Before the hon. Gentleman starts to say that he wishes to remove them from people like those who sit in the Press Gallery, he should exercise a great deal of caution. There are protections that we want to keep.

Speaker's Statement

11.34 am

Mr. Speaker: I have to tell the House that yesterday I received a letter from Sir Philip Mawer, Parliamentary Commissioner for Standards, informing me that he wishes to step down from the appointment on 31 December 2007. By that date, Sir Philip will have served for almost six years. He records in his letter that he counts it a great privilege to have been able to serve the House in such a worthwhile capacity. There will be an opportunity for Members to express their appreciation at a future date. I shall arrange for a copy of his letter to be placed in the Library.

Business of the House

11.35 am

Mrs. Theresa May (Maidenhead) (Con): May I ask the Leader of the House to give us the forthcoming business?

The Leader of the House of Commons (Mr. Jack Straw) *rose—*

Mr. Peter Bone (Wellingborough) (Con): Are you still the Leader of the House?

Mr. Straw: I am the Leader of the House; it is absolutely true. I said last week that I was ready to go on and on and on, and here I am.

The business for the week commencing 2 July will be as follows:

MONDAY 2 JULY—Consideration of Lords amendments to the Statistics and Registration Service Bill, followed by a motion to approve the draft Police (Northern Ireland) Act 2003 (Commencement No. 2) Order 2007, followed by a motion to approve a European Document relating to global navigation systems.

TUESDAY 3 JULY—Opposition day [15th allotted day]. There will be a debate entitled "Access to NHS Services", followed by a debate entitled "Crisis in Pensions". Both debates arise on an Opposition motion.

WEDNESDAY 4 JULY—Second Reading of the Child Maintenance and Other Payments Bill, followed by, if necessary, consideration of Lords amendments.

THURSDAY 5 July—If necessary, consideration of Lords amendments, followed by remaining stages of the Consumers, Estate Agents and Redress Bill *[Lords]*.

FRIDAY 6 JULY—The House will not be sitting.

The provisional business for the week commencing 9 July will include:

MONDAY 9 JULY—Estimates [3rd allotted day]. At 10 pm the House will be asked to agree all outstanding estimates.

TUESDAY 10 JULY—Proceedings on the Consolidated Fund (Appropriation) (No. 2) Bill, followed by a motion to approve the draft Terrorism Act 2006 (Disapplication of Section 25) Order 2007, followed by Second Reading of the Forced Marriage (Civil Protection) Bill *[Lords]*.

WEDNESDAY 11 JULY—Opposition day [16th allotted day]. There will be a debate on an Opposition motion. Subject to be announced.

THURSDAY 12 JULY—Remaining stages of the Further Education and Training Bill *[Lords]*.

FRIDAY 13 JULY—The House will not be sitting.

I should also like to inform the House that the business in Westminster Hall on 12 and 19 July will be:

THURSDAY 12 JULY—A debate on the report from the Constitutional Affairs Committee on the implementation of the Carter review of legal aid.

THURSDAY 19 JULY—A debate on the Government response to the all-party parliamentary group report on anti-Semitism.

Mrs. May: I thank the Leader of the House for giving us the future business for what I am now confident will be the last time. He has always been courteous in his dealing with me, and he has always been prepared to stand above party politics in the interest of the House. According to the BBC, his successor as Leader of the House is likely to be the deputy leader and chairman of the Labour party. I know that we women can multi-task, but "three-hats Harman" is perhaps taking it a bit too far! The new Prime Minister says that he wants to strengthen Parliament, yet he is appointing a part-time Leader of the House whose two other jobs are party political positions. Does the right hon. Gentleman think that that is acceptable in the interests of the House?

Picking up on the statement that the Speaker has just made, I should like to thank Sir Philip Mawer for all the work that he has done as Parliamentary Commissioner for Standards. It is an important role. Will the Leader of the House confirm that there will not be an interregnum before his successor is appointed, as there has been with the chairmanship of the Committee on Standards in Public Life?

According to Sky News, there will be a ministerial statement to the House on Monday on one of the Prime Minister's big ideas, yet the Leader of the House did not mention it when he announced the forthcoming business. The Prime Minister says that he will respect Parliament. Will the Leader of the House assure us that the media are not being informed of House business before hon. Members?

This week, the Ministry of Justice published the 54th criminal justice Bill since Labour came to power. With only four weeks until the House rises, the Bill has little chance of proper scrutiny before the end of this Session, and it was published just days before the Home and Justice Secretaries left their jobs. Delivering a Bill written by Lord Falconer must be the ultimate hospital pass. As it appears that the Leader of the House will be the next Justice Secretary, will he make a statement on the Bill's timetable?

The Government have created 3,000 new criminal offences, but have not expanded prison capacity to match. The criminal justice Bill will therefore introduce greater use of cautions, end suspended sentences in magistrates courts and limit jail terms for repeat offenders. After five Home Secretaries, 54 criminal justice Bills and 3,000 new criminal offences, the Government still do not have a clue. So much for being "tough on crime". Can we have a debate on the crisis in the criminal justice system?

According to research published this week, Home Office police targets and performance management have increased bureaucracy and stifled innovation. At any one time, one fifth of officers are not available for operational duties. Nearly three quarters of superintendents believe that Home Office reporting requirements have damaged the quality of policing. So much for trusting front-line professionals. Can we have a debate on the role of Home Office targets in policing?

Official figures released this week show that more and more schools are being forced to take back unruly pupils after deciding to exclude them. Almost a quarter of excluded pupils successfully challenged their exclusions. That is a 20 per cent. increase since Labour came to power. So much for trusting teachers. Can we have a debate on school discipline?

The Minister for Schools has said that the Government will raise £80 million by imposing a 5 per cent. levy on schools with budget surpluses. The levy will apply whether or not the money is earmarked for future projects. So much for trusting head teachers. Can we have a debate on trusting schools to run themselves, free from Government interference?

After 10 years of Labour, surely those examples tell their own story. The new Prime Minister might spin that he is a change, that he respects Parliament and that he trusts the people. He still believes, however, that the man in Whitehall knows best. That is not a "new kind of politics"; it is just same old Labour.

Mr. Straw: I am grateful to the right hon. Lady for her further welcome to me—

Mr. Andrew Robathan (Blaby) (Con): Half an hour to go.

Mr. Straw: No, I think that it might be longer. As I said, I really enjoy this job, so I am happy to go on and on and on. I know enough about reshuffles to know that they are not over till they are over. I shall certainly not comment on any dispositions that my right hon. Friend the Prime Minister is recommending to Her Majesty the Queen.

In the normal ecumenical spirit that I have sought to adopt during these proceedings, may I say that I was looking forward very much to some jokes at the end of the right hon. Lady's speech? I thought that she had got the jokes up to speed in the previous two business questions. I am really sorry to have missed them on this occasion, but if I come back next week, she can do them then.

May I join the right hon. Lady in paying tribute to Sir Philip Mawer, who has conducted himself, in a position of some great challenge, with considerable dignity, integrity and skill? I knew Sir Philip before he took the job on, and he has been a fine person to fulfil the duties. On the issue of the appointment, I will do my best to ensure that there is no interregnum, as the right hon. Lady puts it.

The right hon. Lady made some pejorative remarks about some reports on the television news, which, I am afraid, I have not seen; I was busy preparing for business questions. I, too, have a party card and I, too, am a partisan politician, as is everybody in the House, and successive Leaders of the House, on both sides, have shown that it is perfectly possible to acknowledge and follow the twin duties of Leader of the House—to represent the Government to the House, and the House to the Government, as well as separately fulfilling their other duties. As she well knows, I have had other Government duties, including House of Lords reform, party funding and the chairmanship of many Cabinet Committees, so such things are possible.

On the issue of statements, we will follow the provisions that I have introduced to give as early notice as possible of statements, which is a further indication of the way in which the Government have sought better

to respect Parliament and to ensure that the House is the first to know of major, and indeed minor, announcements.

The right hon. Lady then went on to discuss the 54th criminal justice Bill. Well, it is a nice line. We know which Bills the Conservatives rubbished as gimmicks at the time, including the first major criminal justice Bill, the Crime and Disorder Act 1998, which contained measures that have made a huge difference to constituents, such as the reforms of youth justice, the introduction of antisocial behaviour orders and much else. The question for the Conservative party is whether it would repeal those measures in the unlikely event that it returned to power.

As for our record on crime and disorder, I would be delighted to debate it at any time. We have 14,000 extra police officers and police officer numbers are going up, when they went down under the Conservatives. Crime has fallen by more than 30 per cent. when it doubled under the Conservatives. It is a record of which we shall be proud.

The right hon. Lady asked about exclusions and school discipline. Of course, it is up to her if she wants to have a debate. I have given her a lot of comradely advice about how she can make better use of Opposition days: there is one suggestion.

As for respect for Parliament, let it be said that in the past 10 years we have introduced many measures, some of them recited in the latest Modernisation Committee report, better to strengthen the role of this House. I hope that the Committee's report will be implemented.

Mr. Martyn Jones (Clwyd, South) (Lab): Will my right hon. Friend find time urgently to debate the abuse of the privilege of press passes? He will no doubt be aware that I had to go to the High Court two weeks ago to obtain redress for an article in *The Mail on Sunday* by Simon Walters, the holder of a press pass. It is an abuse of privilege for a journalist—if one may go so far as to call him that—to use a press pass to get tittle-tattle from security guards, police and other employees in the House to print lies about Members of Parliament.

Mr. Straw: My hon. Friend raises an important issue. I am aware that he succeeded in an action against Associated Newspapers. If he does have serious complaints about the issue of passes, I suggest that he refers them to the appropriate House Committee.

Mr. David Heath (Somerton and Frome) (LD): As a former member of the Standards and Privileges Committee, I also pay tribute to Sir Philip Mawer and the excellent work that he has done in recent years. The Steward of the Chiltern hundreds yesterday said that it was the end, but of course it is only the closing of one chapter and the opening of another, although some of us think that it is odd that we have gone from "Great Expectations" to "Bleak House" in just 10 years.

There are still several items on the agenda, and the right hon. Member for Maidenhead (Mrs. May) mentioned the Criminal Justice and Immigration Bill. I notice that the Leader of the House did not give us the timetable for that. The right hon. Lady did not mention the scale of the Bill, which has 235 pages, 152 pages of explanatory notes and 14 pages of regulatory impact assessment. How on earth is the House intended to give proper scrutiny to another criminal justice Bill when it will not be introduced until the second half of July for Second Reading? If all of this criminal justice legislation is so good, can the Leader of the House please explain why it needs amending within the year?

Several hon. Members *rose—*

Mr. Heath: I have not finished.

We had a valuable statement from the Secretary of State for Environment, Food and Rural Affairs on flooding, although since then, he has left for warmer climates. I know that there has been increased investment, but the cuts in flood defence spending have been disastrous. The result for many people has been personal catastrophe. May we have a statement from the new Secretary of State on the implications for the once-in-100-years assessments, because they are clearly not correct and we need to revise our flood defences in the light of recent events?

May we have a statement from the Prime Minister on his position on Iraq? It is important that we know where he stands on that.

Lastly, I tried to co-operate with the Government last week—I always do, and I am still mulling over the offer of the Wales Office—but does the Leader of the House seriously believe that it is sensible to ignore the request from the outgoing Secretary of State for International Development for a corruption Bill, when the outgoing Attorney-General has said that there is a need for a change in the offences and when we have one on the Order Paper tomorrow? The Corruption Bill is No. 17 on the list of private Members' Bills, has come through the House of Lords and would satisfy the Government's intentions. Will the Leader of the House instruct his colleagues and the Whips not to shout "Object" tomorrow so that we can make progress on enacting proper anti-corruption legislation in this country?

Mr. Dennis Skinner (Bolsover) (Lab): He is begging for a job.

Mr. Straw: My hon. Friend says, "Offer him a job"—

Mr. Skinner: No, I said he is begging for one. Send that to Philip Mawer.

Mr. Straw: And I'll plead guilty—I was worried about my hon. Friend for a second—because I think the hon. Gentleman may be after a job. I made it clear last week that we are a broad church, and I am always happy to co-operate with the hon. Gentleman or anyone else on the Liberal Democrat Benches. I look forward to their seeing the light in due course—*[Interruption.]* I am trying to be nice to them.

I apologise to the right hon. Member for Maidenhead (Mrs. May) for not responding to her question about the Criminal Justice and Immigration Bill. She should stop worrying about it. It is a large Bill. It will be properly examined by the House. If it gets its Second Reading, it will go upstairs to be subject to the full Public Bill scrutiny procedure that the House agreed following the Modernisation Committee report—in other words, it has a Select Committee-style

[Mr. Straw]

hearing for its opening stages. It is also a carry-over Bill. There has been no suggestion whatever within the Government that we are trying to get it through by Prorogation in late October or early November.

On flooding, I put on the record again our condolences and sorrow in respect of those people who have lost their lives as a result of the flooding, and our huge admiration for those in the fire and rescue services, the armed forces and the police, and the many, many local government and public sector civilian workers, as well as citizens in those areas, who have been working fantastically hard to alleviate the effect of the floods. These floods were literally a once in a century or more event. We do our very best to ensure that there is proper preparation for such events. That has been part of the work of the upgraded civil contingencies secretariat, which was set up a few years ago by one of my successor Home Secretaries.

Let me deal with funding. Yes, there was a reduction for 2006-07 of £15 million in the Environment Agency's overall flood-risk budget. That was applied to the agency's resource budget, which funds such items as staff costs, operational activities and maintenance. I have been assured that the agency capital budget was not cut, that funding for capital projects for new and improved defences to reduce risk was not affected, and that no current or planned improvement projects were delayed as a result. The reduction has been more than reinstated in the agency's funding for 2007.

On the Corruption Bill, we have already strengthened anti-corruption measures. We always consider private Members' Bills on their merits, but it does not lie in the mouth of the hon. Gentleman on the one hand to criticise the fact that we have now reached a 54th Bill on criminal law and on the other hand to propose a 55th.

Mary Creagh (Wakefield) (Lab): May we have an urgent debate on the railways, with particular reference to rail safety and continuity? Despite the best efforts of the British Transport police, the east coast main line, on which Wakefield station sits, has been plagued by theft of copper cable. I have now been contacted by constituents in the Bell Vue area who have a defunct railway bridge—scheduled for demolition in 2015—that is a magnet for antisocial behaviour both from the train-spotters, who gather there to look at trains and who urinate in people's back gardens, and from thieves, who use it as an escape route; I have seen pictures of patio heaters being taken down the railway track. We need to get that sorted out as quickly as possible and to see action from Network Rail.

Mr. Straw: I pay tribute to my hon. Friend's campaign to improve rail safety and protect her constituents, railway staff and passengers. I understand the force of her point—indeed, I share it—and I will ensure that the chief executive of Network Rail is made fully aware of her concerns and the need urgently to consider the earlier demolition of that railway bridge.

Sir Michael Spicer (West Worcestershire) (Con): Will Parliament decide on Members' pay and allowances before the summer recess?

Mr. Straw: I very much doubt that. The report has not yet been received by my right hon. Friend the Prime Minister. We are not entirely clear when it will be, but I will ensure that the hon. Gentleman, as chairman of the 1922 committee, and those who represent other parties in the House are kept informed about progress.

Keith Vaz (Leicester, East) (Lab): May we have a debate on the operation of the Judicial Appointments Commission? When the chief executive gave evidence to the Select Committee on Constitutional Affairs, she was unable to tell the Committee how many recommendations had been made to the Lord Chancellor for new judges. There is also a very large number of former civil servants from the Department for Constitutional Affairs now working at that body. It is very important that we have an independent Judicial Appointments Commission. May we have either a statement from the next Justice Secretary or a debate in the House about this important matter?

Mr. Straw: I understand my right hon. Friend's concern and will pass on his representations to whoever will be the next Justice Secretary.

Sir George Young (North-West Hampshire) (Con): In your statement, Mr. Speaker, you indicated that there would be an opportunity at a later date to pay tribute to Sir Philip Mawer. As the Chairman of the Standards and Privileges Committee, I would like to do that in a handsome way at the appropriate time.

Reverting to the subject of next week's business, I seek an assurance from the Leader of the House about next Thursday's business statement. By tradition, the Leader of the House has been less partisan and more broad-minded than his colleagues because of his responsibilities to the House as a whole. Apart from the occasional lapse, the current Leader of the House has performed that responsibility with enormous distinction. Does he agree that it will be far more difficult for that convention to be upheld if his successor is also chairman of the Labour party?

Mr. Straw: I am not going to speculate on who is or is not likely to be my successor—

John Bercow (Buckingham) (Con): It is on the BBC website.

Mr. Straw: I am not going to speculate until a formal announcement is approved by Her Majesty the Queen. The right hon. Member for North-West Hampshire (Sir George Young) has occasional lapses from the distinguished all-party positions that he holds in the House to being a partisan politician. [HON. MEMBERS: "Never."] I hope he does, and I applaud him for that, because we combine a variety of roles. It is perfectly possible for anyone filling these shoes to combine the very important role of Leader of the House, representing this House inside the Government and ensuring that it is paid proper respect in a practical way, with the fact that all of us here, bar, I think, one Member, came into the House because we were members of a political party and support the partisan causes of that party.

Margaret Moran (Luton, South) (Lab): Rats! Will my right hon. Friend take action in respect of the water company in Luton which has been responsible for a persistent plague of rats in the Stopsley ward over many years, despite representations from myself and Luton borough council, with which it has failed to co-operate? It refuses to take action to deal with the matter. Will he allow an urgent debate on the responsibilities of water companies on this serious issue?

Mr. Straw: I certainly understand the real anxiety and even anger about this problem among my hon. Friend's constituents. She has expressed it today, and I shall look for an opportunity for her to raise the matter in debate, either here or in Westminster Hall. I shall also ensure that my right hon. Friend the Secretary of State for Environment, Food and Rural Affairs and the head of Ofwat are made fully conscious of her concerns.

Sir Nicholas Winterton (Macclesfield) (Con): I very much share—[HON. MEMBERS: "En francais! Auf deutsch, bitte!"] I very much share the view expressed by the shadow Leader of the House and my right hon. Friend the Member for North-West Hampshire (Sir George Young), who chairs the Standards and Privileges Committee, that there must be some doubt about how the roles of Labour party chairman, deputy party leader and Leader of the House can be balanced. Does the right hon. Gentleman agree that it is important that the Leader of the House should represent the House as a whole—and all of its Members, not just Labour members? As an associated point, is he prepared to make a statement at this time about the possible merging of the Procedure and Modernisation Committees?

Mr. Straw: Je ne sais pas; peut-être. The specific matter that the hon. Gentleman raises is something that must be considered by both the Government and the House. My view is that it may be unusual for the Leader of the House to be a Select Committee Chairman, but that the arrangement has many advantages as well as disadvantages.

I shall let the House into a secret. The hon. and distinguished Member for Macclesfield (Sir Nicholas Winterton) will know that we have been trying to spot potential defectors—and over the past year in particular, I have found myself in a great deal of agreement with him, and I know that he shares almost entirely the forensic and incendiary views of his former hon. Friend the Member for Grantham and Stamford (Mr. Davies) about the leadership of the Conservative party. I therefore hope very much that he might come over and join us in a closer union.

Martin Salter (Reading, West) (Lab): It is fair to say that my right hon. Friend has never been in the Leninist vanguard of the movement to modernise the House's creaking and archaic procedures. I hope that the recent report from the Modernisation Committee will be debated shortly, if not next week, as it shows promising signs that he may have embarked on a political journey. Is that the case?

Mr. Straw: I have been on a journey all my political life—and I regard it as a slur to suggest that I was never in a Leninist vanguard, as I cut my political teeth at the front of one.

Lorely Burt (Solihull) (LD): May we have a debate, led by whoever is the leader of the proposed new department for business and enterprise, about the future of the motor industry, especially in the west midlands? Ford is considering selling Land Rover and Jaguar, two world-class marques. What will the Government do to ensure that those brands do not suffer the fate that Rover suffered at the hands of the Phoenix four?

Mr. Straw: Of course I understand the anxiety felt by many people about the future of the car industry in the west midlands, not least in the constituencies represented by the Deputy Chief Whip, my right hon. Friend the Member for Coventry, North-East (Mr. Ainsworth), and by my hon. Friend the Member for Birmingham, Northfield (Richard Burden), who has the Longbridge plant in his area. However, the Government have been working extraordinarily hard: after the Rover collapse, for example, we pumped millions of pounds of investment into skills and training for people in the area. I understand that 85 per cent. of those who lost their jobs now have gainful employment.

The picture in respect of the motor industry is very mixed. Question marks hang over some parts of it, but I very much hope that that is not true of Jaguar, as it produces very fine world-beating motor cars. At the same time, at well over 1.5 million units, British motor industry production as a whole is almost at the level that it was in the 1970s. In addition, 75 per cent, of that production is exported.

Linda Gilroy (Plymouth, Sutton) (Lab/Co-op): Will my right hon. Friend arrange for an urgent debate in Government time to discuss the need for new legislation on the way in which English Heritage confers simple grade II listings on buildings, and on the agency's relationship with climate change? The listing of the Plymouth civic building is incomprehensible, as most of my constituents consider it an eyesore. Moreover, its carbon footprint must be one of the biggest in the city, and in the whole south-west of England.

Mr. Straw: I happen to know the building, and I entirely share my hon. Friend's surprise—to say the least—that it should have been listed. When I was chairman of Pimlico school, a glass and concrete monstrosity that failed to work about a year after it was erected, I found myself on the same side as Westminster city council. We had the most extraordinary battle with English Heritage, which wanted to list the building rather than allow it to be knocked down. I am on my hon. Friend's side, and think that she has raised a really important issue. I shall do my best to ensure that there is a debate about it.

Mark Pritchard (The Wrekin) (Con): Yesterday, former Prime Minister Blair said that the Government had invested a huge amount of money on flood alleviation measures in coastal areas, but what about

[Mark Pritchard]

inland areas such as Shropshire? Is the Leader of the House aware that last week's flooding in places such as Shifnal, Wellington and Kettley has blighted hundreds of lives? May we have a statement in the House covering inland counties, and not just coastal areas?

Mr. Straw: As the hon. Gentleman knows, I happen to know a little about the fine county that he represents, and we are well aware that the flooding damage has mainly been to inland rather than coastal areas. It is the responsibility of the Government and the Environment Agency to ensure that there are adequate defences across the country, and we are seeking to fulfil that duty. Of course I appreciate the request for a further statement, and promise that my right hon. Friend the Secretary of State for Environment, Food and Rural Affairs will come to the House as soon as there is a need to do so. I suspect that that may be next week.

Mr. Andrew Dismore (Hendon) (Lab): Last week, the Law Lords ruled that the protections in the Human Rights Act 1998 did not apply to residents of private care homes who had been placed there by local authorities. The Human Rights Act 1998 (Meaning of Local Authority) Bill would put right that appalling decision, and it resumes its Second Reading tomorrow. If the rumours about my right hon. Friend's future position turn out to be true, will he have a word with himself later this afternoon to see whether he can consider allowing the Bill to go through to Committee stage, so that it might have an opportunity to put right that appalling decision?

Mr. Straw: As my hon. Friend knows—and as I know from the very lengthy discussions in 1997 and 1998 about the construction of the Human Rights Act—this is a very complicated area. I commend him on his assiduity in bringing his Bill forward, and I have been involved for some weeks in discussions with him about whether it is an appropriate or adequate vehicle for progress on this matter. The problem is not to do with the Bill's fundamental principle, but with its construction, and for the moment we are not convinced that it is suitable. However, I assure my hon. Friend that I will of course be ready to discuss the matter further, whatever capacity I am in.

Mr. Michael Fallon (Sevenoaks) (Con): Will the Leader of the House reconsider his refusal last week to allow an early debate on the Scottish block vote? A Minister needs to answer questions about the fact that, from next year, English students will be the only ones in the entire EU who will have to pay the graduate tax if they attend Scottish universities. The right hon. Gentleman did not offer a response last week, but the decision is based on discrimination.

Mr. Straw: Without sounding entirely self-serving, I must say that thought that I gave a more than adequate answer last week. The Conservative party opposed devolution in 1997 and 1998, but seems now to have accepted the settlement. Devolution means difference, which I celebrate. Plenty of services delivered in England may be considered to be different and more beneficial than their equivalents in Scotland. Moreover, the hon. Gentleman must remember that Scotland used to be run from London by a proconsul called the Secretary of State for Scotland. Things were done differently then too, but usually worse. The Scottish poll tax is an example: before the 1987 election, the Government of the day refused to impose it in England, but were willing to impose it on Scotland.

Jeremy Corbyn (Islington, North) (Lab): Will the Leader of the House give us an indication of how soon we can have a substantial debate on foreign affairs so that policy on Iraq, the continuing crisis in the middle east and the plight of the Palestinian people can be discussed, and the new Foreign Secretary can tell us in what direction the Government intend to take foreign policy?

Mr. Straw: There is, as the House knows, a debate scheduled on 19 July in respect of Zimbabwe. I will certainly ensure that we look for another opportunity to discuss the obviously very important issues that my hon. Friend raises.

Pete Wishart (Perth and North Perthshire) (SNP): May we have an early statement about the future of the joint ministerial committees of the devolved Parliament and Assemblies of the United Kingdom? Unbelievably, these powerful bodies have not met since 2002, and we now find ourselves with new dynamic Governments in each and every Parliament and Assembly in the United Kingdom. Can those moribund committees be reconvened to allow for a free and frank discussion and dialogue between the national Parliaments and Assemblies in the interests of each and every nation of the United Kingdom?

Mr. Straw: I will certainly ensure that what the hon. Gentleman says is given full consideration within the British Government. We are anxious to make the devolution settlement protocols work in practice. To my personal knowledge, the joint ministerial committee on Europe was working until May 2006, and I am almost certain that it has been working since. That included representatives from the Scottish Administration and the Welsh Administration, and often included representatives of other parties. It was my duty as chairman of that committee to ensure that we worked co-operatively with such representatives, who were democratically elected within their nations, and I believe that we succeeded.

Gwyn Prosser (Dover) (Lab): Many of us in the trade union and labour movement have campaigned long and hard for the introduction of a robust corporate manslaughter Act. The sinking of the Herald of Free Enterprise, a cross-Channel ferry based in Dover, 20 years ago gave extra impetus to that campaign. Is my right hon. Friend the Leader of the House confident that the Bill that is being considered again this afternoon will go through all its stages before the end of this Session? Will he talk to his successor to ensure that she does all that she can to make sure that the Bill does not fall?

Mr. Straw: As my hon. Friend knows, consideration of a Lords message on the Corporate Manslaughter and Corporate Homicide Bill is next on the Order

Paper straight after this business. He will also know that provisions have been put into the Bill by the other place, particularly in respect of circumstances in which the offences would apply to deaths in custody. Those issues are being considered. Of course we are committed to the legislation; it is our Bill. We are the people who introduced a Bill in respect of corporate manslaughter, and corporate homicide in Scotland.

Patrick Mercer (Newark) (Con): The Leader of the House cannot have failed to notice that another three soldiers have been murdered and several others injured this morning in Iraq. I do not know whether it is the case, but a device such as that which has killed those young men and injured others probably has the hand of Iran behind it. May we have a full and clear debate on Iran's murderous interventions in Iraq and a clear statement of Government policy towards Iran for the future?

Mr. Straw: May I first pay tribute on behalf of the Government and the House to the soldiers who lost their lives in southern Iraq in the small hours of this morning, and send our deep condolences to their families, friends and comrades in arms? Yesterday in this House my right hon. Friend Tony Blair paid his own tribute to the British forces. They are indeed the best and the bravest, as those such as the hon. Gentleman and many others in the House who have personal dealings, friendships and families in the forces have every reason to know. On the issue of policy that the hon. Gentleman raises, let me say that I know of that concern and I will consider, not least in the context of the concern raised by my hon. Friend the Member for Islington, North (Jeremy Corbyn), when we can have a debate.

Anne Moffat (East Lothian) (Lab): Will my right hon. Friend consider looking at security provision for Members of Parliament in their constituencies? Within the last year, I have received death threats, my office has been broken into, and as recently as last week I had a death threat spray-painted over my home. The job is hard enough, without having to go through this kind of thing. Does my right hon. Friend think that there should be some mechanism whereby Members who are subjected to such awful behaviour get some support?

Mr. Straw: Yes is the answer. First, my hon. Friend should receive extra support from the local police. I will certainly assist her in ensuring that if they are not already doing so, as I hope they are, the local police take the matter very seriously. Secondly, it is in the discretion of the House authorities to make grants to Members for special security measures, taking account of the specific risk. I know of a number of Members who have benefited from that grant arrangement.

Bob Russell (Colchester) (LD): After 25 years of failed housing policy, it has been reported that the new Prime Minister is to introduce a programme to resume the building of council houses, especially for families. The council house waiting list has increased by more than 600,000 since Labour came to power, and hundreds of thousands of children live in accommodation deemed inadequate for their needs. Can the Leader of the House indicate when that council house building programme will commence?

Mr. Straw: The hon. Gentleman will forgive me if I do not make an announcement on that, as well as much else. We have done a huge amount in respect of house building, home creation and home ownership. Home ownership is at record levels. House building is at its highest level since 1990. There has been substantial investment, not least in suburban Essex and Kent—not far from the hon. Gentleman's constituency—to increase the number of affordable homes. The problem that the Government and the country face is that the demand for homes and the formation of families is rising at an ever faster pace. We have to meet that challenge, which is one reason why my right hon. Friend the Prime Minister has spoken so much in recent days about the need for an upgrading of our response to the demand for affordable homes, as indeed will happen.

John Robertson (Glasgow, North-West) (Lab): Will my right hon. Friend assist me in obtaining a debate on the Floor of the House and perhaps talking to the relevant Minister about introducing a Bill to stop ticket touting? It was announced this morning that Wimbledon innovatively put 500 tickets on the internet, only to find that most of them had been bought up by ticket touts and were reappearing on the internet at grossly inflated prices. Is it not time that we protected the ordinary fan in this country?

Mr. Straw: I am aware of my hon. Friend's concerns and those of many other hon. Members about ticket touting. He may also be aware that the Select Committee on Culture, Media and Sport is currently holding an inquiry into ticket touting. The whole House will be looking forward to its conclusions.

Alistair Burt (North-East Bedfordshire) (Con): A few weeks ago it was revealed that the European Union had suspended payment under its European regional development fund programme to most English regions because of failures in Government accounting policy. This week it was revealed to me in a written parliamentary answer that a further £269 million had been withheld from earlier programmes. Why has a Minister not come to the Dispatch Box to talk about this? Can the Leader of the House arrange for an urgent debate so that that can be remedied?

Mr. Straw: I shall certainly take the matter up with the relevant Secretaries of State. The hon. Gentleman raises what, on the face of it, is an important matter. I will hope for a proper response.

Rob Marris (Wolverhampton, South-West) (Lab): Hitherto, climate change debates in the House have centred on dealing with the causes—emissions—rather than the effects of climate change. For more than a year I have been ploughing a somewhat lonely furrow on the adaptation side of the equation, which is little debated. Adaptation is a cross-departmental issue. In the light of the terrible flooding in this country particularly in the past fortnight, which, sadly, looks as if it will continue for a few days, may we have an early debate on measures to adapt to the effects of climate change?

Mr. Straw: I will certainly look for such an opportunity. My hon. Friend raises an important issue.

Mr. Andrew Pelling (Croydon, Central) (Con): Yesterday there was a written statement on the altered memorandum of understanding on the funding of the Olympics. When does the Leader of the House expect legislation to permit that, as suggested in the memorandum of understanding? It would give us an opportunity to discuss the poor deal for London in the new arrangements, with £300 million to be cut from London's services in the run-up to the Olympics, when there will be additional pressures on London's services to fulfil the needs of the Olympics.

Mr. Straw: We will come back to the hon. Gentleman on the specific issue about legislation, but I simply do not accept what he says. I am chairman of the Cabinet Committee on the Olympics so I have been paying great attention to that matter—still fulfilling my role as Leader of the House, I might point out to the right hon. Member for Maidenhead (Mrs. May). The Olympics are hugely welcomed by Londoners, as well as by the rest of the country. The money has to come from somewhere, but I believe the benefits of the legacy of the Olympics for London, the south-east and the nation as a whole will in the end be seen far to outweigh the cost.

Mr. Douglas Hogg (Sleaford and North Hykeham) (Con): May we have an early debate on the role of the House of Commons? That will enable the Prime Minister to describe his proposals to enhance this place, but it will also enable people such as me to say that unless Members of Parliament recover their independence, and in particular, loosen the grip of the Whips—on both sides of the House—the changes will be of little relevance.

Mr. Straw: The right hon. and learned Gentleman will be able to make his own remarks, as I am sure there will be plenty of occasions for such debates. However, I think that the Conservative party is showing every sign that its Members are leaving the grip of the Whips Office, which is why we welcomed his constituency neighbour, his former hon. Friend the Member for Grantham and Stamford—and we look forward to the right hon. and learned Gentleman crossing the Floor, too.

Richard Younger-Ross (Teignbridge) (LD): May I wish the Leader of the House every success? I thank him for the courtesy he has always shown when I put questions to him, and in particular, for always answering them. However, will he reflect on the answer he gave earlier when he said that there had been no cuts in flood defence schemes? I draw his attention to the schemes for Shaldon and Teignmouth in my constituency, which, I am advised, have been delayed by at least two years because of the changes in the budget of the Department for Environment, Food and Rural Affairs. Either I am being misled or the Leader of the House has been misled.

Mr. Straw: May I congratulate the hon. Gentleman, in a similar spirit, on having asked a rather more comprehensible question than the one he put to the former Prime Minister yesterday? He may like to know that almost the whole of the 1874 Session was spent debating relations between Church and state, and he may want to go back to that; it would be a good new Liberal Democrat project.

I accepted, and put on the record, that there had been a reduction in the overall flood risk budget by £15 million, but I then went on to say that I had been advised that the capital budget had not been cut, and that funding for capital projects for new and improved defences to reduce risk was not affected, so no current or planned capital improvement projects were delayed as a result. The amount of spending on flood risk management overall has doubled since 1997. Of course, there is always more that we can do and should do, and we take account of the hon. Gentleman's concerns, but I think the answer I have given him is accurate. If it is not, of course we shall correct it.

Dr. Julian Lewis (New Forest, East) (Con): Returning to the topic raised by my hon. and gallant Friend the Member for Newark (Patrick Mercer)—the death of three servicemen and the wounding of a fourth—it had appeared that the Ministry of Defence and the broadcasters had got their act together by not broadcasting details until they could say in the broadcast that next of kin had already been informed. This morning, however, it was clear from the broadcasting of the news that next of kin had not already been informed, or if they had it was not said in the broadcast, which must have sent a thrill of horror through everybody who has family members serving in Basra. May we have a definitive statement from a Defence Minister to make it absolutely clear that such broadcasts should never be made until it can be said that next of kin have been informed? Whether or not the news creeps out on the internet or anywhere else is irrelevant, because the majority of families probably will not see that, but they will hear the broadcasts.

Mr. Straw: I believe that British broadcasters show great responsibility, but I shall of course pass on the hon. Gentleman's concern, which is shared by all of us, that next of kin should always be the first to know whenever possible. However, I do not think it is practical or realistic to dismiss the fact that others may be broadcasting such news; the problem is that in Iraq, as everywhere else in the world, there are people with mobile phones, cameras and video cameras at all those sites, so the news more than seeps out; it is broadcast in a large way.

Mr. Tobias Ellwood (Bournemouth, East) (Con): Further to the question put by my hon. Friend the Member for Newark (Patrick Mercer) about the three tragic deaths, my regiment is serving in southern Iraq. It has only just been deployed there, yet in the first 48 hours 15 personnel were wounded, and it receives fatalities of about one a week. Those statistics are unacceptable, so I urge the Leader of the House to accept the fact that we require a statement from the new Prime Minister on long-term strategy for Iraq and, more importantly, a statement from the Defence Secretary about whether we have the right size of force and the right equipment to do the job, before we see that country spiral into civil war.

Mr. Straw: I understand the hon. Gentleman's great concern—not least from his own experience. Many Members on both sides of the House have, have had or will have family serving in Iraq and Afghanistan, so they appreciate the extent of the anxiety caused to families. I shall ensure that both the hon. Gentleman's points, in respect of a wider statement by my right hon. Friend the Prime Minister and a more immediate statement by my right hon. Friend the Secretary of State for Defence, are communicated to them.

Mr. Andrew Mackay (Bracknell) (Con): I very much share the concerns expressed by many that the chairman of the Labour party should not also be Leader of the House, but another problem needs to be addressed: we hope that the new Secretary of State for International Development will make a statement next week to explain how he can be the election manager for the Labour party while also carrying out the onerous and difficult tasks of a Secretary of State.

Mr. Straw: May I just repeat the point that all of us, whichever side of the House we sit on, have to accept what is called in the jargon multi-tasking? For example, all of us are constituency Members; when I was Foreign Secretary, I carried on with constituency surgeries—all Members do that—but we are partisan politicians as well. During my 18 years in opposition, I remember many Conservative Members who held high office and conducted it with great assiduity and integrity but who were also partisan politicians and filled senior positions on behalf of their party at the same time.

David Howarth (Cambridge) (LD): May we have an urgent debate on the views of the new Prime Minister on the environment? It was noticeable that yesterday in his speech in Downing street he mentioned neither climate change or the environment, and that he gave the issue short shrift in his speech accepting the leadership of the Labour party—and as the Treasury was hardly a powerhouse of environmentalism under his care, this is starting to look deliberate.

Mr. Straw: I completely reject what the hon. Gentleman says. He has not been listening to what my right hon. Friend, now the Prime Minister, has been saying. Across the country, in 11 separate hustings—partisan hustings—my right hon. Friend spoke a great deal about climate change. Moreover, in the Treasury it was my right hon. Friend who gave much support, and indeed much leadership, to the Government's efforts until now, when we have a world position on climate change, and set up the Stern inquiry which has reported and is providing much policy for the future Government.

John Penrose (Weston-super-Mare) (Con): I listened to the Leader of the House's comments about school discipline with great concern. Does he really believe that it is appropriate to compel head teachers to readmit pupils excluded for rude and abusive behaviour towards staff? If he does, would he consider having a word with the new Prime Minister about offering a new Cabinet position to—to choose an entirely random example—a former Home Secretary who called the Prime Minister a delusional control freak, and psychologically flawed?

Mr. Straw: Discipline is a dangerous topic for the Conservative party to get into, although I am always happy to debate it. However, there is a serious issue about school discipline, which I did not deal with directly in my reply to the right hon. Member for Maidenhead; I am sorry about that. We faced the issue when I chaired the governors of my children's large and diverse comprehensive school, and I am certain that the new Education Secretary, whoever that may be, will consider it with great care.

Mr. David Jones (Clwyd, West) (Con): Will the Leader of the House arrange for the next Home Secretary to make a statement on the operation of section 165A of the Road Traffic 1988, the provision that empowers the police to seize uninsured motor vehicles? Two weeks ago, a car belonging to my constituent, Mrs. Maureen Smith of Rhos-on-Sea, was being driven quite legally by her daughter under the terms of her own insurance when it was seized by the police. Mrs. Smith was obliged to pay a £105 fee to have the car released from the car pound and her daughter received a £200 fixed penalty and six points on her licence.

The difficulty is that the police relied on the motor insurance database, which is of necessity always out of date, because of the number of vehicles that change hands and the number of insurance policies that are changed. On that basis, does the Leader of the House agree that this is a serious issue, and that many other motorists may well be penalised in the manner that I have described? Will he ask the Home Secretary to consider that point?

Mr. Straw: I am certainly happy to suggest that the matter be looked at. However, I say two things to the hon. Gentleman. First, things sometimes go wrong in specific cases, and he and his constituents have clear rights to make a complaint against the police. I am sure that they will do so. Secondly, however, the principle behind that section of the 1988 Act, which was introduced by the hon. Gentleman's party when it was in government, is a good one. Indeed, I think that most of us would want it to be used even more when the police are clear that uninsured vehicles are being driven around. Typically, those who show social irresponsibility in respect of not insuring their vehicles are also much more likely to show social irresponsibility in everything else.

Orders of the Day

Corporate Manslaughter and Corporate Homicide Bill

Lords Reasons for insisting on their amendments to which the Commons have disagreed and for disagreeing to the Commons amendments to the Bill in lieu, considered.

Lords Reasons: Nos. 2B, 3B, 5B, 6B and 10E.

12.31 pm

The Parliamentary Under-Secretary of State for Justice (Mr. Gerry Sutcliffe): I beg to move,

That this House insists on disagreement with the Lords in their amendments Nos. 2, 3, 5, 6 and 10, but does not insist on its amendments Nos. 10C and 10D in lieu thereof, and proposes amendments (a), (b), (c) and (d) in lieu of the Lords amendments.

The other place has for a third time sent to us amendments to the Bill that would extend the new offence to deaths in custody in all circumstances. Hon. Members will be familiar with the Government's position. I do not intend to rehearse this at length, but I do want to place this issue in the wider context of progress on other issues in the Bill and to set out why we are not persuaded to set a timetable for custody.

Throughout the passage of the Bill, I have always made it clear to hon. Friends and Opposition Members that the Government would listen carefully to arguments to improve the Bill, and we have done so. The Government responded to concerns about the test for liability in the Bill as it was first introduced, we have shown flexibility in terms of the sort of organisations to which the offence applies and extended the Bill to certain unincorporated associations. We have offered real progress on the sort of penalties that will be available against convicted organisations and made provision for an entirely new sort of disposal against corporate bodies—a publicity order.

When concerns arose about the possible impact of the new offence on prosecutions against individuals on a secondary basis for health and safety offences, we again offered amendments to clarify the position. The Government openly recognised the strength of concern in this House and in the other place on the question of custody, and again offered positive movement. That is not just in terms of a power to extend the new offence—a move that explicitly opens the door to a future extension to custody— but in practical terms. Putting the prisons and probation ombudsman on a statutory footing will strengthen the position of that office to provide an independent investigation of deaths in prisons and other forms of custody.

Mr. Dominic Grieve (Beaconsfield) (Con): Will the Minister confirm, yet again, that the latest set of amendments that the Government have tabled actually enable any future Secretary of State to restrict the introduction of any measures to extend to custody in exactly whatever way the Government see fit? The suggestion that it is simply a device by which at some future date the Lords amendments can be brought into force is not accurate. In fact, it would allow for the complete rewriting of the Lords intention.

Mr. Sutcliffe: I do not accept that, and I will say why I think that we need to support the position that we are in. I have accepted the principle of what has been said, and putting the office of prisons and probation ombudsman on a statutory footing will strengthen that office.

Hon. Members will see that, in the criminal justice Bill that was introduced yesterday, we are delivering on our commitment. We will be strengthening the arrangements for decreasing the occurrence of such deaths in the first place through the commitment to strengthening the forum for preventing deaths in custody. That is considerable movement on the Government's part, and it is against that background that this House should measure where we are now. This is not resistance for the sake of it; it is because we genuinely consider that this is as far as the Bill should go at this stage.

Mr. David Winnick (Walsall, North) (Lab): At the end of it all, I will probably vote with the Government, but I will do so with the greatest reluctance. I have read the exchanges in the other place and my view is that compelling arguments were advanced for the Government to go further. I am very disappointed that it has not been possible for my hon. Friend to tell the House that the Lords amendments should be accepted.

Mr. Sutcliffe: I am sad that my hon. Friend is disappointed and saddened, but if he has followed the debate all the way through from the Government's original position, he will fully understand why we are in this position today. Many groups and stakeholders were involved in the progress of the Bill and they had different views about its progress, but they were flexible and understood the Government's position. We have moved genuinely forward on the issue of deaths in custody.

Mr. Edward Davey (Kingston and Surbiton) (LD): Will the Minister give way?

Mr. Sutcliffe: I will but I want to make progress, because I suspect that we will be rehearsing arguments that have been made before.

Mr. Davey: I am grateful to the Minister for giving way, but he keeps telling the House that the Government have moved and accepted the position in principle. However, he did that the last time we debated the issue, but with a qualification—"if" the powers were ever needed. It is important to see whether the Government have moved from the word "if" to the word "when".

Mr. Sutcliffe: If the hon. Gentleman listens, I think he will hear me provide the strong qualification that he is looking for.

Mr. Chris Mullin (Sunderland, South) (Lab): I acknowledge that the Government have been listening and that they have moved. I also acknowledge my hon. Friend's sincerity. However, he has had many predecessors and there will probably be a lot of successors, and it cannot be guaranteed that his successors will share his view. The Bill as framed makes it possible for this commitment to be forgotten about, and that is why many of us are worried.

Mr. Sutcliffe: That is not the Government's intention. During the debate on deaths in custody, the Joint Committee on Human Rights, the Home Affairs Committee and other bodies in the House have made sure that the issue has developed in the way that it has. I am clear that they will continue to ensure that the issue is dealt with. It is my fervent belief that we need to give the prisons and probation ombudsman the opportunity to develop his role and we also want to strengthen the forum for preventing deaths in custody. Other issues may flow from those two arrangements and they may affect the issue even further.

It is not the Government's intention to condone or protect circumstances in which there are serious failings in the management of custody. The issue is about the appropriate application of a new criminal offence. The Bill recognises that there are difficult decisions to be taken about the application of the new offence to the operation of public services. That position was debated at length in proceedings in this House and in the other place. This House has supported excluding the exercise of a number of public responsibilities from the scope of the offence. It is therefore an overstatement to say that equality before the law demands the application of the offence to those in custody. Accountability for the exercise of public functions raises difficult and complex issues. The forums for investigating and holding to account those responsible for public responsibilities, including the management of custody, recognise this.

The Government have been prepared to meet concerns that the offence should apply to custody by opening the door clearly in the Bill to that being the case. That is a serious acknowledgement of the issues here and accepts clearly the principle of the offence applying. However, this issue must also be seen in the wider context of lifting Crown immunity. Applying the new offence to Government Departments brings with it considerable uncertainty. How these bodies discharge their public responsibilities is intimately bound up with wider questions of public policy.

It is tempting to consider that faults in the management chain and operational matters can be isolated from the organisational context within which they occurred. In practice, that is a difficult distinction to make and, in the exercise of public responsibilities, the systems and processes by which an activity is managed can involve fundamental questions of policy, not least in relation to the allocation of resources. Those matters need to be answered for politically.

On one view, that is a reason for not lifting Crown immunity or at least never extending the offence beyond the sorts of duties already set out in the Bill. We have taken considerable steps beyond that by accepting in principle the application of the offence to the management of custody. However, there must be an opportunity for Departments, investigators and the courts to become familiar with the concept of criminal liability for Crown bodies in areas such as employer and occupier responsibilities before looking to apply this sort of offence to the discharge of public functions any more widely than the Bill currently allows. That will also provide time for the changes to the ombudsman's powers to become established and for the forum for preventing deaths to be further developed, and time to consider how the wider application of the offence will operate alongside those changes.

I cannot set out the timetable today and the right approach to acknowledging the uncertainty is to include a power in the Bill to extend the offence. There can be no doubt that Parliament envisaged the application of the offence to custody—the principle of that is accepted, but the exact timing is not. There will be a considerable opportunity to question the Government on the matter: for example, through the Select Committees. The Home Affairs Committee and the Joint Committee on Human Rights have demonstrated their interest so far. Our proposals for putting the prisons and probation ombudsman on a statutory footing include provision for publishing and laying before Parliament various reports. That will provide a new source of information on the management of custody.

Mr. Grieve: The Minister knows the reality: implementation by statutory instrument is a matter wholly at the discretion of the Government of the day. No Member of Parliament can introduce the statutory instrument to try to force the Government's hand. If we lose this opportunity—there are many caveats from the Minister about when the measure might be introduced—is it not the case that we will be taking something on a promise that looks even more remote today than when we last considered the matter?

Mr. Sutcliffe: Again, I understand the hon. Gentleman's point of view, but I do not agree with it. Clearly, the House should consider the matter in the round and think about what we have tried to achieve. We are in a difficult position. Many organisations and bodies want to see the Bill enacted and it will be sad if the movement that the Government have made is not acknowledged and if the other place continues to reject what we are saying. That will not help people in terms of resolving the issues around deaths in custody and it will certainly not reflect the main inspiration for the Bill.

Mr. Davey: Why should private sector organisations have no timetable for changing their processes to prepare for the offence, when public sector bodies—in this case, the Prison Service—have carte blanche and may never even have to face up to the measures? Are public sector managers in the Prison Service so much more inefficient and incompetent than private sector managers? Will the Minister explain the logic of that to the House?

12.45 pm

Mr. Sutcliffe: That is entirely wrong. The hon. Gentleman has not looked at the core of the issue. This is about public functions. The Government are lifting Crown immunity—that has never been done before—where the Crown operates as an employer and an occupier. There are other ways to inspect the way that public policy is outlined. I have explained that in previous discussions. He is quite right to talk about the private sector. One of the reasons for applying the offence to the private sector was to read across to what we needed to do in the public sector. That was the motivation for removing Crown immunity.

[Mr. Sutcliffe]

I understand the passion around the issue of deaths in custody and we all agree that we have to try to find ways to prevent those deaths. The Government have set out a way of doing that. Opposition Members underestimate the powers of Select Committees and other bodies to continue to pressurise the Government in the future. I want to make sure that we do not compromise a complex situation that involves the relationship between public policy and organisational matters.

We have made two changes to the amendments in lieu since they were last considered. First, there is a change to address a point raised by the right hon. and learned Member for Sleaford and North Hykeham (Mr. Hogg) in our previous debate. He was concerned at the inclusion of the scope—in subsection (2) of the proposed power to extend the offence—to specify exemptions to the forms of custody to which the offence would extend. I undertook to consider that point. As I said, I have always tried to address matters of concern where possible and we have removed the ability to specify exemptions.

It will remain necessary for the order to set out the forms of custody to which the offence extends. It is right that that should be the case. There are a number of technical points that are not adequately addressed in the amendments proposed by the other place. In the context of an order-making power, it is right that the exact description of custody should appear in the order itself, but there will not be the scope to specify exemptions.

Mr. Grieve: I am grateful that the Minister has taken on board the points raised by my right hon. and learned Friend the Member for Sleaford and North Hykeham, but is not the reality of the wording that it would be open to the Government to introduce the measure in relation to certain sorts of custody, but not to others—if they were minded to do so? That is how I read the amendment. Clearly, the Lords intended the introduction to apply to all forms of custody. I am sure that the Minister will appreciate that that may make some Members a little nervous about the direction in which the Government are going.

Mr. Sutcliffe: Hon. Members cannot have it all ways. The right hon. and learned Member for Sleaford and North Hykeham asked us to reflect on the matter. We have done that and we think that we have hit on the right way forward. This is not an attempt to deal with the matter in an underhand way; it is a genuine attempt to meet the requirements of the right hon. and learned Gentleman. I hope that the hon. Member for Beaconsfield (Mr. Grieve) will accept that.

Secondly, changes have been made to make it clear that the definition of "premises" in subsection (1) of the power is the same as the definition in clause 2. That definition will now appear in the wider interpretation clause that is inserted by amendments made in the other place.

This is an important Bill that will strengthen the law and make sure that organisations have strong health and safety policies. I hope that the other place and Members in this House recognise the lengths to which the Government have gone to try to address the points raised on both sides of the House. I hope that hon. Members will support us today.

Mr. Grieve: I am always pleased to see the Minister at the Dispatch Box, but I am rather sorry to hear what he has to say. There is plainly a wide measure of agreement in this House and the other place concerning this matter. We are all in agreement—the Minister has reiterated this today—that the issue of deaths in custody is serious. It could not be anything other than that. There were some 2,000 deaths in custody between 1995 and 2005. Unfortunately, not a year goes by—sometimes I think not a month goes by—without our hearing of another example that gives rise to concern.

I have no doubt that the vast majority of the deaths are nobody's fault, but, from time to time, there is pretty clear evidence that a death may be the result of neglect of a kind that would not give rise to any personal criminal liability by an individual, but that would certainly fall within the scope of what the Bill is intended to consider. There may well be corporate failures within the Prison Service or other organisations that have allowed such a death to occur.

Mr. Edward Garnier (Harborough) (Con): The problem that my hon. Friend outlines is going to get worse tomorrow, because the Government, under their chaotic arrangements for dealing with overcrowding in prisons, are going to release thousands of inmates back on to the streets, without supervision or assessment. Many of them will be drug addicts. While in prison, they have been cared for by the Prison Service and the health service, but once they are released—if they are released when they are still suffering from drug addiction—many of them could come to untimely ends as a consequence of the lack of care. Does he accept that the Prison Service's duty of care covers not only the period during which those people are in custody, but must foreseeably extend to a situation in which it releases unsuitable people who are affected by drugs on to the streets from within its care?

Mr. Grieve: My hon. and learned Friend makes an interesting point, although it pushes the bounds of what can be foreseen a little. I am not sure that I wish to encourage his line of reasoning because it might make it even less likely that the Government will extend the corporate manslaughter offence to the Prison Service.

In the context of prisons, I have always thought that the main scope of the offence was the care delivered in the prison system. However, my hon. and learned Friend makes a perfectly fair point. Someone who was known to be a serious suicide risk might suddenly be thrown out of the prison hospital wing one morning. If no provision had been made for their care after release and the first thing that they did was to throw themselves under a railway train at the nearest station, that could give rise to interesting legal and factual arguments about the possible extension of the duty of care. I accept what my hon. and learned Friend says. From his experience of visiting prisons in his capacity as our prisons and criminal justice spokesman, he

knows only too well the worrying fact that an overcrowded Prison Service is poor at delivering care to the most vulnerable.

That live issue is one of the reasons why we believe that the corporate manslaughter offence should be extended to protect people in custody. The Government appear to have accepted that principle, albeit not without considerable argument, and that was the major concession made by the Minister in one of our ping-pong sessions. However, rather than following the logic of his argument of saying that the Prison Service will need time to prepare for the change, the Minister hides behind the statement that the system will be introduced by statutory instrument as and when the Government think that everything is ready.

The Government pride themselves on target setting. The old Government—I suspect that the same will be true of the new Government because the new Prime Minister seems to be as wedded to this as anyone—said that they liked targets because they enforced discipline. Ministers have proudly said at the Dispatch Box that the Government will be able to match targets for the implementation of measures. Why, therefore, will not the Minister pick a reasonable target for changing the culture in the Prison Service and elsewhere so that a full assessment can be made of the response to the measure, which, as the Minister concedes, is entirely justified?

I realise that we are in times of change. The new Prime Minister has a reputation in the press—perhaps it is grossly unfair—of being a little curmudgeonly. Here is his opportunity, with his new vision for Britain, to take a grip of government and take a different stand. I mean that seriously. Conservative Members are looking to him to show leadership on a matter on which there is much cross-party consensus. When the Minister has the opportunity to see the new Prime Minister, I hope that he will point out to him the extent of the disquiet in the House and what we are seeking.

I am not sure whether we have a new Home Secretary yet, or whether he is moving from ministerial substance into ministerial ectoplasm. However, it appeared that he was a serious impediment to the implementation of the proposals. As he is vanishing into thin air as I speak, this must be a tremendous opportunity—I had rather hoped that the Minister would have been in a position to grasp it with both hands today—for the Government to shift by saying that they accept that such a timetable would be possible. If that happened, we could all congratulate ourselves mutually and go away, which is what I want to happen.

This might be a little premature. I am conscious that doors are swinging as people go in and out of No. 10 Downing street. There has not been time to present new Ministers with their briefs. The Minister is probably not quite sure what his post will be in 24 hours. All that makes life very difficult, but it is all the more reason why we should ensure that this issue is kept live so that we can come back to it next week and the week after. I am confident that the other place, on a cross-party basis, is resolute on this matter and will not let it drop, given that the Government's explanations for their position on the implementation of the amendments have been really incoherent.

My children are now growing up, but when they were little, they used to engage in distraction when one wished to scold them for doing something wrong. They would introduce a new argument, or something would happen, to distract one from the main issue. The Minister has been doing such a thing rather well. We have been told about systems and given promises of reform in the future, even though there are absolutely no assurances that we will get it. I even detected that it was vaguely suggested in the other place that the Lords amendments might not work quite as intended. If that is the case, the ball is firmly in the Minister's court because the Government would have not the slightest difficulty curing that problem, if they wished to do so.

I am sorry that we are again not succeeding in making progress. The Bill will continue to go backwards and forwards. It has been pointed out that unless the time period is extended, the Bill has until 19 July. If the Government wish to continue the argument, they can extend the time allowed until the end of the parliamentary Session. If they do so, I will be only too happy to come back to the Dispatch Box to debate the matter further with the Minister because as long as it is alive, there is some hope that we will reach the outcome that everyone in the Chamber—including, I strongly suspect, the Minister—would like to see.

I hope that reasonableness will prevail. The Minister will not be surprised to hear that we cannot support the Government's motion. However, whatever happens in the Division, I hope, if the Minister is not promoted, that he will give us his benevolent presence again in the Chamber and that we can reach the happy moment when we agree that we have a sensible timetable and target so that protection for some of the most vulnerable members of our society will finally be provided in a completely reasonable fashion.

Mr. Winnick: The Bill is an excellent measure and the sort of legislation that one would expect from a Labour Government. I congratulate my hon. Friend the Minister on the progress and concessions that have been made as a result of debates here and in the other place. However, through no fault of his own—presumably, he does not make the decisions on these matters—the principle of addressing death in custody has not been put into effect. If the death of prisoners was relatively unknown and a minor matter, one could understand the Government's position. However, some pretty tragic cases have been cited by Lord Ramsbotham, the former chief inspector of prisons who tabled the Lords amendments. I find it difficult to understand for the life of me why the Government will not go a step further. As we have heard, there is no doubt that the principle has been accepted. Why should the Bill become an Act without covering those who die in custody? Even at this very late stage, I hope that the matter will be given further consideration.

I have no doubt that the Government will not have a problem getting a majority at the conclusion of this debate. There will be no rebellion. I will probably vote with the Government, albeit with much hesitation. Government Members often ration the number of times that they vote against the Government or abstain. I certainly do so, although I am not sure whether it is appreciated by the Whips. I am very conscious of my responsibilities as a Member. As I said

[Mr. Winnick]

in an intervention, I read with considerable care the arguments put forward on Monday in the House of Lords, and they seem to be compelling arguments to which it would be difficult to object. I have not the slightest doubt that if we were on the Opposition Benches, we would make precisely the sort of speech that the hon. Member for Beaconsfield (Mr. Grieve) made, but of course it is quite likely that if we had a Conservative Government, the Bill that we are debating would not have been introduced.

As I have said, I am saddened and disappointed. I believe that the Government should go further, and that the Lords were right. I would not be surprised if they insisted on their amendments and the Bill came back before us once again.

1 pm

Mr. Davey: The hon. Member for Walsall, North (Mr. Winnick) joins the long line of distinguished Labour Back Benchers who are contributing to the cross-party support for our argument with the Government. In a way, he has done so in order to try to push the Minister to where the hon. Gentleman and I believe the Minister wants to go. Debate on the Bill and on the issue that we are discussing has been of high quality. The arguments have been put forward clearly, but today the Minister has yet again not come forward with a strong argument for his position. We have heard a number of arguments about the process, and they have all been destroyed, both in this place and the other place. They really do not stand analysis.

One particular argument, which is out of tenor with the other arguments that have been made, has been heard outside this place, and Members of the Commons and the other place have been lobbied on it. It is the idea that those of us who support including provisions on deaths in custody in the legislation are somehow trying to kill the Bill. That is absurd and completely wrong, and anyone who has seen the way in which Conservative, Liberal Democrat and Labour Members have supported the Government's overall thrust throughout the Bill's progress knows it to be wrong. Only one group of people can kill the Bill, and that is the Government. They need to listen to Parliament, and to arguments by Members of all parties, in this place and the other place. If they refuse to do that, they will kill the Bill.

I find it quite shameful that there has been pressure from outside bodies that rightly want the Bill, and which know that all parties in the House want the Bill, but are trying to suggest that we are behaving poorly by pushing the Government on the issue. We are behaving in exactly the right way. We are behaving as a democratic, open Parliament should behave, and we are flexing our muscles in the only way we can. I believe that this House, and Parliament in general, is not strong enough. It is only on rare occasions such as this that we can show the Government that they really need to move and listen. As the hon. Member for Beaconsfield (Mr. Grieve) made clear, if we do not include the measure in the Bill now, the chances of having another occasion on which to do it are remote, so we need to win this battle, and the Minister needs to listen.

In many ways, the issue of whether or not the Minister will still be in his position in a few days' time should not concern the House. If he is promoted, or moves sideways or whatever, I am sure that he will talk to his successor. I hope that he will also talk to the new Secretary of State for Justice, the new Home Secretary and indeed the Prime Minister, to convince them that this is a golden opportunity to show that there is change. Yesterday, we heard the Prime Minister talking about change—change of heart and a change of approach—and about wanting to listen. Well, here is his first opportunity.

Michael Fabricant (Lichfield) (Con): The acid test.

Mr. Davey: Yes, it is the acid test, and I hope that the Minister and his colleagues will give the Prime Minister that first bauble; we will congratulate the Minister if he does.

I want to make two more points on the substance behind the issue. To refer back to my first intervention on the Minister, he and his colleagues in the other place keep telling us that the Government accept the principle behind the measure. We want to believe that and take it at face value, but there are so many caveats—so many ifs and buts—that it is difficult to believe that the principle really has been accepted, and that the Government are not simply using parliamentary and legislative devices to avoid the pressure that is being put on them. If the Minister was prepared to say that it is no longer an issue of "if" or "whether", but rather of "when", that would be a shift. As my hon. Friend the Member for Somerton and Frome (Mr. Heath) suggested the last time we debated the amendments, the Minister could come before the House with a commencement order that named a date two or three years hence. If he did that, I am sure that reasonable people on both sides of the Chamber would give it serious consideration, even though many of us want the measure to be introduced very quickly.

Although the Minister has been courteous, generous and attentive to the remarks of hon. Members of all parties throughout the passage of the legislation, on this last point he really has not gone far enough. The hon. Member for Beaconsfield is quite right: the other place will stand absolutely firm on the issue. One only has to read the *Hansard* report of the debate in the other place to realise that the other place feels very strongly about it, and it is being backed, and encouraged to stand firm, by Conservative and Liberal Democrat Front-Benchers in this place. The number of Cross Benchers and Labour Members of the other place who support the Conservative and Liberal Democrat position is very large. The Minister mentioned to me in passing, yesterday evening or the day before, that he thought that a number of Lords had peeled off, but I have to tell him that the numbers against him are still very large. There might have been an extra-nice dinner on the evening of the vote, but the resolve of the Lords is clear.

Mr. David Heath (Somerton and Frome) (LD): It is worth mentioning on the record the persuasive powers of Lord Ramsbotham, who is key on the issue, and who speaks with far more experience of conditions in the Prison Service than almost any of us, or any Member of the other place.

Mr. Davey: My hon. Friend is absolutely right, and anyone who reads the speeches of the noble Lord Ramsbotham will learn of the cases that he has come across in which the offence that we propose might well have applied, or in which a death in custody might not have happened if the provision had been on the statute books, as it would have created an incentive for the management to put its house in order. This House must continue with its opposition, and must send a clear signal to the other place.

Mr. Andrew Dismore (Hendon) (Lab): I certainly agree with the opening remarks of the hon. Member for Kingston and Surbiton (Mr. Davey). As far as I am aware, no one wants to put an end to the Bill. I started campaigning for the Bill some 20 years ago, in my former professional capacity, and after 20 years' hard work I certainly do not want to see the Bill go down the tubes. I have some reservations about whether its health and safety aspects are strong enough, and I have expressed them previously. Those who criticise the Bill and raise questions about it would do better to focus on those health and safety points, rather than on some of the issues that have been raised today. However, I feel strongly about the issue of deaths in custody, particularly after the work that the Joint Committee on Human Rights, which I chair, did on the issue.

The hon. Member for Beaconsfield (Mr. Grieve) was right to remind us of what the issue is really about: it is about vulnerable people who die when in the state's custody, when the state has responsibility for their safety. He is also right to say that the overwhelming majority of those deaths, while tragic and unfortunate, are ultimately not the fault of anybody in authority. However, a very small number—perhaps a dozen or so over the past 10 years—do merit further detailed inquiry, perhaps under the provisions of the Bill. The Bill is meant to be a deterrent. It is not meant to be used to prosecute; it is meant to try to make people who come within the ambit of the Bill, from whatever walk of life, take their responsibilities seriously, whether we are talking about the transport network, accidents at work in factories, or death in custody.

I am pleased that the Government have made significant concessions since we first raised the issue on Report. On that occasion, we were met with what was virtually a "no surrender" statement from the Home Secretary. I am pleased that the Government have listened and made concessions on the need for statutory powers for the prisons and probation ombudsman. We do not yet have a date, but I hope that measures will appear in the forthcoming Queen's Speech, following the review by the forum for preventing deaths in custody—we were told that that would take six months or so—and the amendments conceding the principle in the Bill. That is an important concession, and my hon. Friend is to be congratulated on the way in which he has approached the issue and engaged with Members on both sides of the House who have raised it, and with the other place, to make progress. It is even more important than it was when we first started to debate the issue. Only a couple of weeks ago, the Government introduced a new order to amend the rules on restraint in secure training centres which, on the face of it, broadened the powers to use restraint. The inquest on the death of Gareth Myatt has only just taken place, highlighting the need for additional protection in the Bill. I am not suggesting for one minute that those powers will be misused, but if they are to be broadened, the safeguards that accompany them must be broadened, too. I am pleased that my hon. Friend the Member for Northampton, North (Ms Keeble) prayed against the order, as I did myself, so that the issue can be discussed and fleshed out.

My hon. Friend the Minister knows full well from today's debate and all the ping-pong that it comes down a question of whether he will name the day. That is all that we are interested in. I have suggested a number of different ways in which that could be done, and ways around the problem. Last time we discussed the matter, I suggested replacing the words in the first line of the new clause,

"The Secretary of State may by order",

with the words, "The Secretary of State shall by order". As we know from case law, the Secretary of State is obliged to keep that duty under active review to make sure that it is not overlooked. It should be a mandatory rather than a permissive power, and it would be a major step forward in efforts to resolve the problem.

My hon. Friend is over-cautious in his proposed timetable. As has been said, we are asking for a target date. As I mentioned in our previous debate, a target is not mandatory—it suggests that we want to do something by a certain date. I am not even proposing that the target should appear in the Bill. If my hon. Friend commits to a date two or three years hence, and if it proves impossible to meet that date because of the improvements that we want to achieve, he or his successor would have to return to the House and explain why that was so. That is one way forward. As has been said today and previously, without a target date, there is no incentive to make the improvements necessary to make sure that prisons are safer and that the recommendations from the forum for preventing deaths in custody and from the ombudsman are put in place. We hope that the change will be made, and if my hon. Friend went down that route, it would be a major concession that could well be the way forward. He need not necessarily include a binding date in the Bill, but we would like a commitment to try to do those things by a certain date. That would go a long way towards resolving the issues that we face.

Last time we debated the Bill, and on previous occasions, I told my hon. Friend that without a date the measure will not be accepted by the other place. Indeed, the other place has made that clear on the two or even three occasions on which the Bill has gone backwards and forwards between the two Houses. Given the number of Members voting against the Government in the other place, the Bill will come back again. However, time is running out: as has been said, the Bill must complete its passage through the Commons by the middle of next month; otherwise the Government will have to return with a further continuation order. That would look silly, because we would have exactly the same debate, and the Bill will keep coming back. In the end, if the Government seriously wish to make progress on the Bill—I accept that there have been reservations in the Government about whether the Bill is important, but I put the matter to the former Prime Minister in the Liaison Committee, because it is a fundamental commitment by the Government in several manifestos and in the

[Mr. Andrew Dismore]

Warwick agreement, so it cannot be dropped—why can the Minister not make a little movement today and name the day? We will not take breach of promise action if, in the end, the date cannot be met, but it would be a good step forward. If we could not meet the date, we could examine the reasons for failing to do so on a future occasion.

Mr. Garnier: I agree with pretty well everything that the hon. Member for Hendon (Mr. Dismore) said as a matter both of practicality and of principle. I could say the same, too, of the speeches made by the hon. Member for Walsall, North (Mr. Winnick), my hon. Friend the Member for Beaconsfield (Mr. Grieve) and the hon. Member for Kingston and Surbiton (Mr. Davey). As other hon. Members have suggested, I think that the Minister himself would rather like to have made the speeches that we have heard.

1.15 pm

Under clause 1, the offence of corporate manslaughter would catch mismanagement at a senior level that led to the death of an individual to whom a duty of care was owed. That would bind a Department listed in schedule 1—the Home Office is listed as one such Department—and police forces. As a matter of principle, I cannot see—and I do not think that the Minister can, either—why a death in custody that fits within the narrow compass of the offence should be excluded from the offence of corporate manslaughter. I have yet to hear a coherent or reasonable argument from the Minister for that exclusion. He said that the Government will simply repeat what they have said before, but there is a difference between repetition of a reasonable argument and stubborn refusal to see reason. Reason has been laid before the Government, both in the Commons and in the other place, on numerous occasions, by people who do not have a party political axe to grind. Lord Ramsbotham is an apolitical peer, and does not have any party political affiliations. He is interested in the proper, humane and efficient management of our prisons, and I invite the Government to take his advice in the spirit in which it was given.

I suspect that, although the Government suggest that they have accepted the principle, by using the affirmation system—the delaying system on the Order Paper—they have converted their lack of principle into some form of acceptable principle for the purposes of debate. That will not do, I am afraid. The hon. Member for Hendon said that all we need is some form of target date. We will not nail the Government to the floor and say that if they miss the date we think they are malevolent. However, if they have genuinely accepted the principle, they should accept a date on which it should be implemented. An extended non-dated principle is no principle at all; it is a disguised way of the Government pretending that they accept the principle without wishing to accept the consequences of that acceptance.

My concern that the issue of deaths in custody should be brought within the ambit of the Bill derives from the Government's historic failure to manage prisons over the past few years. The Minister knows very well that our prisons are woefully overcrowded, and that Operation Safeguard has been extended by the Minister of State, Ministry of Justice, the right hon. Member for Delyn (Mr. Hanson), to the end of the year, so police and court cells will have to be used until then to deal with overcrowding. Over the next 12 months or so, the early release system, which comes into effect tomorrow, will result in the early release of 25,500 or so offenders to reduce the prison population by a net figure of 1,200. Let us not worry about whether that is a good idea or not: let us put it in the context of the Government's concerns about the Bill. Surely they recognise that overcrowded prisons create all sorts of difficulties for prison management, which brings me back to clause 1. Lots of people in prison are drug addicts, and lots of them are mentally ill. If people in prison are both mentally ill and substance abusers, the chances of a death in custody are enhanced. It may well be the case that the Government are terrified that if prisons were included in the measure, there would be calls for prosecution on the grounds of corporate manslaughter. The Government, first, should be braver and, secondly, should be careful. This is the point that I made to my hon. Friend the Member for Beaconsfield, who skilfully parked my question on one side.

Tomorrow the Government will start throwing on to the streets drug addicts and mentally ill people who will be short of care. They cannot get the requisite care inside prison, but they get some. Class A drug users—heroin and crack cocaine users—are having their health maintained, even if they are not being brought off drugs by the use of methadone and Subutex within the health care system in prisons. If such people are pushed out the back door of prison in order to relieve the overcrowding of our prisons to some extent, the care that they should have got inside prison is unlikely to be given to them outside prison, and some of them may die outside on the street, even if they are not dying inside.

It is a difficult, a nice, a huge area of concern, and the Government must not try to escape their responsibilities. They must also not try to escape their responsibility to the House and to the proper development of legislation, which we all want to see, as a result of denying the Bill the prospect of having deaths in custody brought within the confines of the narrow offence of corporate responsibility. I urge the Government to be brave and to get on with it, for goodness' sake, and to bring deaths in custody within the confines of corporate manslaughter responsibility.

The Government should use that as a spur better to manage the prisons, the overcrowding and the care of inmates who suffer from mental ill health and from substance abuse, so that the prospects of being prosecuted are hugely diminished and the improvements in our prison system are enhanced as a consequence of the spur that the offence would bring.

I know that the Minister will say, "No, thanks. We've heard it all before," but it is time for him to demonstrate a change. If the Government really do mean change—I am not in the least bit convinced that the present Prime Minister is any different from the Chancellor of the Exchequer who presided over us for the past 10 years—and if the Prime Minister meant

what he said on the steps of Downing street yesterday, he will produce a real change that goes beyond simply rearranging the deckchairs on the Titanic.

Mr. Sutcliffe: I congratulate and pay tribute to all hon. Members who contributed to the debate. I am aware of the strength of feeling on the matter, but that narrow issue is affecting the Government's movement right across the Bill.

I am grateful to my hon. Friends the Members for Walsall, North (Mr. Winnick) and for Hendon (Mr. Dismore) for their speeches, particularly my hon. Friend the Member for Hendon who, through his Select Committee, has pursued the matter and graciously accepted that the Government have made progress and have made concessions. He will know that the Bill published yesterday contained the proposals for changes to the prisons and probation ombudsman, as I had said, and that on the forum on deaths in custody, there is a time scale which I set the last time we discussed the matter.

Hon. Members seem to imply that the Government do not want to change, but it is this Government who are lifting Crown immunity. That raises complex issues about the Crown acting as an employer or occupier which need to be addressed. I want to make sure that we get the legislation in the best shape possible. My hon. Friend the Member for Hendon was right to say that the Bill is intended as a deterrent. We all agree that we do not want the penalties in it to be enforced—we want appropriate health and safety measures to be put in place. My hon. Friend mentioned secure training centres and the review of restraint methods. That is entirely appropriate.

I would not want anyone to think that the Government do not care about deaths in custody. We certainly do, and for all the reasons that have been set out, we must continue to investigate what happens and why. That is the function of the forum on deaths in custody. There are also the changes to the prisons and probation ombudsman, and we accept the principle of extending the Bill. We envisage that the Bill would be enacted as we set out, but the judgment on when its extension to custody should take place will be made at a future time, when all the outstanding issues have been considered.

Lifting Crown immunity is a significant step forward. I accept what the hon. Member for Kingston and Surbiton (Mr. Davey) said. I do not accuse anyone in the House of trying to kill the Bill. However, people outside are worried because we do not seem to be making progress. The Government are making concessions, but we are not seeing any movement by others. There is no acknowledgement of the fact that Crown immunity has been lifted.

We face a problem with the timetable. It is true that an extension is possible, but only if there is a prospect of moving forward. At present there is no such prospect. Our position is clear. I do not want all the hard work and effort that have gone into the Bill, which has been around for a long time—

Mr. Winnick: I do not want to undermine the possibility of the Bill becoming law, so I shall not vote against it, as I fully support nine tenths of its content. I hope that if the Lords insist on their amendment—as I said, I will not be disappointed if they do—my hon. Friend will have frank discussions with the new Home Secretary to see whether a compromise can be reached that will satisfy both Houses.

Mr. Sutcliffe: I am grateful to my hon. Friend. I shall continue to try and resolve these issues, but I would be misleading the House if I said that there was a prospect of the Government changing their position dramatically. I hope the House will reiterate its view today. The second Chamber is supposed to be a reforming Chamber, as I hope will be acknowledged. It is important that we get movement, or the Bill will be lost, which I do not want.

I hope hon. Members will reflect on what has been said. I hope they will think again about the complexity of the issues involved. If, as I hope, we achieve majority support for the Government's position, Members in another place will reflect on that.

Question put, That this House insists on disagreements with the Lords in their amendments Nos. 2, 3, 5, 6 and 10, but does not insist on its amendments 10C and 10D in lieu thereof, and proposes amendments (a), (b), (c) and (d) in lieu of the Lords amendments.

The House divided: Ayes 251, Noes 157.

Division No. 163] **[1.28 pm**

AYES

Ainger, Nick
Ainsworth, rh Mr. Bob
Allen, Mr. Graham
Anderson, Mr. David
Atkins, Charlotte
Austin, Mr. Ian
Bailey, Mr. Adrian
Baird, Vera
Balls, Ed
Banks, Gordon
Barlow, Ms Celia
Begg, Miss Anne
Bell, Sir Stuart
Benton, Mr. Joe
Berry, Roger
Blackman, Liz
Blackman-Woods, Dr. Roberta
Borrow, Mr. David S.
Bradshaw, Mr. Ben
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, Andy
Butler, Ms Dawn
Byrne, Mr. Liam
Cabom, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Ronnie
Caton, Mr. Martin
Cawsey, Mr. Ian
Challen, Colin
Chapman, Ben
Chaytor, Mr. David
Clapham, Mr. Michael
Clark, Ms Katy
Clark, Paul
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clwyd, rh Ann
Coaker, Mr. Vernon
Cohen, Harry
Connarty, Michael
Cooper, Rosie
Cooper, Yvette
Corbyn, Jeremy
Cousins, Jim
Crausby, Mr. David
Creagh, Mary
Cryer, Mrs. Ann
Cunningham, Mr. Jim
Cunningham, Tony
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Quentin
Dean, Mrs. Janet
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobbin, Jim
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Ennis, Jeff
Farrelly, Paul
Fitzpatrick, Jim
Flint, Caroline
Follett, Barbara

Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gapes, Mike
Gardiner, Barry
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gilroy, Linda
Goggins, Paul
Goodman, Helen
Griffith, Nia
Gwynne, Andrew
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hanson, rh Mr. David
Harman, rh Ms Harriet
Havard, Mr. Dai
Healey, John
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hill, rh Keith
Hillier, Meg
Hood, Mr. Jim
Hoon, rh Mr. Geoffrey
Hope, Phil
Hopkins, Kelvin
Howarth, rh Mr. George
Howells, Dr. Kim
Hughes, rh Beverley
Humble, Mrs. Joan
Iddon, Dr. Brian
Illsley, Mr. Eric
Jackson, Glenda
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Lynne
Jones, Mr. Martyn
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeley, Barbara
Keen, Alan
Keen, Ann
Kemp, Mr. Fraser
Kennedy, rh Jane
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Love, Mr. Andrew
Lucas, Ian
Mackinlay, Andrew
Mactaggart, Fiona
Mahmood, Mr. Khalid
Malik, Mr. Shahid
Malleber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonagh, Siobhain
McFadden, Mr. Pat
McGovern, Mr. Jim
McGuire, Mrs. Anne
McIsaac, Shona
McKenna, Rosemary
McNulty, Mr. Tony
Meacher, rh Mr. Michael
Merron, Gillian
Milburn, rh Mr. Alan
Miliband, Edward
Miller, Andrew
Mitchell, Mr. Austin
Moffat, Anne
Mole, Chris
Moon, Mrs. Madeleine
Moran, Margaret
Morgan, Julie
Morley, rh Mr. Elliot
Mountford, Kali
Munn, Meg
Murphy, Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
Osborne, Sandra
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, James
Rammell, Bill
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, rh John
Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Roy, Mr. Frank
Ruane, Chris
Ruddock, Joan
Russell, Christine
Salter, Martin
Seabeck, Alison
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Simpson, Alan
Singh, Mr. Marsha
Skinner, Mr. Dennis
Smith, rh Mr. Andrew
Smith, Angela E. *(Basildon)*
Smith, John
Southworth, Helen
Spellar, rh Mr. John
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Thomas, Mr. Gareth
Thornberry, Emily
Timms, rh Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Turner, Dr. Desmond
Twigg, Derek
Ussher, Kitty
Walley, Joan
Waltho, Lynda
Ward, Claire
Wareing, Mr. Robert N.
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Mr. Alan
Wills, Mr. Michael
Winnick, Mr. David
Winterton, rh Ms Rosie
Woodward, Mr. Shaun
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Ayes:
Huw Irranca-Davies and Kevin Brennan

NOES

Amess, Mr. David
Arbuthnot, rh Mr. James
Barker, Gregory
Baron, Mr. John
Beith, rh Mr. Alan
Bellingham, Mr. Henry
Bercow, John
Bone, Mr. Peter
Brady, Mr. Graham
Brake, Tom
Brazier, Mr. Julian
Brokenshire, James
Brooke, Annette
Browne, Mr. Jeremy
Browning, Angela
Burns, Mr. Simon
Burrowes, Mr. David
Burstow, Mr. Paul
Burt, Alistair
Burt, Lorely
Butterfill, Sir John
Cable, Dr. Vincent
Campbell, rh Sir Menzies
Carswell, Mr. Douglas
Cash, Mr. William
Clark, Greg
Clegg, Mr. Nick
Clifton-Brown, Mr. Geoffrey
Conway, Derek
Cormack, Sir Patrick
Cox, Mr. Geoffrey
Crabb, Mr. Stephen
Davey, Mr. Edward
Davies, David T.C. *(Monmouth)*
Davies, Philip
Davis, rh David *(Haltemprice and Howden)*
Dunne, Mr. Philip
Evans, Mr. Nigel
Fabricant, Michael
Fallon, Mr. Michael
Field, Mr. Mark
Foster, Mr. Don
Fox, Dr. Liam
Francois, Mr. Mark
Gale, Mr. Roger
Garnier, Mr. Edward
Gauke, Mr. David
Gibb, Mr. Nick
Gillan, Mrs. Cheryl
Goldsworthy, Julia
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gove, Michael
Gray, Mr. James
Grayling, Chris
Green, Damian
Grieve, Mr. Dominic
Gummer, rh Mr. John
Hague, rh Mr. William
Hammond, Stephen
Hands, Mr. Greg
Harper, Mr. Mark
Harris, Dr. Evan
Hayes, Mr. John
Heald, Mr. Oliver
Heath, Mr. David
Heathcoat-Amory, rh Mr. David
Hemming, John
Hendry, Charles
Herbert, Nick
Hogg, rh Mr. Douglas
Hollobone, Mr. Philip
Holloway, Mr. Adam
Holmes, Paul
Howard, rh Mr. Michael
Howarth, David
Hughes, Simon
Hunter, Mark
Hurd, Mr. Nick
Jackson, Mr. Stewart
Jenkin, Mr. Bernard
Jones, Mr. David
Keetch, Mr. Paul
Key, Robert
Kirkbride, Miss Julie
Knight, rh Mr. Greg
Lait, Mrs. Jacqui
Lansley, Mr. Andrew
Leigh, Mr. Edward
Letwin, rh Mr. Oliver
Lewis, Dr. Julian
Liddell-Grainger, Mr. Ian
Lidington, Mr. David
Llwyd, Mr. Elfyn
Loughton, Tim
Luff, Peter
Mackay, rh Mr. Andrew
Main, Anne
May, rh Mrs. Theresa

McIntosh, Miss Anne
Mercer, Patrick
Milton, Anne
Mulholland, Greg
Mundell, David
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Öpik, Lembit
Ottaway, Richard
Paice, Mr. James
Pelling, Mr. Andrew
Penning, Mike
Penrose, John
Pickles, Mr. Eric
Prisk, Mr. Mark
Pritchard, Mark
Pugh, Dr. John
Randall, Mr. John
Redwood, rh Mr. John
Robathan, Mr. Andrew
Robertson, Hugh
Robertson, Mr. Laurence
Rosindell, Andrew
Rowen, Paul
Russell, Bob
Sanders, Mr. Adrian
Scott, Mr. Lee
Selous, Andrew
Shepherd, Mr. Richard
Simmonds, Mark
Spelman, Mrs. Caroline
Spicer, Sir Michael
Steen, Mr. Anthony
Stunell, Andrew
Swayne, Mr. Desmond
Swinson, Jo
Swire, Mr. Hugo
Syms, Mr. Robert
Taylor, Dr. Richard
Teather, Sarah
Thurso, John
Tyrie, Mr. Andrew
Vara, Mr. Shailesh
Viggers, Peter
Villiers, Mrs. Theresa
Walker, Mr. Charles
Waterson, Mr. Nigel
Watkinson, Angela
Whittingdale, Mr. John
Wiggin, Bill
Willetts, Mr. David
Willis, Mr. Phil
Willott, Jenny
Wilson, Mr. Rob
Winterton, Sir Nicholas
Wishart, Pete
Young, rh Sir George
Younger-Ross, Richard

Tellers for the Noes:
Mr. Tobias Ellwood and Mr. Crispin Blunt

Question accordingly agreed to.

Government amendments in lieu of the Lords amendments agreed to.

Concessionary Bus Travel Bill *[Lords]*

As amended in the Public Bill Committee, considered.

New Clause 3

REVIEW OF REIMBURSEMENT ARRANGEMENTS

'Two years after the commencement of this Act the Secretary of State shall conduct a review of arrangements for allocating funding to local authorities necessary for the reimbursement of operators under section 3(2) of this Act; and shall lay before Parliament a report setting out his findings.'—*[Stephen Hammond.]*

Brought up, and read the First time.

1.42 pm

Stephen Hammond (Wimbledon) (Con): I beg to move, That the clause be read a Second time.

Mr. Deputy Speaker (Sir Alan Haselhurst): With this it will be convenient to discuss the following amendments: No. 14, clause 9, page 7, line 8, after 'may', insert

', and for the purposes of the national statutory concession shall,'.

No. 15, page 7, line 24, after 'may', insert

', and for the purposes of the national statutory concession shall.'.

Stephen Hammond: There was no dissent in the House on Second Reading or in Committee as to the intent of the Bill. The Opposition support the extension of concessionary travel for eligible people on eligible journeys in the transition from a local to a national scheme. We support the freedom pass in London and will do everything to ensure that it continues. However, the Government cannot will the end unless they will the means. I recognise that we debated this issue in Committee, but it is key to the Bill. Without the finance, the "end" of concessionary travel cannot be achieved, or can be achieved only at the expense of cuts in services or increased council tax. So far, the Government's response has been to say that enough funding will be available. Although I have absolutely no doubt as to the Minister's integrity or the sincerity of her belief that that is correct, that cannot be sufficient for the purposes of the Bill.

Philip Davies (Shipley) (Con): Does my hon. Friend agree that this is not just about the overall amount of money that is in place but about whether it is allocated to the right places? Many local authorities and local transport executives are concerned not necessarily about the overall level of funding but about whether it will follow the passenger.

Stephen Hammond: My hon. Friend makes a good and pertinent point. I will talk about that in more depth in a moment.

In Committee, I sought support for several measures that would have forced the Government to be more transparent in their financial obligations, to reconsider the funding package to local government, and to clarify how they would interact financially with operators. This afternoon, I seek support for new clause 3.

[Stephen Hammond]

Let me set out some of the background to the new clause. As all Members will appreciate, council tax has doubled in the past 10 years and now constitutes a heavy burden for those on low and, in many cases, middle incomes.

David T.C. Davies (Monmouth) (Con): My hon. Friend raises an important and pertinent issue. Is he aware that in Monmouthshire, where we have a concessionary bus scheme and have done for several years as a result of measures taken by the Welsh Assembly, over the past 10 years council tax has gone up by the highest amount of any local authority in the United Kingdom—by 184 per cent.—and that one of the many reasons for that is the lack of proper funding by the Welsh Assembly Government for the concessionary bus transport scheme? Does he agree that it is vital that we ensure that constituents in England do not also suffer 184 per cent. council tax increases as a result of flawed funding formulae?

1.45 pm

Stephen Hammond: Indeed I do. Again, I shall come to that point shortly. The new clause would ensure that the situation that my hon. Friend describes does not happen again.

As I was saying, council tax now constitutes a heavy burden for those on low, and even middle incomes. Naturally, a large number of those affected by the sharp increases are elderly or disabled, whose lives the Bill, commendably, aims to improve by offering them free access to local travel nationally. Those two groups are most likely to be affected, and indeed financially disadvantaged, by the Bill's potential side effects. There are several ways in which its financial effects will be felt by the people whom it was intended to help.

Let me give a brief snapshot of my experience in local government. Prior to becoming a Member of this House, I had the privilege of serving as a councillor at the London borough of Merton. I stood down when the Conservatives took control of the borough last May. While serving on that council, I became all too familiar with the impact that mayoral demands on money for concessionary travel were having on the local authority's finances. In 2004-05, the Mayor imposed on the borough a 9 per cent. increase for the freedom pass. As the Minister knows, local authorities in London have no option but to find that extra sum of money, and in that year the local authority had no option but to find it from the social services budget. That resulted in cuts to day care, disadvantaging exactly the groups who benefit from the freedom pass—the elderly and the disabled.

Angela Watkinson (Upminster) (Con): Does my hon. Friend agree that one of the difficulties for London local authorities is being able to compare the cost of their contribution to the pan-London scheme with the value that they get for the use of the passes? Some boroughs might get better value than their contribution; others might get less. Does he agree that if freedom passes could be made smarter, so that their usage could be tracked, that would provide a way of knowing whether any individual London authority was getting value for money out of the scheme?

Stephen Hammond: Indeed I do. The implementation of smartcards across the country would have that impact, as well as making more transparent usage and where the financial obligations should lie. I hope that later this afternoon we will be able to explore the London situation in rather more detail.

Mr. Lee Scott (Ilford, North) (Con): Does my hon. Friend agree that however noble a cause may be, this Government have on many occasions announced proposals, funded them insufficiently for a short period, and then not funded them at all, leaving local authorities such as mine, the London borough of Redbridge, to pick up the bill and ultimately, as my hon. Friend says, to have to make cuts to other services to pay for them?

Stephen Hammond: My hon. Friend makes an excellent point—I intend to make exactly the same one later.

From my experience as a local councillor, I remember the standards fund for, for example, education. We were expected as a local authority to introduce new measures and we were funded for three years. The funding was taken away but we were expected to continue with those measures. The implications for the local authority's finances were clear.

Let me consider the 2006 scheme, which was the forerunner of the 2008 scheme that the Bill introduces. The 2006 concessionary travel scheme made concessionary travel available to eligible persons on eligible services in local travel concessionary areas. The Government stated that they had made enough money available to local authorities to fund that scheme fully. Early last year, I contacted 15 local authorities to ascertain whether, according to their estimates and calculations, the Government had introduced that funding. When we phoned, for example, Brighton and Hove council, it said that the central Government grant that it is due to receive is considerably less than the consultants' forecast of the new concession's cost.

Ms Celia Barlow (Hove) (Lab): The hon. Gentleman refers to my local authority of Brighton and Hove. May I mention an additional concern of the local authority to my hon. Friend the Under-Secretary? It is worried about whether it will have enough time to implement the scheme and whether it will be given enough guidance when the Bill is introduced.

Stephen Hammond: I am grateful to the hon. Lady for that point. When we phoned the local authority back to check whether its initial suspicions had proved correct, we found that its concerns had been realised. On 15 March this year, it told us that it will experience a severe shortfall in the budget. It also made the same point as the hon. Lady: it needs more time for implementation.

We spoke to Cheshire, which made the same point. It was worried that the obligation to provide free fares will mean trimming services that it already provides. Indeed, when we phoned back this year, it made exactly the same point. The grant is not sufficient to cover its liabilities.

I could go on—I spoke to 15 authorities, but I am sure that I do not need to detain the House by going through them all.

Philip Davies: Oh go on.

Stephen Hammond: It is a temptation that I can resist.

For the 2006 scheme, only one local authority out of the 15 believed that it had been given sufficient resources. I accept that that is only a straw poll, which is random in its selection and, I suspect, not necessarily statistically sound.

Let us consider in depth the case of Christchurch. The chief executive of the local authority wrote to me last year. He said that Christchurch has the highest percentage—36 per cent.—of population over the age of 60 of any local authority in England and Wales. In 2005-06, Christchurch's half-fare scheme cost the council approximately £138,000. For the scheme that was to be introduced in April 2006, the Government increased the grant by £237,000. Christchurch added £20,000 of its own money to that. The total concessionary grant was therefore £395,000. However, the take-up was significantly greater than expected and the budget was overspent by 87 per cent.—some £345,000, which is equivalent to an increase of 11 per cent. in the borough's element of the council tax. Christchurch had to make budget cuts elsewhere, including in its recycling programmes.

However, not only Christchurch or the leafy south have such problems. Let us examine the problems of implementation in the north-east. Recently, *The Journal* in Newcastle ran the headline: "More bus services could be cut as transport chiefs prepare for changes to a free travel scheme." It reported:

"In April next year concessionary fares will change to allow pensioners and disabled people free off-peak bus travel anywhere in England. The cost of providing this will have to be met by the council in which the bus is boarded.

But transport group Nexus says that the £212 million put aside by central government to finance the changes will not be enough, especially for councils with tourists and shopping hotspots."

The problem applies throughout the country.

Mr. Alan Beith (Berwick-upon-Tweed) (LD): While the hon. Gentleman is in the north-east, may I refer him to the problem of border areas? The Government are not willing to negotiate a reciprocal arrangement with Scotland at the same time as the introduction of the Bill, and local authorities such as Berwick will therefore have to find the money to maintain current enhancements and also bear the additional cost of the greater take-up, which is expected when the national bus pass is introduced and people elsewhere will be able to travel further on it.

Stephen Hammond: The right hon. Gentleman makes a good point, which was explored in Committee. Indeed, that consequence was presented forcefully and we wait to hear whether the Government have changed their position on the matter.

The Journal in Newcastle also reported:

"The extra burden on council finance looks set to cause a repeat of last year's transport crisis which saw a £7.3 million budget black hole emerge as authorities struggled to find funding for concessionary bus travel."

Shirley Atkinson, director of finance at Nexus, said:

"Traditional funding does not match where the travel will fall. Some authorities may think they will get more money than they do now, but undoubtedly there will be some who will lose out. It can be quite a scary position to be in. We face having an uncontrollable financial risk for the first couple of years up until we know what this policy will look like in practice."

Jim Cousins (Newcastle upon Tyne, Central) (Lab): The hon. Gentleman has set out the position in the former metropolitan county of Tyne and Wear. I hope, if I have the opportunity, to refer to that later. He has set out a problem. Will he suggest a solution?

Stephen Hammond: Indeed. If the hon. Gentleman votes for the new clause, he will have a solution. It is that the Government should conduct a review of the funding after two years—

Jim Cousins: So we wait two years and then—

Stephen Hammond: If the hon. Gentleman would let me finish, I can explain. After that period, we can ascertain where the funding shortfalls are and where money needs to be reallocated. The absolute solution to the problem is to vote for new clause 3.

Jim Cousins: I apologise for my sedentary interjection. I shall now make the same point in a more proper fashion. The new clause says, "We might have a big problem. Let's not do anything about it for two years and then let's have a review." If the analysis of the problem that the hon. Gentleman has set out from Nexus in Tyne and Wear is correct, the new clause is hardly a sufficient method of dealing with it.

Stephen Hammond: I am bound to disagree with the hon. Gentleman. When he hears the rest of my remarks, he will realise why we have chosen the two-year period. Several problems may occur in the transitional year. Indeed, the finance director of Nexus refers to a couple of years, during which there may be transitional problems. It is therefore right to conduct a review after two years. I repeat that the solution to the problem is to vote with us for the new clause.

To finish in Tyne and Wear, the free off-peak local bus passes were introduced in April 2006, with the council paying for the travel within its boundaries. To pay for that, Nexus had to change 11 bus services, raise the cost of child fares and scrap plans for a teen travel card. Travel chiefs are warning that, unless funding is certain and correct for the 2008 scheme, similar cuts might have to be implemented.

Only yesterday morning I received an e-mail from the new incoming Conservative administration of Carrick council in Cornwall. The concern there is exactly the same. The Carrick scheme this year is more generous than is necessary to satisfy the Government scheme. The e-mail states:

"Changing the scheme back to the minimum required standard will take some time and incur costs",

if the council chooses to take that route.

"The net benefit in the current financial year is probably not worth the effort. The real problems begin next year with a change in the imposed national scheme."

The national bus concessionary travel scheme will impose considerable financial problems on Carrick, particularly as it is an area with a high number of tourists. That could have a major impact on the council tax.

[Stephen Hammond]

Around the country, a number of councils are expressing concern about the adequacy of central Government funding to support the scheme that is being introduced.

2 pm

Mr. Fraser Kemp (Houghton and Washington, East) (Lab): Let us suppose that the hon. Gentleman's new clause is accepted, and that in two years' time we discover a substantial shortfall that cannot be addressed through redistribution, perhaps by taking money from Derbyshire, Staffordshire or even Tyne and Wear. Will he give an unequivocal commitment that any future Tory Government would match that shortfall? Will he give the House a clear financial commitment that they would find the money to address any shortfall that his amendment would create?

Stephen Hammond: The hon. Gentleman wishes to lead me down an interesting road, but I shall not pursue him. Even the Minister would not create such a hostage to fortune. Will she stand up now and unequivocally make exactly that commitment now? I am sure that she will not, but if she will, I invite her to do so now. It is not a road that any sensible person would go down, two years ahead.

Angela Watkinson: Does my hon. Friend agree that one possible way of reducing the cost of these schemes would be for local authorities to identify within the body of people who have accessed a free pass those who were making good use of them, and others who might be claiming them because they were entitled to do so, but not using them at all? There should be an opportunity to cut out that waste. People could be made aware that, if they claimed a free pass but did not use it, they would be making an unnecessary charge on the council tax.

Stephen Hammond: My hon. Friend makes a good point. Following the discussions in Committee, I hope that when the Government introduce the scheme in April next year they will be able to introduce it with a smartcard. If they can do that, we will be able to see clear ridership patterns and identify who is using the scheme. If a person is not using the card, they will not be attracting any recompense or reimbursement, but it will be possible to follow the ridership pattern. That is the overwhelming advantage of smartcards, and I believe that the Minister said in Committee that it was her intention, if possible, to introduce the scheme with smartcards.

Let me turn now from the adequacy of central Government funding to the relationship between operators and local authorities. I shall explain why new clause 3 is relevant and applicable in this regard. As the experience of the 2006 concessionary bus travel scheme has shown, there has been considerable disagreement between local authorities and the Government. There was also considerable disagreement between local authorities and bus operators as to the level of reimbursement provided for carrying concessionary fares.

The Government have stipulated that the reimbursement should be on a "no better off, no worse off" basis, but there is some dispute as to exactly what that means. It is clear that the 60-odd appeals that were initially registered with the Secretary of State by operators over reimbursement arrangements suggest that there is the potential for problems. Reimbursement on a "no better off, no worse off" basis is, in reality, an extremely difficult balance to achieve. After all, the marginal cost to an operator of carrying a few extra passengers is virtually nil. However, when numbers reach the point at which extra vehicles have to be brought in and extra drivers hired, the cost is not only an operating cost but a capital cost. Should the local authority at that point be presented with a large bill for the capital cost, or merely with a bill for the operating cost reimbursement?

A review of the systems put in place by concession authorities after two years of operation would allow the Government to establish whether costs were being borne fairly between authorities and operators. It would further enable the Government to establish best practice nationally and to advise concession authorities on how to improve efficiency and achieve savings. When introduced, the 2008 scheme will involve so many variables and unknowns that a review of the kind proposed by our new clause could be extremely valuable.

A further concern is that the Bill does not lay down the mechanisms by which local authorities will be reimbursed by central Government for the cost of funding concessionary travel. The Government have said many times that the details have yet to be decided. Understandably, local authorities across the country are extremely worried about the lack of clarity over funding, and what the arrangements that are eventually put into place will mean for them.

Given that the details of the funding arrangements are, at best, opaque, and that they are unlikely to become more transparent until after the passing of the Bill, we believe that the new clause would provide the concession authorities with a degree of reassurance. They would have some hope of redress, should they find themselves short-changed by the funding arrangements. As the Opposition made clear on Second Reading, there is some scope for some authorities in so-called hot spot or honeypot areas to find themselves heavily out of pocket. The funding for the 2006 scheme was shown to be insufficient in a number of areas, even when based on fairly static numbers for residents over 60. Because the nationwide eligibility for over-60s is established in the Bill, the potential for error will be hugely exacerbated.

The new clause would oblige the Secretary of State to provide a review to Parliament, to ensure that the total sum of central Government funds made available to local authorities in the previous financial year for the provision of bus services and the funding of concessions on those services was appropriate.

David T.C. Davies: Does my hon. Friend agree that over the years in which the Conservatives were in government, numerous instances of various formulae being used to allocate money to different local authorities for different reasons were shown after only a short time to be significantly flawed? What we are

asking for is therefore perfectly reasonable and sensible, and ought to be supported by anyone who saw the damage that previous formulae did in areas such as the overall funding for local government, resulting in massive council tax increases across the country.

Stephen Hammond: I am grateful to my hon. Friend for his eloquent support for my new clause.

Philip Davies: My hon. Friend is making a typically good case for the new clause, which I support wholeheartedly. Does he agree that an unintended consequence might be that the proposals in the Bill could lead to local authorities having to cut bus services if the funding were not allocated properly? It would be a tragedy if a Bill whose principle of promoting public transport we all support were to have that effect. Is it not one of the main concerns for local authorities that they might have to cut services if the funding is not distributed adequately?

Stephen Hammond: My hon. Friend is correct. As I pointed out earlier, there is huge concern among local authorities about both the previous scheme and the possible impact of this scheme. The Minister will say that local authorities have discretion to provide extra services above the statutory minimum, but, again, that costs. If the funding formula is not correct, the discretion is, to all intents and purposes, worthless.

Jim Cousins: In response to the interventions from the hon. Members for Monmouth (David T.C. Davies) and for Shipley (Philip Davies), does not the hon. Gentleman recognise that the stated preference of the Local Government Association, which is now controlled by his party, is to move towards formula funding as the basis for distributing central Government support, and away from funding based on actuals?

Stephen Hammond: That may be so, but it does not lead us anywhere unless the formula produces the correct amount of money. The Local Government Association also supports central Government giving local authorities the correct amount of money to undertake services. That is the issue in relation to the new clause, and that is why the new clause is relevant.

David T.C. Davies: Does my hon. Friend agree that the Local Government Association, under the leadership of various different political parties, has always called for the ability to discuss problems, preferably before they arise, with Ministers? In requesting some form of review, we are merely asking for leaders of local authorities to be allowed to put their views to Ministers—through the Local Government Association if necessary, or, if not, perhaps as individuals—and to be listened to, and, if problems have arisen, for the Minister to go away and reconsider, or get his officials to do so. What on earth is unreasonable, and what is there to oppose, about that?

Stephen Hammond: As my hon. Friend says, what on earth is there to oppose about that? We shall see whether the Minister accepts such an extraordinarily sensible amendment.

The new clause has two major advantages. First, it would highlight any continuation of a Government tendency to take credit for policies while passing the cost on to local authorities, as we have been discussing. Council tax has doubled in the past 10 years, which has hit the elderly and those on the lowest incomes hardest.

The Parliamentary Under-Secretary of State for Transport (Gillian Merron): I am interested in the hon. Gentleman's reference to the Government funding of the statutory scheme. Will he clarify whether he believes that £1 billion is insufficient? If so, how much Government funding would be sufficient, and will his party commit itself to that?

Stephen Hammond: The hon. Lady knows that local authorities have indicated that the £350 million that the Government provided for the 2006 scheme was not sufficient.

Gillian Merron *indicated dissent.*

Stephen Hammond: Well, they have. I gave examples of two of them earlier, and am happy to do the same for the other 13 if the hon. Lady wishes. Clearly, the amount of money allocated by the Government on a percentage basis for the implementation of the 2006 scheme did not prove sufficient for a number of local authorities.

Gillian Merron: Will the hon. Gentleman clarify whether he is referring to funding for the statutory scheme or funding for the discretionary elements on top? If the latter, those local decisions are for local authorities to make.

2.15 pm

Stephen Hammond: The Minister is right: that is a matter for local authorities. I was describing the funding for the statutory scheme, and local authorities indicated clearly that they had not received enough money from the Government to fund that 2006 scheme. With regard to the Minister's initial intervention, I do not know yet whether £1 billion will be sufficient to fund the scheme. I do not doubt the Minister's integrity or sincerity in believing that the £1 billion that the Government say that they are providing is the right amount. That does not, however, negate the purpose of the new clause, which would allow us, after two years of operation—I accept that the transitional year may be unsteady—to ensure that the Minister's belief was correct, and if it proves not to have been correct, to review the matter. I see no contradiction whatever in that.

Mr. Scott: Does not new clause 3 do exactly what the Minister was referring to? No one can say whether £1 billion or another figure is appropriate, so a review after two years would be a first-class way of establishing the correct figure.

Stephen Hammond: Indeed it would. I hope that after some reflection, the Minister will see the intent, significance and advantage of new clause 3.

I have indicated that one of the advantages of the new clause would be to introduce some transparency

[Stephen Hammond]

and accountability. As my hon. Friend the Member for Epsom and Ewell (Chris Grayling) said on Second Reading:

> "There is no point in giving our pensioners free bus travel if they just have to pay the bills through their council tax instead."—[*Official Report*, 14 May 2007; Vol. 460, c. 414.]

The review, to be reported to Parliament, would allow local authorities to demonstrate to what degree the Government were providing free bus travel, and to what degree the Government were clobbering them to provide it.

Mr. Kemp: I realise that the hon. Gentleman would not have been tempted by my earlier intervention in relation to future spending commitments. Were his new clause carried, however, and were a review to conclude that there were shortfalls—he is right that there have been problems in the Tyne and Wear area, which I represent—would he fund those shortfalls through a redistribution from other English counties and transport authorities, or through new money? Will he give me a clue, because I am tempted by his seductive arguments?

Stephen Hammond: The hon. Gentleman makes an interesting intervention—but he is really just rephrasing his previous intervention. As has been indicated, the Minister is hoping to introduce a smartcard, and for all I know, there may be savings. In that case, extra funding, or redistribution, might not be required. No one can be certain about that. I am grateful to the hon. Gentleman for inviting me to make uncosted spending commitments, but I shall reject that opportunity.

The second benefit of the new clause is that it will throw some light on the calculations. We have been discussing the £1 billion figure. The 2006 scheme was afforded £350 million of Government money, and the 2008 scheme will be afforded another £250 million. The other £400 million, to which the Minister has just referred, will be provided in various ways. To be certain that that funding is coming through, it is vital that the requirement for the review be enacted. The new clause provides for a review of the funding allocation arrangements two years after the commencement of the 2008 scheme. It will take some time, as I have said, for the true extent of the take-up and the costs of the concessionary fares to become apparent.

What is certain is that some authorities have been underfunded and some have been overfunded. The hon. Member for Tyne Bridge (Mr. Clelland), who is not in his place today, but who was a member of the Committee, described the problems that his local authority faced, and I have described the problems of several others. The review, were it to be supported today, would provide the basis for local authorities to appeal against their funding allocation, and it would also provide an opportunity for central Government to show that they have funded the scheme properly.

David T.C. Davies: Has anyone done any studies of the local authorities that have been underfunded and those that have been overfunded? Past experience suggests to me—perhaps I am a little cynical after eight years of doing this job, albeit in two different Parliaments—that previous local government funding formula changes have resulted in Labour-run local authorities in certain areas of Wales, some of which have not even been able to keep their books in order, receiving rather more money than they are entitled to while well run rural local authorities, Conservative and Liberal Democrat alike, have had their funding cut in a disgusting fashion, resulting in higher council taxes for all. Have there been any studies of how this formula is likely to operate, and which local authorities may benefit and which lose out?

Stephen Hammond: I am not sure that such studies have been undertaken, but I suggest that if my hon. Friend's researcher has nothing to do in the summer recess, that would be an admirable piece of work that would benefit the whole House. I would certainly be grateful for it.

As I said on Second Reading, funding needs to follow the passenger. The Government have not been clear about how that will happen, so this review is essential. Unless central Government provide the correct moneys for the scheme, local authorities will have to cut other services or raise council tax. The funding mechanisms also need to be clear. The correct and reasonable recompense that an operator should receive must be received by bus operators from local authorities. Without that, the scheme is doomed. If local authorities have established a partnership and there is correct recompense, there will be clear views on the total ridership and cost. Two years is a sensible and appropriate time for the conduct of a review.

My Conservative colleagues and I wish to make it clear that we are not in the business of making uncosted spending commitments. The new clause does not allow Labour Members to make any mischievous accusations of that sort. In two years, the costs of the scheme, as currently defined, will be much clearer and we will also know the take-up rates and whether an extension scheme—that could assist the aim of social inclusion—would be possible.

The new clause is obviously sensible and desirable. It would ensure appropriate funding, transparency and accountability. I can only hope that, in the spirit of change in the Government, elucidated by the new Prime Minister last night, the Minister will not revert to the previous era's habit of rejecting all Opposition amendments, but instead will endorse and support the new clause.

Jim Cousins: This is clearly an excellent Bill that commands the support of the whole House. I hope that it will benefit those who receive the specific benefits of the Bill, as well as being a turning point in the recovery of our bus networks, which must be a wider object of policy for every Member of Parliament.

I admired the skill shown by the hon. Member for Wimbledon (Stephen Hammond) in giving his colleagues little holiday projects, although I hope that his example will not be taken up too widely in the House. He was correct to say that the heart of the matter is how the extra benefits will be paid for. He was also right to draw attention to variations across the country, which have a clear root. Car ownership, pensioner incomes and the density of bus networks all

vary across the country, and those factors produce a dramatic variation in the financial consequences of the concessions being offered to pensioners.

That variation affects Tyne and Wear very particularly. Car ownership in the county is probably the lowest outside London in mainland Britain. Pensioner incomes are among the lowest in the country and the density of bus networks is therefore greater than anywhere outside London. The effect of the offer of concessions is therefore much greater than in other areas. Nexus, the passenger transport executive in Tyne and Wear, has told me that the number of bus trips per year per head of population is 186 in London, 124 in Tyne and Wear, 109 across the generality of the metropolitan counties and only 33 in the rest of England. However, I acknowledge the force of the point made by my hon. Friend the Member for Hove (Ms Barlow) that there are areas outside the metropolitan counties that have dense bus networks and high take-up of concessionary passes.

Mr. Kemp: On the point about the density of bus networks, Tyne and Wear is often regarded as an urban area, but that is not the case. For instance, my constituency, which is the largest in the area, has many isolated former pit villages that greatly rely on buses. Does my hon. Friend agree that some of the problems that we have faced in the past few years have had a big impact on those isolated mining communities?

Jim Cousins: I absolutely acknowledge that. My hon. Friend draws attention to a very important point. In the former metropolitan county of Tyne and Wear area, bus networks are dense everywhere relative to the situation common in the rest of Britain. That is the case not just in city areas like Newcastle, which I represent, but also in the outlying former mining areas that he represents. His point is correct. Within the county of Tyne and Wear, no distinction can be drawn between the city and the rural. Both experience common benefits of such schemes and common difficulties if they are not funded correctly.

The extension of the 2006 local free fares scheme across the country will reinforce those variations and not mitigate them. The use of the national scheme in areas that already have high take-up, high bus usage, dense bus networks and low car ownership will be much greater than elsewhere. It is people from areas such as the one represented by my hon. Friend the Member for Blyth Valley (Mr. Campbell) who will take great advantage of the national scheme when it becomes available, so that they can use the dense bus networks within the county of Tyne and Wear. The national scheme will not mitigate the variations; it will tend to reinforce them.

2.30 pm

Paul Rowen (Rochdale) (LD): I am following the hon. Gentleman's point closely. Does he agree that there is an additional problem with the national scheme because in certain areas—honeypots or tourist destinations such as Blackpool and Scarborough—an influx of people will use the services, which is not reflected in the revenue support grant? It cannot take account of people who visit those places.

Jim Cousins: I am grateful for that intervention. It draws attention to two significant things. First, the national scheme will compound the difficulties of financing. Secondly, the hon. Gentleman is right to say that a formula basis of distribution of support cannot inherently deal with the difficulties that we are talking about.

There is a difficulty with formula grant support. By its very nature, it cannot pick up the striking local variations that we are likely to see and which will increase as the scheme goes national. The formula approach produces winners and losers. It is in the nature of winners and losers from formula funding support that the losers become clear immediately. The winners, very wisely, tend to keep quiet about it. That there are winners and losers, however, cannot be doubted. It is a direct result of the formula funding.

I have studied the Public Bill Committee debates carefully, and that problem exercised hon. Members. In the course of those debates, my hon. Friend the Member for Tyne Bridge (Mr. Clelland) offered a solution, which was to withhold a certain amount of formula grant support in a special pot so that it could be paid out later to mitigate the effect of the variations in take-up. I have thought carefully about that, and new clause 1, tabled by the Conservatives, in a sense reflects that. However, I do not favour that solution for two reasons. First, if we withhold a proportion of grant, it will generate all sorts of knock-on problems. Secondly, the increasing use by local councils of judicial review against the Government will become a significant problem in the distribution of the retained money because the factual basis for that will be challenged.

That was the Government's difficulty in dealing with the problems of Tyne and Wear at the outset in 2006. Had they gone down the path of introducing a special scheme to deal with the special problems of Tyne and Wear—I know that they considered that—there is no doubt in my mind that that special scheme would have triggered a range of judicial reviews by authorities that felt that their position had been worsened by it. Given the particular place of London in this context, London boroughs would undoubtedly have taken the Government to court had a special scheme for Tyne and Wear been introduced.

I have recognised the Government's difficulty throughout the controversy about these matters in the county of Tyne and Wear. Had they attempted to deal with the specific problems facing Tyne and Wear—and similar problems affect other authorities, such as Brighton—legal challenges would have followed immediately, and the whole scheme might well have been unpicked. A rich crop of judicial reviews should not be the object of any proposals made in the House.

My amendment would take advantage of the very important clause 9. Clearly, the Government have prepared against some of the difficulties that have been set out becoming serious problems. The clause provides that the Secretary of State can take over responsibility for the financial support of the statutory national scheme to be introduced in April 2008, and the consequential responsibility for reimbursement.

I also understand the Government's concern about negotiations over reimbursement for the purposes of the statutory concessions, local or national. Authorities

[Jim Cousins]

around the country will deal with different operators, with the result that different methods of reimbursement may be adopted. The Department for Transport is worried that that pattern of variable negotiations over reimbursement may in turn create perverse incentives. The talks may also be influenced by incompetent negotiating skills, or informal collusion between authorities and the major operators in their areas.

Those are the difficulties inherent in the reimbursement negotiations, but it is very important to ensure that the standards of reimbursement have common characteristics that apply nationwide. Apart from the very small local operators, the bus industry is now a big national operation made up of three or four main providers. It is extremely important that local authorities work to common standards in their reimbursement negotiations, and that they do not allow themselves to be picked off. They must not accept fare increases for the non-statutory schemes that are being introduced, as they would then trigger consequential increases in the costs of the concession—a difficulty that is built into the present architecture of the way that reimbursement is conducted.

David T.C. Davies: Does the hon. Gentleman accept that the privatisation of the bus companies might prevent the problem that he has described? Through competition, the various operators are able to offer lower fares, but it would be difficult for one to hike up costs to get greater reimbursement from central Government, via the local authority, because a rival could respond by submitting a cheaper tender the following year. Is that not one of the advantages of privatisation and competition? That approach has been robustly supported by the Opposition—and, more recently, even by Labour Members.

Jim Cousins: I remind the hon. Gentleman of the very wise words of Adam Smith. He was an honest Scotsman, and this, of course, is a time to be singing the praises of such men. His profile is now to be found on our banknotes, and in one remark he observed that, when three or four business men gather together, a conspiracy against the public was waiting to happen. So it has proved with bus privatisation.

We now have a small number of big operators. In my region, we have recently seen the sale of a body of operations in the town of Darlington, which Stagecoach had managed to capture after years of competition. The whole operation has now been sold en bloc to another national-level operator. We are not now dealing with a variety of bus companies that are all small and locally based. I know that such things exist, but the bulk of bus operations are now run by a small number of big national operators with some of the characteristics of a cartel. The block sale of all the operations in Darlington from Stagecoach to another operator in the past fortnight indicates the kind of things that happen.

Similarly, if the Government were to accept the responsibility for running the national statutory concession, the issues of reimbursement could be resolved. The Government could then negotiate forcefully with the limited number of big operators that is the reality of modern bus networks. The debate about the unfairness of the grant regime could itself be resolved and the Government could be reassured that grant given for the purposes of supporting the statutory concession would not be recycled inside local authority finances to pay for other activities. Again, if the Government met the costs of the national statutory concession, all this churning of grant through council and passenger transport authority budgets, with all the knock-on effects for council tax, could be resolved.

There would be an additional attraction for the Government if they took on the responsibility for operating the national statutory concession. They could produce a nationally branded scheme. Such a scheme could be supported by smartcard operations in the way that some Opposition Members have sensibly suggested, but even if it was not, a nationally branded scheme would be a much better incentive for the recovery of bus networks, which must be one of the objectives of the Bill, apart from simply operating the concession itself.

A nationally branded scheme would bring some benefit to the Government of the day and some clarity about how schemes were funded and supported. Of course, outside the national statutory scheme there could still be proper debate locally about extensions to the national scheme. For example, in London the freedom pass kicks in at 9 am. In the county of Tyne and Wear, it kicks in at 9.30 am. There is a debate to be had about how the national scheme, which functions from 9.30 in the morning, could be brought forward to 9 am. Those debates could be had locally without being confused by the wider arguments about the fairness of the grant support.

The rights conferred in the Bill will create new demand for bus services up and down the country. The Bill will lead to an expansion of bus services up and down the country. If the national statutory concession is nationally funded, the extra demand that will be created can then be supported by the Government. It would not be a problem for local council tax payers or local authorities. The rising level of bus use and the improvement in the quality of bus services that we hope will result from this Bill would then be seen as it properly should, as a collateral benefit, not, as it would be if we kept the present obsolete structure of formula funding, as a problem rather than a benefit.

It will be impossibly difficult to achieve through annual grant awards by formula proper support for the rising use of buses and the extension of bus networks unless the national statutory scheme is operated, funded and negotiated by the Department for Transport. That is the purpose of my amendments, and I commend them to the House. Indeed, the Government must have contemplated that course of action anyway because otherwise they would not have provided for that possibility in clause 9. I very much hope that the clause will not prove to be a residual, fallback position, but that the Government can build on it to introduce a nationally branded scheme, which is nationally funded and nationally negotiated, so that all the local difficulties that have been the by-product of doing something that in itself is commendable and good can be avoided.

2.45 pm

Paul Rowen: The Liberal Democrats welcome the Bill. We believe it will go a long way towards dealing with social exclusion; its introduction has the support of the whole House. Notwithstanding that fact, however, in Committee we raised a number of concerns and issues that we wanted resolved, some of which were fully discussed but some of which are still of concern. The new clause proposed by the hon. Member for Wimbledon (Stephen Hammond) addresses one of those points.

In response to the hon. Member for Newcastle upon Tyne, Central (Jim Cousins), although as a general principle we welcome the introduction of a national scheme, we believe that the right and proper place for its administration and operation is with local authorities and passenger transport authorities. We certainly would not support the Government's taking over that responsibility.

Many Members in Committee and today talked about previous experience of the introduction of local concessionary bus schemes. That gives us sensible pointers to some of the issues and concerns with regard to the extension to a national scheme, and I do not intend to rehearse or repeat the arguments that have already been so eloquently put. However, earlier this year, I tabled a question to the Department for Culture, Media and Sport about the number of visitors to various places and the most popular visitor destinations in Britain. Although the DCMS was able to give fairly accurate figures for the number of visitors, it had no information about the number who might qualify under the Bill for a concessionary bus pass. That brings us to the crux of the problem with the scheme. The Minister has assured us that, with £250 million, the Bill is adequately funded, but the reality is that none of us knows whether that is the case. We do not and cannot know until the Bill is in operation what the effect of concessionary bus travel on individual authorities will be.

It is clear that certain authorities, whether we call them honeypots or tourist destinations, will be disproportionately affected by the Bill. For example, throughout the year the majority of visitors to Blackpool—a Lancashire town I know well—are retired people and they will qualify to use the bus services in the town while they are there. It is clearly wrong that Blackpool borough should therefore have to pay the cost of those visitors coming and using the service while they are on holiday in Blackpool. As the hon. Member for Newcastle upon Tyne, Central said, Blackpool will not receive from the formula grant any recognition of that use of the service. As has been repeated, the formula grant is a blunt instrument. My borough is very much likes those in the north-east, in that 32 per cent. of the people in Rochdale do not own a car. They rely wholly upon the use of public transport. Their needs will be reflected to some extent in the formula grant, but not totally. The problem with any formula grant system is that it produces winners and losers.

In Committee, we moved several amendments. One was designed to ensure that the national scheme was ITSO compliant, so that there could be an accurate measure of the number of people using buses. Although we might hope to achieve that in the next two or three years, we are certainly will not achieve it by next April. In another amendment, we wanted to make sure that local authorities were properly funded and we sought a commitment from the Minister that she would deliver on that. That amendment was not accepted. Then we supported the amendment tabled by the hon. Member for Tyne Bridge (Mr. Clelland) and similar to one moved by my noble Friends in the other place. It would have provided for some money to be moved back.

The Minister accepted none of those proposals. Although new clause 3 is not necessarily as strong as I would like it to be, I believe that we need a commitment from the Government that they will take the issue seriously. Once the Bill is up and running, the problems are likely to get greater. We have seen this year for the first time, outside London, that the number of people using buses has risen. However, we need a proper analysis of who those people are. More than a cursory glance will demonstrate that they are predominantly those who have a concessionary bus pass. I welcome that. One of the Bill's laudable aims is to promote social inclusion. But if the Bill is not properly funded, the burden will fall on local authorities and that will cause disproportionate cuts that will probably affect just the people who benefit from travelling on buses. Whether those cuts are to social care or to the provision of leisure services, or whether groups such as young people end up, as happened in the north-east, facing increasing fares, that will not be right and proper.

I therefore hope that the Minister will consider the new clause. It would not alter one jot or iota of what the Government want to do, but it would commit the Department and future Ministers to carrying out a proper review, to ensure that the operation of scheme can be reviewed once it is fully in place and that we can have a proper discussion of what the funding needs are, where the money should come from and how it is to be delivered.

Mr. Charles Walker (Broxbourne) (Con): I have followed the debate with great interest. My postbag, like that of many Members of the House, contains many letters each week from people concerned about bus services both across the constituency of Broxbourne that I represent and the county of Hertfordshire, in which Broxbourne is located.

We have a sort of monster on our doorstep; it is called London. London absorbs a huge amount of resources, and I am interested in how we shall manage the issues of reimbursement and the allocation of resources for funding. Over the past decade, many of our bus services have been sucked into London. If someone wants to get from one part of my constituency to another part or to another part of Hertfordshire, often they have to travel through London. Sometimes they have to travel for an hour and half through London to reach somewhere in Hertfordshire that is no more than 4 or 5 miles away as the crow flies. That poses some questions. If the bulk of the journey takes place in London—although it originates in Hertfordshire—will Hertfordshire taxpayers fund that journey and will the reimbursement be allocated to Hertfordshire or to authorities in London, where the bulk of the journey takes place? I hope that the Minister will respond to that.

[Mr. Charles Walker]

We need to look seriously at new clause 3 because it would enable us to have a periodic review of how funding is allocated to pay for services. It would be devastating for local council tax payers in Hertfordshire if we ended up funding additional bus services that are routed through London—services that are primarily for the benefit of Londoners, but whose cost would fall on my constituents.

I hope that the funding formula does not act as a perverse distortion on the market, drawing even more of our services away from the county and into London. That would be disastrous at a time when local hospitals are being reorganised and are going to be moved even further away from my constituency. We face the closure of Chase Farm hospital in north London and the transfer of services to hospitals further north in the county. If more of our bus providers run services through London, it will be even harder for my constituents, many of whom are elderly, to access services to take them to other hospitals. I have a lot of sympathy with the new clause and I hope that the Government will give it serious consideration.

Mr. Beith: When the Prime Minister, in his then capacity as Chancellor, announced that there was to be a national bus pass scheme, he created an expectation and a hope among many people that they would be able to get to their relatives, friends, hospital and doctor using their bus pass. At the moment, many people in many constituencies find that they are not able to do so because of the cross-border problems. They depend on enhancement at the expense of the local authority.

The importance of the new clause is that it calls for a review of funding on the basis of whether local authorities have had enough money to carry out the scheme. I want to draw particular attention to the relevance of that to border areas, where the Bill as the Government propose to implement it will not solve the problem and where local authority enhancement will still be required. The Government have made it pretty clear up to now that they are in no hurry to negotiate a reciprocal scheme with the Scottish Executive or the Welsh Assembly Government. In the words of the Secretary of State in an earlier debate, that is regarded as a matter for "another time."

That means that local authorities such as the borough of Berwick-upon-Tweed, which has a population of 26,000—it is a very small authority—would still have to put in extra money to give access across the border so that people could get to their nearest shops or hospital, or to friends and relatives. At the same time, the funding arrangements that the new clause seeks to expose would put the authority under great pressure anyway, because the area also has one of the highest proportions of old age pensioners in the country—the highest of all being in Christchurch, which my wife used to represent and which was mentioned earlier. She well knows that that is top of the league, but the little borough of Berwick-upon-Tweed is also very high up. Where the bus journeys are long and the reimbursement element accordingly large, the financial pressures of the scheme will be great.

At the same time, whereas other local authorities will no longer have to put in extra schemes to enable people to get across local authority boundaries—as they do now in many areas—Berwick will still have to put in some kind of extra scheme to enable people to travel on local journeys to Eyemouth, to the doctor's in Coldstream, and to Kelso.

Clearly, I want the Government to use the powers that they are rightly giving themselves in clause 10 to go ahead with negotiating a scheme, which they still have time to do. New clause 3 offers the second-best solution: a review after two years that would demonstrate conclusively that the scheme had not worked satisfactorily in border areas. I support new clause 3 on the basis that if all else fails, there must be a mechanism of showing that border areas need help.

3 pm

A better solution would be for the Government to use the time between now and next spring to get into negotiations with the new Government in Scotland, difficult though that might be. They might find negotiations easier with the part-Labour, part-nationalist Government in Wales. If they do not carry out such negotiations, the new clause, if accepted, will reveal that there is a serious problem in border areas. Such a problem should not arise, so I ask the Minister to think again.

David T.C. Davies: I have a slight sense of déjà vu because some years ago, perhaps even before Ministers had thought about a concessionary scheme for England, I, like all my Conservative colleagues in the Welsh Assembly, defended and supported wholeheartedly the initiation of such a scheme in Wales. We supported it then and we support it now because the Conservative party has always believed that the public have the right to choose to use safe, efficient and reliable forms of public transport. While large amounts of tax are raised from car fuel, the public are unfortunately not given the proper choice of catching buses instead. They deserve such a choice and the situation needs to be reversed.

This scheme is good for everyone, not just the over-60s who will be entitled to a bus pass. If demand for bus services increases, especially in rural areas, it is likely that more services will be laid on. The scheme is thus good for anyone who wishes to use public transport. It is good for car users, too, because if more people use buses, roads will be less congested. If the scheme is properly managed, we will have a win-win-win situation for all those who use transport to get from A to B, which is virtually all of us.

The key factor is whether the scheme is properly managed. Several unexpected problems arose after the scheme was introduced in Wales. Many people will be aware of the market town of Chepstow, which is on the border of my constituency. Chepstow itself is in Wales, in the county of Monmouthshire. However, part of Chepstow is on the English side of the border. Pensioners who live in the Welsh part of Chepstow in the constituency of Monmouth receive a free bus pass that they may use to travel as far as Hereford, which, of course, is in England—Owain Glyndwr did not get quite that far. However, people who live in Tidenham, which is just across the river and somewhat on the outskirts of Chepstow, cannot get hold of a free bus pass to travel into the towns in Wales in which many of

them do their shopping. They will not be able to do so after the introduction of the scheme under the Bill because the cross-border problems have not been sorted out.

When the Minister considers funding, I hope that one of her first actions will be to try to ensure that a scheme is introduced whereby people can use their passes throughout the whole of the United Kingdom. As an unashamed Unionist, I am disappointed that people will be restricted to their constituent nations, rather than be able to exercise their right to travel the length and breadth of the United Kingdom. They have paid their taxes over the years for such a right.

The scheme in Wales gave rise not just to cross-border issues, but to enormous problems involving the allocation of funding, many of which have been mentioned today. Some local authorities have received more funding than they might have been expected to get, whereas other received less. My hon. Friend the Member for Wimbledon (Stephen Hammond) eloquently set out the way in which such funding inequalities can arise.

I am a bit of a cynic, and I have suggested before that formulas have sometimes been used in a particular way, quite deliberately, to benefit certain local authorities at the expense of others for political reasons. I have certainly seen that happen in Wales and I want to ensure that people in England are protected from that. What can possibly be unfair about suggesting that Ministers look at the formula in two years' time to ensure that everything is being done in an equitable manner? If nothing else, that will protect existing bus services, and protect people from inordinate rises in council tax, such as those that have taken place over the past 10 years. As I have said before—I will repeat it quite a few times in the years ahead—council tax has risen by 184 per cent. over the past 10 years in Monmouthshire. Earlier, my hon. Friend the Member for Wimbledon talked about a doubling of council tax, but my constituents would have been absolutely delighted if their council tax had merely doubled. Many of them are struggling to pay their mortgages.

Many other problems have arisen in Wales as unexpected consequences of the Act. In some areas, a sort of impromptu park-and-ride scheme has developed; people drive into towns—often, I am told, in their Mercedes-Benz—and park on outlying streets, and then use the local bus service to ride into town. There is nothing wrong with that. It is a free country, and everyone would support people's right to do that. However, it means that the local authority to which those people apply for their concessionary pass ends up getting lots of funding, while the local authority that pays for them to use the buses does not. That is one example of the sort of inequity that could arise in the funding formula. We need to make sure that the Government are aware of all those problems, and the many others that are likely to arise, and we need to ensure that they have the means with which to deal with them. If they fail to deal with the problems, there will be a reduction in services, which is what all of us are fighting against.

There is also the issue of rural areas. Many rural areas have to subsidise all or most of the bus routes that are in place. I believe that all rural areas are grossly disadvantaged by virtually every funding formula used by the Government. I am sorry to have to say it, and perhaps the Minister will like to argue the point, but I see that as very much a political decision. For example, in the county of Monmouthshire, the funding formula that is used to fund local government generally used to take proper account of sparsity, and that is absolutely right, because of course it always costs more to deliver services in a rural area, where there are much greater distances for buses, or any other services, to travel. The last funding formula change reduced much of the weighting that was given to take account of sparsity. It also resulted in sparsity being calculated with reference to how long it takes to get from A to B, not by road, but as the crow flies. That meant that many isolated rural communities were counted almost as part of urban conurbations under the formula, and the local authority lost out as a result.

That sort of subtle change, which most people could not be expected to pick up on, has been deliberately used to disadvantage rural areas. We do not want the same thing to happen with the formula used for allocating money for transport. My hon. Friend the Member for Wimbledon—the Front-Bench spokesman for transport—has not suggested that there is anything wrong with the scheme; he merely suggested that it would be wise of the Government to consult the Local Government Association in two years' time to make sure that the money is being allocated in a fair and reasonable fashion. It puzzles me that anyone would argue that that is not the wise and sensible thing to do. I say again that it could prevent bus services from being cut, prevent council taxes from rising, and ensure that local authorities are listened to, in a system in which there is accountability. That is why all those in the House who care about supporting bus services should support new clause 3 this afternoon.

Gillian Merron: We return once more to this important Bill, and in particular to the issue of funding for local authorities, which we discussed at great length in Committee, including the arrangements for the reimbursement of bus operators.

May I begin by thanking my hon. Friend the Member for Newcastle upon Tyne, Central (Jim Cousins) and his near neighbour, my hon. Friend the Member for Houghton and Washington, East (Mr. Kemp), for recognising the importance of the Bill to passengers, to the improvement of bus services—and the figures are coming through—to efforts to tackle social exclusion, and to the improvement of the public transport network. That is why I am great supporter and advocate of this Labour Government Bill. I appreciate, too, the comments of my hon. Friend the Member for Newcastle upon Tyne about saving the Government from judicial review, and I am happy to take his advice.

I shall make some general points before coming to the specific matters raised by the amendments. I have previously stated—and I am happy to restate it—that I agree absolutely with the sentiment that local authorities should indeed be adequately funded by central Government for the costs of administering that mandatory concession. After all, it is the Government's policy to fund fully new statutory burdens. Let us be honest: it is in everyone's interest in the House that we

[Gillian Merron]

get it right, and that is what I am keen to do. As hon. Members know—and I will restate it for the record—the Government will provide up to an extra £250 million of funding a year for the proposed new national bus concession. That is in addition to the significant extra funding that we have already provided to local authorities for the implementation last year of free off-peak local bus travel within local authorities. We provided £350 million in 2006-07, and £367.5 million in 2007-08. We remain confident that there is sufficient overall to fund the extra costs to local authorities to provide that welcome improvement, which has benefited millions of people. I shall come to our calculations in a few moments and explain them.

Mr. Walker: On reflection, I was rather inarticulate in expressing my concerns. Many bus routes start at Waltham Cross, which is in Hertfordshire and on the border with London, but 90 to 95 per cent. of the benefits go to London. Owing to the fact that the routes originate in Hertfordshire, we will fund the full cost of the scheme, although 95 per cent. of the distance covered falls within London to the benefit of Londoners.

Gillian Merron: I can assure the hon. Gentleman that he made his point perfectly clear. Travel concession authorities will pay for all concessionaires boarding in their area, irrespective of who issued the pass and where the journey ends. What matters is the funding to the travel concession areas, and that is what we will discuss today.

David T.C. Davies: The main point that we were making was not so much about the amount of money, although that is clearly important, but about the way in which that money is divided up. If the Minister is about to give us an explanation, I shall await it with interest.

Gillian Merron: I am grateful for the hon. Gentleman's encouragement.

For the benefit of hon. Members who did not participate in Committee, I should say that it is true that there is no mention of the funding for concessionary travel in the Bill, but I can assure the House that that is for very good reasons. As we know, circumstances change and flexibility needs to be built into the legislation to enable future improvements to concessionary travel to be made as efficiently and effectively as possible. It would not be appropriate or wise to lock ourselves into a particular approach now, as the important issue of funding is currently being considered and discussed across Government and beyond. The existing arrangements contain appropriate checks and balances to ensure that public funds are spent wisely, which is something with which we would all concur; an incentive for local authorities to reimburse cost-effectively by a fair amount; and the right of appeal for any operator who believes they have been disadvantaged. Importantly, the system is fair to the taxpayer and the operator alike.

The extra funding that the Government have announced for the new concession already includes a generous allowance, both for uncertainty over future travel patterns and the difficulties of allocating money on a formula basis. The sum of up to £250 million extra per year is based on a number of key assumptions. Hon. Members may be interested to know that those include an extra 100 million journeys generated and a pass take-up rate of 85 per cent. Once distributed, it will result in double-digit percentage increases for most travel concession authorities against budgets that already include discretionary spend. The extra costs will not be as much as many people may think, because many of the new trips will be generated travel, which will not require full reimbursement. I hope that that gives some indication about the sums involved. The House should be concerned about the full amount, as well as the distribution, which I am on record as saying is extremely important. The assumptions are generous. As I said, we have allowed for a pass take-up rate of 85 per cent. In some areas of England, pass take-up is below 40 per cent. at present, so we are confident that the extra funding is sufficient to cover the total extra costs to local authorities.

3.15 pm

It is important to recognise that the freedom and flexibilities provided by unhypothecated formula grant, which was discussed earlier, are generally supported by local authorities. They have long argued against having their hands tied by hypothecated funding streams. Concessionary fares reimbursement is only one of the many obligations that authorities must meet from their council tax receipts and from the funding provided by central Government through the formula grant process.

The Local Government Association strongly supports a specific grant for the extra funding for the national bus concession, at least on a temporary basis. However, we need to be clear that such a move would be a break from the policy of greater freedom and flexibilities in funding which is generally welcomed by the local government community. It would also be inconsistent with the basis for allocating existing funding, and we would need good reasons for making such a change. However, the Department for Transport, the Department for Communities and Local Government and the Treasury are looking carefully at the merits of different funding mechanisms for statutory concessions.

Mr. Beith: One thing that the formula cannot do is recognise that there are some authorities that will still have to enhance their schemes if some of their citizens are to be able to get to relatively nearby facilities on the other side of a national boundary. That will persist until a reciprocal scheme is introduced. Therefore those authorities have to meet more out of their council tax and out of the formula than most authorities, which will no longer have the problem of making special arrangements for cross-border travel.

Gillian Merron: Perhaps this is an appropriate point at which to remind ourselves that the Bill covers off-peak concessionary national travel within England. Any enhancement beyond that is a matter for local discretion and the Bill allows for that. I shall shortly deal with devolved Administrations, who I know are a matter of interest.

Once we have decided on the funding route we will consult local authorities on the distribution, in line with existing statutory requirements.

Jim Cousins: My hon. Friend is about to move on to a topic that has engaged several hon. Members in the debate, but before she does so, will she set out how her Department is considering variations of funding from the funding formula and, in particular, how it might use the powers that it is taking in clause 9?

Gillian Merron: A number of hon. Members asked about how we will deal with hot spots, as they are called, where there is particular pressure on areas such as my constituency, Lincoln, which people are happy to visit, and we look forward to welcoming them. I understand the concerns expressed about the distribution of funding, especially in respect of those visitor hot spots. The overriding principle is that extra money should be directed to where extra costs fall. We should recognise hot spots, so far as it is possible to do so. Various options are being discussed in the concessionary fares working group, which involves representatives from all tiers of local government—districts, counties, unitaries and PTEs as well as operators. We are, of course, also working with the Department for Communities and Local Government and the Treasury on various options.

In looking at the wide variety of data sources that might help to develop the best possible formula distribution, we are examining issues such as visitor figures, tourist beds, retail floor space and bus patronage. We hope to have reached a decision on the preferred route by the summer, when we will consult widely on the formula basis for distribution. I hope that that helps my hon. Friend.

New clause 3 includes the exact text of an amendment that was defeated on a vote in Committee. I see very little benefit in introducing a requirement on the Secretary of State to review the arrangements for the allocation of funding to local authorities two years after the legislation is commenced. We debated the proposal in Committee, as well as the idea of another review of the reimbursement of bus operators by local authorities. The amendment has not changed, and nor has my position. There is very little to be gained from new clause 3. We have already embarked on a great deal of informal consultation with local authorities and other interested parties about the issues surrounding the implementation of the national bus concession.

I have explained the matter and the role of the concessionary fares working group on a number of occasions. Again, I emphasise that the Department for Communities and Local Government has already implemented a well-established annual process for consulting local authorities informally and formally about the formula grant distribution. I am a little disappointed this afternoon, because in Committee I invited the hon. Member for Wimbledon (Stephen Hammond) to suggest how we might improve things now rather than in two years' time, but all we have before us is exactly the same amendment.

I gently remind the hon. Member for Monmouth (David T.C. Davies) that concessionary travel is a devolved issue. Local authorities in Wales can pass the full costs of the scheme to the National Assembly, and it is therefore unlikely that the situation that he described with regard to increases in council tax relates to concessionary fares.

The hon. Member for Upminster (Angela Watkinson) is not currently in her place. She referred to a charge for passes claimed but not used. That is a misunderstanding, because reimbursement is made in respect of actual concessionary travel and not on the number of passes issued.

The suggestion that there should be a review in two years' time contains another contradiction. Local government funding involves a three-year settlement. If we were to accept the new clause—I ask the House not to do so—we would create uncertainty at a time when local authorities are asking for more certainty.

On funding in the Tyne and Wear area, I recently met my hon. Friend the Member for Tyne Bridge (Mr. Clelland) and Nexus. We had a constructive discussion on how we can go forward, which is what I intend to do.

On mutual recognition, the nature of a devolved Administration is, again as I have said before, that it will take devolved decisions. Our priority is to get a workable national concession in England, perhaps in the first instance in April 2008. Local authorities can make their own arrangements across borders, if they fund them, which is an option that will be available under the Bill. We will continue to hold discussions with devolved Administrations.

Mr. Beith: What is delaying the Minister? Assuming that she stays in her job, she has got until next spring to negotiate in time for the arrival of the new national bus pass. What is to stop her reaching an agreement with the Scottish Executive in that time? If they were to refuse to do it, it would not be her fault, but if she does not attempt to reach an agreement in that time scale, it will be her fault.

Gillian Merron: I thank the right hon. Gentleman for offering me a way out should success not be mine. Our priority is a workable scheme for England that everyone understands. We will continue to work with the devolved Administrations, and in the interim it is possible for local authorities to manage the current situation.

Amendments Nos. 14 and 15 would have major implications for the general funding of local authorities. It would not be possible to introduce those changes for April next year. In any case, the amendments do not set a time frame for commencement; I am not sure whether that is intentional. It would be only right and proper to consult on any changes to the fundamentals of the administration of the mandatory concessions. In fact, it is not clear from our discussions that local authorities would favour such a centralised approach as suggested by my hon. Friend the Member for Newcastle upon Tyne, Central. I assure him that we fully considered a range of options. Having said that, we are not ruling out changes to the administration in future. This is an enabling and a flexible Bill.

Bearing in mind everything that I have said today and on several previous occasions, I hope that Opposition Members and my hon. Friend the Member

[Gillian Merron]

for Newcastle upon Tyne, Central will agree that new clause 3 and amendments Nos. 14 and 15 are unnecessary and duly withdraw the motion.

Stephen Hammond: As the Minister said, in Committee we discussed funding for the Bill at great length, because it is absolutely central to the Bill. I said in Committee that this was an excellent amendment that would enhance the Bill, and I still think so. Nothing that I have heard from the Minister this afternoon suggests that there is any reason not to put the new clause into the Bill, and I therefore wish to test the will of the House.

Question put, That the clause be read a Second time:—

The House divided: Ayes 157, Noes 257.

Division No. 164] **[3.27 pm**

AYES

Amess, Mr. David
Ancram, rh Mr. Michael
Arbuthnot, rh Mr. James
Baldry, Tony
Barker, Gregory
Baron, Mr. John
Beith, rh Mr. Alan
Bellingham, Mr. Henry
Bercow, John
Blunt, Mr. Crispin
Bone, Mr. Peter
Bottomley, Peter
Brady, Mr. Graham
Brazier, Mr. Julian
Brokenshire, James
Browne, Mr. Jeremy
Burns, Mr. Simon
Burrowes, Mr. David
Burstow, Mr. Paul
Burt, Alistair
Butterfill, Sir John
Cable, Dr. Vincent
Campbell, rh Sir Menzies
Carswell, Mr. Douglas
Cash, Mr. William
Clark, Greg
Clifton-Brown, Mr. Geoffrey
Conway, Derek
Cormack, Sir Patrick
Cox, Mr. Geoffrey
Crabb, Mr. Stephen
Davey, Mr. Edward
Davies, David T.C. *(Monmouth)*
Davies, Philip
Djanogly, Mr. Jonathan
Dorries, Mrs. Nadine
Duncan Smith, rh Mr. Iain
Dunne, Mr. Philip
Evans, Mr. Nigel
Fallon, Mr. Michael
Foster, Mr. Don
Fox, Dr. Liam
Francois, Mr. Mark
Gale, Mr. Roger
Garnier, Mr. Edward
Gauke, Mr. David
Gibb, Mr. Nick
Gillan, Mrs. Cheryl
Goodman, Mr. Paul
Gove, Michael
Gray, Mr. James
Grayling, Chris
Green, Damian
Grieve, Mr. Dominic
Gummer, rh Mr. John
Hague, rh Mr. William
Hammond, Stephen
Hands, Mr. Greg
Harper, Mr. Mark
Harris, Dr. Evan
Harvey, Nick
Hayes, Mr. John
Heald, Mr. Oliver
Heath, Mr. David
Heathcoat-Amory, rh Mr. David
Hemming, John
Hendry, Charles
Herbert, Nick
Hogg, rh Mr. Douglas
Hollobone, Mr. Philip
Holloway, Mr. Adam
Holmes, Paul
Howard, rh Mr. Michael
Howarth, David
Hughes, Simon
Huhne, Chris
Hunter, Mark
Hurd, Mr. Nick
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Jenkin, Mr. Bernard
Jones, Mr. David
Keetch, Mr. Paul
Kirkbride, Miss Julie
Knight, rh Mr. Greg
Kramer, Susan
Laing, Mrs. Eleanor
Lait, Mrs. Jacqui
Lansley, Mr. Andrew
Letwin, rh Mr. Oliver
Lewis, Dr. Julian
Liddell-Grainger, Mr. Ian
Lidington, Mr. David
Luff, Peter
Mackay, rh Mr. Andrew
Main, Anne
Malins, Mr. Humfrey
Maude, rh Mr. Francis
May, rh Mrs. Theresa
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Miller, Mrs. Maria
Moss, Mr. Malcolm
Neill, Robert
O'Brien, Mr. Stephen
Osborne, Mr. George
Ottaway, Richard
Paice, Mr. James
Pelling, Mr. Andrew
Penning, Mike
Penrose, John
Price, Adam
Prisk, Mr. Mark
Pritchard, Mark
Pugh, Dr. John
Randall, Mr. John
Redwood, rh Mr. John
Rifkind, rh Sir Malcolm
Robathan, Mr. Andrew
Robertson, Hugh
Robertson, Mr. Laurence
Rosindell, Andrew
Rowen, Paul
Russell, Bob
Sanders, Mr. Adrian
Scott, Mr. Lee
Selous, Andrew
Shepherd, Mr. Richard
Simmonds, Mark
Spelman, Mrs. Caroline
Spicer, Sir Michael
Stanley, rh Sir John
Steen, Mr. Anthony
Stunell, Andrew
Swayne, Mr. Desmond
Swinson, Jo
Swire, Mr. Hugo
Teather, Sarah
Thurso, John
Tyrie, Mr. Andrew
Vara, Mr. Shailesh
Villiers, Mrs. Theresa
Walker, Mr. Charles
Waterson, Mr. Nigel
Watkinson, Angela
Whittingdale, Mr. John
Widdecombe, rh Miss Ann
Wiggin, Bill
Willetts, Mr. David
Williams, Hywel
Willis, Mr. Phil
Willott, Jenny
Wilson, Mr. Rob
Winterton, Ann
Winterton, Sir Nicholas
Younger-Ross, Richard

Tellers for the Ayes:
Mr. Robert Goodwill and Mr. Tobias Ellwood

NOES

Ainger, Nick
Ainsworth, rh Mr. Bob
Allen, Mr. Graham
Anderson, Mr. David
Atkins, Charlotte
Austin, Mr. Ian
Bailey, Mr. Adrian
Baird, Vera
Balls, Ed
Banks, Gordon
Barlow, Ms Celia
Begg, Miss Anne
Bell, Sir Stuart
Benton, Mr. Joe
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blears, rh Hazel
Borrow, Mr. David S.
Bradshaw, Mr. Ben
Brennan, Kevin
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Butler, Ms Dawn
Byrne, Mr. Liam
Caborn, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Ronnie
Caton, Mr. Martin
Cawsey, Mr. Ian
Challen, Colin
Chapman, Ben
Chaytor, Mr. David
Clapham, Mr. Michael
Clark, Ms Katy
Clark, Paul
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clwyd, rh Ann
Coaker, Mr. Vernon
Cohen, Harry
Connarty, Michael
Cooper, Rosie
Cooper, Yvette
Corbyn, Jeremy
Cousins, Jim
Crausby, Mr. David
Cryer, Mrs. Ann
Cunningham, Mr. Jim
Cunningham, Tony
David, Mr. Wayne
Davidson, Mr. Ian
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobbin, Jim
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Drew, Mr. David
Dunwoody, Mrs. Gwyneth
Eagle, Angela
Eagle, Maria
Efford, Clive

Ellman, Mrs. Louise
Ennis, Jeff
Farrelly, Paul
Fitzpatrick, Jim
Flint, Caroline
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gapes, Mike
Gardiner, Barry
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gilroy, Linda
Goggins, Paul
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hanson, rh Mr. David
Harman, rh Ms Harriet
Havard, Mr. Dai
Healey, John
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hill, rh Keith
Hoey, Kate
Hood, Mr. Jim
Hoon, rh Mr. Geoffrey
Hope, Phil
Hopkins, Kelvin
Howarth, rh Mr. George
Howells, Dr. Kim
Humble, Mrs. Joan
Iddon, Dr. Brian
Illsley, Mr. Eric
Ingram, rh Mr. Adam
Irranca-Davies, Huw
Jackson, Glenda
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Lynne
Jones, Mr. Martyn
Jowell, rh Tessa
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeley, Barbara
Keen, Alan
Kemp, Mr. Fraser
Kennedy, rh Jane
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, Mr. David
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Linton, Martin
Lucas, Ian
Mackinlay, Andrew
Mactaggart, Fiona
Mahmood, Mr. Khalid
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Marshall-Andrews, Mr. Robert
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCarthy, Kerry
McCarthy-Fry, Sarah
McDonagh, Siobhain
McDonnell, John
McFadden, Mr. Pat
McGovern, Mr. Jim
McGuire, Mrs. Anne
McIsaac, Shona
McKenna, Rosemary
McNulty, Mr. Tony
Meacher, rh Mr. Michael
Merron, Gillian
Milburn, rh Mr. Alan
Miliband, Edward
Miller, Andrew
Mitchell, Mr. Austin
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Moran, Margaret
Morgan, Julie
Morley, rh Mr. Elliot
Mountford, Kali
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
Owen, Albert
Palmer, Dr. Nick
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Prescott, rh Mr. John
Primarolo, rh Dawn
Prosser, Gwyn
Purnell, James
Rammell, Bill
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, rh John
Robertson, John
Robinson, Mr. Geoffrey
Ruddock, Joan
Russell, Christine
Salter, Martin
Seabeck, Alison
Sheridan, Jim
Simon, Mr. Siôn
Singh, Mr. Marsha
Skinner, Mr. Dennis
Smith, rh Mr. Andrew
Smith, Angela E. *(Basildon)*
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Taylor, David
Thomas, Mr. Gareth
Thornberry, Emily
Timms, rh Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Ussher, Kitty
Walley, Joan
Waltho, Lynda
Ward, Claire
Wareing, Mr. Robert N.
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Mr. Alan
Wills, Mr. Michael
Winnick, Mr. David
Winterton, rh Ms Rosie
Wood, Mike
Woodward, Mr. Shaun
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Noes:
Mr. Frank Roy and Jonathan Shaw

Question accordingly negatived.

Clause 1

THE NATIONAL CONCESSION

Stephen Hammond: I beg to move amendment No. 8, page 1, line 19, at end insert—

'(d) is taken on a service which has three or more stops on its route,

(e) is not taken on a service where there is a commentary (live or recorded) which is primarily provided for the purposes of tourism, and

(f) is not taken on a service where there are one or more seats bookable in advance.'.

Mr. Deputy Speaker (Sir Michael Lord): With this it will be convenient to discuss the following amendments:

No. 6, page 2, line 14, at end insert—

'(4A) For the purposes of this section a disabled person is a person who—

(a) is blind or partially sighted,

(b) is profoundly or severely deaf,

(c) is without speech,

(d) has a disability, or has suffered an injury, which has a substantial and long-term adverse effect on his ability to walk,

(e) does not have arms or has long-term loss of both arms,

(f) has a learning disability, that is, a state of arrested or incomplete development of mind which includes significant impairment of intelligence and social functioning, or

(g) would be defined as having a mental impairment which has a substantial and long-term adverse effect on his ability to carry out day-to-day activities in accordance with section 1 of the Disability Discrimination Act 1995 as amended, or

(h) would, if he applied for the grant of a licence to drive a motor vehicle under Part III of the Road Traffic Act 1988, have his application refused pursuant to section 92 of that Act (physical fitness) otherwise than on the ground of persistent misuse of drugs or alcohol,'.

No. 9, page 2, line 30, leave out 'may' and insert 'shall'.

No. 10, in clause 4, page 4, line 18, leave out 'may' and insert 'shall'.

Stephen Hammond: Amendment No. 8 seeks to clarify the definition of services on which concessionary journeys can be taken. That is a concern across England, but it is a particular issue in London. London Councils, as the body running the concessionary fare scheme on behalf of the boroughs in London, has indicated to me that it particularly supports the amendment.

Although London has the most generous concessionary fare scheme in the country, the current freedom pass is not valid on some bus services, because they do not form part of the London bus network and are operated under what are known as London service permits, issued by Transport for London. According to the current definition of an eligible service, London Councils has estimated that the concession could apply to 118 of those services, operated by 51 different companies, from next April. Most people, however, would recognise only about 13 of those as local bus services.

Where a local bus service is clearly provided, which all eligible persons could use, there is no question but that the concession should apply. The current definition of an eligible service, however, could include special events services, park-and-ride services—where a bus fare is charged rather than a car parking fee—open-top bus services and many of the express coach services starting in London. Clearly, those are not what most people would call local bus services. They should not be included in the concession, but London Councils and I estimate that under the current Bill, all those routes would be eligible for the new concessionary fares.

The Minister will no doubt say that she has the power to make an order if there proves to be a need to clarify the definition of an eligible service. In the interim, however, that will merely result in uncertainty for everyone: uncertainty for operators as to whether they should accept concessions and whether they will get reimbursement; uncertainty for local authorities, as they will not know for sure whom they should negotiate with; and most importantly, uncertainty for pass holders as to whether they can use their pass. That is not efficient, and many of the organisations involved will not be able to plan ahead. That is why my hon. Friends and I have tabled the amendment. The amendment would exclude some of the more obvious examples of services that are not truly local bus services. I have suggested three exclusions. The first is services with no intermediate stops between the point of departure and the end destination. A topical example is the special service to Chelsea flower show from Victoria station. Another example is park-and-ride services. Where parking is free and a bus fare is charged, it would be odd for the concessionary traveller to benefit when they would not benefit where the bus was free and the parking was charged for.

3.45 pm

The second exclusion would be services with a commentary. Such services are primarily for tourism purposes, such as the open-top sightseeing buses that we see coming down Whitehall and past the Palace. The third exemption would be services with at least one bookable seat. That would exclude the coach services between Heathrow and Victoria. If that service were included, London Councils would end up paying for the airport transfers of thousands of visitors to the capital, and I am convinced that that was not the intent of the Bill. So amendment No. 8 is specific and clear.

Section 146 of the Transport Act 2000 allows a change of definition of eligible services. I suspect that the Minister will claim that the order-making power will be sufficient, but I do not believe that it will, for the reasons that I have just stated and because of the uncertainty to which I alluded previously. The amendment has the benefit of clarity. It would add to the definition of eligible services those that should be included and excludes those that should not be included in the Bill. The three extra definitions would remove considerable uncertainty, and there is no reason why they should not be added to the Bill. I listened carefully to the Minister's attempts to reassure me, but I can see no reason why she should not accept this sensible amendment.

Amendment No. 6 addresses the definition of eligibility of concessionary fares in the 2000 Act and would add to them an additional section covering those with mental health difficulties.

Mr. Greg Knight (East Yorkshire) (Con): Is the wording of amendment No. 6 correct? Proposed new section 4A(e) seeks to include in the definition of a disabled person someone who

"does not have arms or has long-term loss of both arms".

I can envisage a situation in which someone has the short-term loss of both arms, perhaps because they have been involved in an accident and the arms have yet to be sewn back on, but I cannot envisage someone having the long-term loss of both arms. Should not the wording read "or has the long-term loss of the use of both arms"?

Stephen Hammond: My right hon. Friend makes a good point. It is a standard definition that has been used before, and I had envisaged it applying to people who had had a stroke and suffered long-term loss of use, but the drafting would benefit from the addition of the words "the use of". I am grateful to him for pointing that out.

My main intent in amendment No. 6 was the definitions in paragraphs (f) and (g), and the eligibility of people with mental health problems—

Mr. Scott: Can my hon. Friend confirm that the provisions would include children suffering from autism, and their travel to school when provision for their education is not available in their local area?

Stephen Hammond: No, that is not the intention. The amendment relates to people with mental health problems. It is clear that eligibility for concessionary fares is a major factor in determining an individual's chance of recovery and reintegration into society. Access to community care, drop-in therapy centres, counselling and self-help groups all aid their recovery, and many of those service users rely on public

transport. The essence of my point is that the amendment does not use the phrase "not holding a driving licence" to prevent people from accessing concessionary fares because even if they hold a driving licence, poverty and a fluctuating health condition may make driving impossible. Access to and eligibility for concessionary bus travel could be a major contributor to recovery from mental illness. I urge the Minister to consider the amendment.

David T.C. Davies: I am dealing with one such case in my constituency, in which a gentleman has had his driving licence revoked by the Driver and Vehicle Licensing Authority because of an alleged black-out. My hon. Friend will be well aware from his Front-Bench duties that that can be appealed against. Will people lose their right to a concessionary bus pass if they apply for it in the interim period between appealing against a decision to revoke their licence and the return of that licence?

Stephen Hammond: My understanding is that those people would lose that right, because holding a driving licence would militate against the need for concessionary travel—although I would be delighted for the Minister to say otherwise.

Amendments Nos. 9 and 10 concentrate on sole and principal residence. They would oblige the Secretary of State to issue guidelines to local authorities on how to determine a person's principal residence for the purpose of issuing concessionary passes. As the Bill stands, the Secretary of State will be afforded the powers to do that, but will not be obliged to do it. It is extraordinarily important that local authorities be provided with clear guidance so that passes are issued on a consistent and rational basis. For instance, is the principal residence the place where people spend the most time, the place where they are registered to vote or the place where they pay full council tax?

It is clear that that will be of considerable concern when the 2008 scheme comes into operation. If an elderly person has two residences, one in a town and one in a coastal resort, which is the place of principal residence? Had we used the previous council tax regulations, with reference to discount, we would have had clear guidance, or the Government may intend to include the test of principal residence for capital gains tax purposes. Neither of those tests can predict where someone spends the bulk of their time, and hence where the bulk of the concessionary travel usage is. The phrase

"appearing to the authority to have their sole or principal residence in the authority's area"

is ambiguous and open to interpretation.

In Committee, the Minister stated that she would issue guidance to local authorities. The amendments enshrine in text the fact that she must issue that before the Bill comes into operation. Local authorities should not have to suffer uncertainty. The amendments bring clarity and certainty and should be supported.

Mr. Walker: I was interested to hear what my hon. Friend said about what is defined as a local service. I want the Minister to give me guidance on a service in my constituency. Although bus services in Hertfordshire are largely the responsibility of the county council, within the borough of Broxbourne it was decided some months ago to provide a funded service from some of the main locations—the towns—to Chase Farm hospital. The bus is provided by the council, and people pay £5 one way and £5 to return. Would that be defined as a local service under the Bill? If so, would it be required to provide concessionary travel? Although the county council has responsibility for bus services, this one is provided by a local council in the county of Hertfordshire.

Paul Rowen: The three amendments tabled by the hon. Member for Wimbledon (Stephen Hammond) cover some of the issues discussed in Committee, but I hope that the Minister can give an assurance about the eligibility of certain bus routes, as set out in amendment No. 8. We want to ensure that only normal bus services qualify: tourist buses, or buses that have only a limited number of stops or are provided for special circumstances, should not be covered.

I want to concentrate on amendment No. 6. It is very similar to the proposals in amendments Nos. 2 and 1, which are in my name, and it deals with some important matters that remain unresolved. The problem with amendment No. 6 is that we had reached agreement on how disabled people should be defined for the purposes of concessionary fares. For example, the matter was covered by section 146 of the Transport Act 2000, and in section 240(5) of the Greater London Authority Act 1999.

However, mental health is not covered. The Minister wrote a detailed letter about the problem, and I am pleased that her officials have begun talks with Mind to see whether there is any scope for broadening the existing definition. The Bill's primary definition of a person with mental disability is someone who is not fit to drive. That is a medical rather than a social definition, and so not appropriate.

David T.C. Davies: I have worked with mentally ill people in various capacities, and fully understand what the hon. Gentleman is saying. However, mental illness can encompass a wide range of problems—from people who are unable to care for themselves to those who, sometimes exaggeratedly, claim to have minor depression as a way to enhance the benefits that they receive from the Government. Unless we pin down what is meant by mental disability due to mental illness, it would be difficult for the Government to introduce the concession, as there could well be a flood of applications from people not necessarily entitled to it.

Paul Rowen: I totally agree, and that is why I welcomed the letter from the Minister and the ongoing discussions conducted by her officials. If amendment No. 6 is pressed to a vote, I shall not support it, as I would far rather engage in discussions that would enable us to arrive at a workable definition.

David Taylor (North-West Leicestershire) (Lab/Co-op): Was the hon. Gentleman not rather shocked by the unsubstantiated assertion that a substantial proportion of claims for incapacity benefit, for instance, on the grounds of mental ill health are fabricated cases? In fact the evidence shows the reverse: good numbers of

[David Taylor]

people with mental ill health, who may or may not be eligible for concessionary transport under the amendment, neither seek help nor have their condition diagnosed. So the suggestion that somehow there is large-scale fabrication is just not true.

4 pm

Paul Rowen: I agree. Mental health is one of the big unsung issues that we as a country and this House need to address. That is why I welcome the ongoing discussions on a workable definition of mental ill health. Whether we like it or not, for many people part of the road to recovery is getting out into the community, visiting drop-in centres or education centres, and often a barrier to that is the lack of public transport.

Stephen Hammond: I understand why the hon. Gentleman has reservations about amendment No. 6, but I am sure that he agrees with the intent of the amendment, which is to widen the clause to ensure that people with mental illness have access to concessionary travel.

Paul Rowen: I accept that. I hope that part of the outcome of the debate this afternoon will be that the definition is broadened. We can come back to the House once we have a workable definition and the discussions with Mind have been brought to a conclusion, so that more and more people can qualify.

There is one other area that I do not think that other hon. Members have mentioned, although I believe that it is partly covered by the amendment tabled by the hon. Member for Wimbledon. People with a communication or social disability such as Asperger's syndrome do not have a learning disability. They would be excluded by strict interpretation of the definition in the Transport Act 2000. While people with Asperger's syndrome are not generally refused a driving licence, they have to notify the Driver and Vehicle Licensing Agency of their condition. Their cases are assessed on an individual basis. That can make car insurance unaffordable, especially for young people. So I hope that when the Minister continues her review, she will consider people suffering from Asperger's, and whether we can deal with those issues.

In conclusion, although we agree with the thrust of the amendment tabled by the hon. Member for Wimbledon, we believe that the most sensible course will be to continue the dialogue with Department for Transport officials and then bring a definition back to the House.

Gillian Merron: This is a large group of amendments and they span a number of important issues. I shall start with amendment No. 8 in respect of "eligible journey". I am grateful to hon. Members for raising once again the interesting issue of how we define "eligible journey", which in the context of clause 1 must be considered alongside the definition of "eligible service". The amendment would add three additional requirements for a journey in England to be considered eligible for the purposes of concessionary travel.

I give an assurance to hon. Members that the issue of how to define "eligible service" is already receiving much attention, and we keep it under active review. Some of the proposals in the amendment may well have merit, and we will certainly consider them. I can give that undertaking as we go forward.

Interestingly, at the end of March my officials convened a workshop to discuss this issue. Only last week, officials again discussed the issues with Transport for London, London councils and other local authority and industry representatives. By a remarkable coincidence, if I might describe it that way, some of the initial suggestions that emerged last week bear a striking resemblance to the content of today's amendments. I can only conclude that in this case great minds clearly think alike. It would surely be a mistake to turn initial suggestions into legislation without having had a proper chance to reflect and consult more widely, whether informally or formally, on the proposals. We want to hold extensive discussions with those who would be affected to avoid unintended consequences, and I reassure Members that there will be plenty of time for such consideration.

The term "eligible service", to which "eligible journey" is linked, is defined clearly in secondary legislation—currently, the Travel Concessions (Eligible Services) Order 2002. If necessary in the future, the Government could amend the order to make any of the changes outlined in the amendment proposed by the hon. Member for Wimbledon (Stephen Hammond) and his colleagues, by virtue of powers under section 94 of the Transport Act 1985 and section 146 of the Transport Act 2000. As well as giving time for full and proper consideration, such an approach would of course preserve flexibility to make further changes to the definition in future, if necessary. Like the House generally, I believe that primary legislation is simply not the place to specify a definition of that type. The proper place for such matters is in secondary legislation, not on the face of a Bill. With that in mind, I hope that the hon. Member for Wimbledon will withdraw the amendment.

Amendment No. 6 relates to the definition of disability in the context of the Bill. As I said in Committee, I realise that the intentions behind the proposal are good. However, as I have explained previously, the Bill is about expanding the geographical scope of concessionary bus travel; it is not about extending the concession to other groups of people, so it is premature to consider extensions when the Government are still in the process of introducing the national bus travel concession. However, I hope Members agree that the Government have already done a great deal to improve the well-being of older and disabled people, who are, as we all agree, among the most vulnerable in our society. Indeed, we are providing about £1 billion of funding each year for concessionary travel in England—a major public spending commitment of which we are rightly proud. The extension from local to national entitlement alone involves substantial new moneys, which will provide significant new opportunities for those who are disabled and over 60.

I reiterate that I welcome efforts to raise awareness of transport issues for people suffering from mental health difficulties. As I said in Committee, I shall

continue to ensure that officials meet Mind, which they did most recently last month. I certainly intend that constructive dialogue to continue. However, I draw the attention of Members to the fact that Mind indicated that, in terms of possible amendments to the Bill, the issue raised in amendment No. 6 was no longer of as much priority to the organisation as it had been previously.

The Disability Discrimination Act 1995, to which the amendment refers, is an important piece of legislation and the Department has used its provisions to improve accessibility to transport vehicles for disabled people, but the Act was never intended to determine eligibility for concessionary travel, and it is not appropriate to use it in that way. The amendment would significantly expand the number of people who could become eligible and, as we have discussed many times, the consequence would be the need for a commitment of considerable sums of money to provide such a concession.

It is not simply a question of resources, however. A number of practical and administrative issues would have to be considered and resolved; for example, we would need a robust and fair system for assessing eligibility against the definition of mental impairment. We would need to decide who would do the assessing and set up a process for people to appeal against determinations. It is important that all those with an interest and expertise in the area have the opportunity to feed into the development of such a significant change before legislation, so changing the definition of "disabled person" on the face of the Bill at this stage would be premature and impractical. However, I assure the House that the Government are keeping these issues under review. Indeed, as part of our plans for the implementation of the national bus concession, we are already considering whether it is necessary to update the guidance to local authorities on assessing eligibility. I hope that hon. Members will now be able to agree that the approach that the Government are taking is a right, measured and practical one. I hope that the hon. Gentleman will not press the amendment.

Amendments Nos. 9 and 10 would oblige the Secretary of State to issue guidance to travel concession authorities on the issue of "sole or principal residence" for people applying for a pass. As I have already said, the Department is actively engaging with local authorities and bus operators regarding the implementation of the national bus concession for April next year and it will continue to do so. Let me reassure hon. Members that if we felt, following consultation with local authorities, that such guidance was needed, we would of course issue it, after working closely with local authorities on the drafting.

Mr. Walker: The Minister is making rapid progress, but may I take her back to the beginning of her speech? Can I clarify that the eligibility of Broxbourne council's hospital bus scheme for concessionary fares will be considered in secondary legislation? Am I right in thinking that?

Gillian Merron: To assist the hon. Gentleman, I refer him to the order that I have already mentioned. Bus operators and local authorities should refer to that. Obviously I cannot comment on specific cases, but should he require assistance, I would be happy to provide it on the receipt of further details.

On amendments Nos. 9 and 10, the Bill already includes a power for the Secretary of State to issue such guidance, so I see no need for the amendments. In fact, it would be bizarre to be required to implement guidance that was not required by those who would be in receipt of it and that would risk diverting valuable resources from other important work to which I am sure both sides of the House wish us to be committed. The amendments are insufficiently flexible and are superfluous. With that in mind, I hope that the hon. Member for Wimbledon will not press amendments Nos. 8, 9 and 6 and that he will withdraw amendment No. 8.

Stephen Hammond: I was delighted to hear at the outset of the Minister's speech that great minds think alike. There is certainly some agreement. I listened with interest to what she had to say about amendments Nos. 6, 9 and 10. As she knows, they were essentially probing amendments, particularly as she said in Committee that she would make sure that guidance was available to local councils. I therefore take her points on amendments Nos. 9 and 10 and about the continuing discussions with the relevant charities and bodies about amendment No. 6.

Great minds think alike, and my small mind has joined the great minds of the Minister and her excellent officials who have come to the same conclusion as I have, which is that the three extra possible definitions of eligibility should be considered. However, I am slightly troubled by her saying, "Let's leave it all to secondary legislation." There are three definitions in the Bill and given that there seems to be a general consensus that we are likely to want to operate the three extra definitions, there seems to be no reason why they should not be in the Bill. I would therefore like to test the will of the House on amendment No. 8.

Question put, That the amendment be made:—

The House divided: Ayes 165, Noes 239.

Division No. 165] **[4.14 pm**

AYES

Amess, Mr. David	Clark, Greg
Ancram, rh Mr. Michael	Clifton-Brown, Mr. Geoffrey
Arbuthnot, rh Mr. James	Conway, Derek
Baldry, Tony	Cormack, Sir Patrick
Barker, Gregory	Cox, Mr. Geoffrey
Baron, Mr. John	Crabb, Mr. Stephen
Beith, rh Mr. Alan	Davey, Mr. Edward
Bellingham, Mr. Henry	Davies, David T.C. *(Monmouth)*
Bercow, John	Davies, Philip
Beresford, Sir Paul	Djanogly, Mr. Jonathan
Blunt, Mr. Crispin	Dorries, Mrs. Nadine
Bone, Mr. Peter	Duncan Smith, rh Mr. Iain
Bottomley, Peter	Dunne, Mr. Philip
Brady, Mr. Graham	Evans, Mr. Nigel
Brazier, Mr. Julian	Fallon, Mr. Michael
Brokenshire, James	Foster, Mr. Don
Burns, Mr. Simon	Francois, Mr. Mark
Burrowes, Mr. David	Gale, Mr. Roger
Burstow, Mr. Paul	Garnier, Mr. Edward
Butterfill, Sir John	Gibb, Mr. Nick
Cable, Dr. Vincent	Gillan, Mrs. Cheryl
Carswell, Mr. Douglas	Goodman, Mr. Paul
Cash, Mr. William	

Gove, Michael
Gray, Mr. James
Green, Damian
Grieve, Mr. Dominic
Gummer, rh Mr. John
Hague, rh Mr. William
Hammond, Stephen
Hands, Mr. Greg
Harper, Mr. Mark
Harvey, Nick
Hayes, Mr. John
Heath, Mr. David
Heathcoat-Amory, rh Mr. David
Hemming, John
Hendry, Charles
Herbert, Nick
Hogg, rh Mr. Douglas
Hollobone, Mr. Philip
Holloway, Mr. Adam
Holmes, Paul
Howard, rh Mr. Michael
Howarth, David
Hughes, Simon
Huhne, Chris
Hurd, Mr. Nick
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Jenkin, Mr. Bernard
Jones, Mr. David
Keetch, Mr. Paul
Kirkbride, Miss Julie
Knight, rh Mr. Greg
Kramer, Susan
Laing, Mrs. Eleanor
Lait, Mrs. Jacqui
Lansley, Mr. Andrew
Leigh, Mr. Edward
Lewis, Dr. Julian
Liddell-Grainger, Mr. Ian
Lidington, Mr. David
Luff, Peter
Mackay, rh Mr. Andrew
Main, Anne
Malins, Mr. Humfrey
May, rh Mrs. Theresa
McIntosh, Miss Anne
Mercer, Patrick
Miller, Mrs. Maria
Moss, Mr. Malcolm
Neill, Robert
O'Brien, Mr. Stephen
Ottaway, Richard
Paice, Mr. James
Pelling, Mr. Andrew
Penning, Mike
Penrose, John
Price, Adam
Prisk, Mr. Mark
Pritchard, Mark
Pugh, Dr. John
Randall, Mr. John
Redwood, rh Mr. John
Rifkind, rh Sir Malcolm
Robathan, Mr. Andrew
Robertson, Hugh
Robertson, Mr. Laurence
Rosindell, Andrew
Rowen, Paul
Ruffley, Mr. David
Russell, Bob
Sanders, Mr. Adrian
Scott, Mr. Lee
Selous, Andrew
Shepherd, Mr. Richard
Simmonds, Mark
Spicer, Sir Michael
Stanley, rh Sir John
Steen, Mr. Anthony
Stunell, Andrew
Swayne, Mr. Desmond
Swinson, Jo
Swire, Mr. Hugo
Teather, Sarah
Thurso, John
Tyrie, Mr. Andrew
Vara, Mr. Shailesh
Villiers, Mrs. Theresa
Walker, Mr. Charles
Waterson, Mr. Nigel
Watkinson, Angela
Whittingdale, Mr. John
Widdecombe, rh Miss Ann
Wiggin, Bill
Willetts, Mr. David
Willis, Mr. Phil
Willott, Jenny
Wilson, Mr. Rob
Winterton, Ann
Winterton, Sir Nicholas
Younger-Ross, Richard

Tellers for the Ayes:
Mr. Robert Goodwill and Mr. Tobias Ellwood

NOES

Abbott, Ms Diane
Ainger, Nick
Allen, Mr. Graham
Anderson, Mr. David
Atkins, Charlotte
Austin, Mr. Ian
Bailey, Mr. Adrian
Baird, Vera
Balls, Ed
Banks, Gordon
Barlow, Ms Celia
Bell, Sir Stuart
Benton, Mr. Joe
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blears, rh Hazel
Borrow, Mr. David S.
Bradshaw, Mr. Ben
Brennan, Kevin
Brown, Mr. Russell
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Butler, Ms Dawn
Byrne, Mr. Liam
Caborn, rh Mr. Richard
Campbell, Mr. Alan
Campbell, Mr. Ronnie
Caton, Mr. Martin
Challen, Colin
Chapman, Ben
Chaytor, Mr. David
Clapham, Mr. Michael
Clark, Ms Katy
Clark, Paul
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Connarty, Michael
Cooper, Rosie
Cooper, Yvette
Corbyn, Jeremy
Cousins, Jim
Crausby, Mr. David
Cryer, Mrs. Ann
Cunningham, Mr. Jim
David, Mr. Wayne
Davidson, Mr. Ian
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobbin, Jim
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Drew, Mr. David
Dunwoody, Mrs. Gwyneth
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Farrelly, Paul
Fitzpatrick, Jim
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gapes, Mike
Gardiner, Barry
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gilroy, Linda
Goggins, Paul
Goodman, Helen
Griffith, Nia
Grogan, Mr. John
Gwynne, Andrew
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hanson, rh Mr. David
Havard, Mr. Dai
Healey, John
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hill, rh Keith
Hoey, Kate
Hood, Mr. Jim
Hope, Phil
Hopkins, Kelvin
Howarth, rh Mr. George
Howells, Dr. Kim
Hughes, rh Beverley
Humble, Mrs. Joan
Iddon, Dr. Brian
Ilsley, Mr. Eric
Irranca-Davies, Huw
Jackson, Glenda
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Lynne
Jones, Mr. Martyn
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeley, Barbara
Kelly, rh Ruth
Kemp, Mr. Fraser
Kennedy, rh Jane
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, Jim
Kumar, Dr. Ashok
Lammy, Mr. David
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Love, Mr. Andrew
Lucas, Ian
Mackinlay, Andrew
Mactaggart, Fiona
Mahmood, Mr. Khalid
Malik, Mr. Shahid
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Marshall-Andrews, Mr. Robert
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCarthy, Kerry
McCarthy-Fry, Sarah
McDonagh, Siobhain
McDonnell, John
McFadden, Mr. Pat
McGovern, Mr. Jim
McGuire, Mrs. Anne
McIsaac, Shona
McKenna, Rosemary
McNulty, Mr. Tony
Merron, Gillian
Michael, rh Alun
Milburn, rh Mr. Alan
Miller, Andrew
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Moran, Margaret
Morgan, Julie
Morley, rh Mr. Elliot
Mountford, Kali
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
Owen, Albert
Palmer, Dr. Nick

Plaskitt, Mr. James	Taylor, Ms Dari
Pope, Mr. Greg	Taylor, David
Pound, Stephen	Thomas, Mr. Gareth
Prentice, Bridget	Thornberry, Emily
Prentice, Mr. Gordon	Timms, rh Mr. Stephen
Prescott, rh Mr. John	Tipping, Paddy
Prosser, Gwyn	Todd, Mr. Mark
Raynsford, rh Mr. Nick	Touhig, rh Mr. Don
Reed, Mr. Andy	Trickett, Jon
Reed, Mr. Jamie	Turner, Dr. Desmond
Reid, rh John	Twigg, Derek
Robertson, John	Ussher, Kitty
Robinson, Mr. Geoffrey	Vaz, rh Keith
Ruddock, Joan	Walley, Joan
Russell, Christine	Waltho, Lynda
Seabeck, Alison	Ward, Claire
Shaw, Jonathan	Wareing, Mr. Robert N.
Sheerman, Mr. Barry	Watts, Mr. Dave
Sheridan, Jim	Whitehead, Dr. Alan
Simon, Mr. Siôn	Wicks, Malcolm
Singh, Mr. Marsha	Williams, rh Mr. Alan
Skinner, Mr. Dennis	Wills, Mr. Michael
Smith, rh Mr. Andrew	Winnick, Mr. David
Smith, Angela E. *(Basildon)*	Winterton, rh Ms Rosie
Smith, John	Wood, Mike
Soulsby, Sir Peter	Woolas, Mr. Phil
Southworth, Helen	Wright, Mr. Anthony
Spellar, rh Mr. John	Wright, David
Stoate, Dr. Howard	Wright, Mr. Iain
Strang, rh Dr. Gavin	Wright, Dr. Tony
Stringer, Graham	Wyatt, Derek
Stuart, Ms Gisela	**Tellers for the Noes:**
Sutcliffe, Mr. Gerry	**Mr. Frank Roy and**
Tami, Mark	**Tony Cunningham**

Question accordingly negatived.

Clause 13

MINOR AND CONSEQUENTIAL AMENDMENTS

Stephen Hammond: I beg to move amendment No. 11, page 10, line 39, leave out subsection (3).

Mr. Deputy Speaker: With this it will be convenient to discuss the following amendments: No. 12, page 11, line 1, leave out subsection (4).

No. 13, clause 15, page 11, line 6, leave out from 'on' to end of line 7 and insert '1st April 2008'.

Stephen Hammond: These are technical, probing amendments, and I am really just looking for some reassurance from the Minister. Amendment No. 11 is designed to remove the powers given to the Secretary of State in clause 13(3). Amendment No. 12 removes subsection (4) of the clause, which relates to subsection (3). Currently, the Secretary of State may

"make any amendments, repeals or revocations of any relevant enactment that appear to him to be appropriate in consequence of any provision of this Act."

That seems an extraordinarily wide-ranging power; why does the Secretary of State need it? Presumably, when drafting the Bill, the Government took into account all the adjustments that would have to be made to previous legislation. Does the Minister foresee circumstances in which concessionary bus travel becomes so popular that local authorities start to howl at the financial pressure, but central Government are not prepared to give a cast-iron commitment? Those seem to be the only circumstances in which the Secretary of State could wish to use the power. Will the Minister therefore explain why it is necessary?

Turning to amendment No. 13, as things stand, the Bill would allow the Secretary of State to appoint the day on which it comes into force, but is it really necessary or right for the Secretary of State to choose the day? We have known all along that the commitment is that the Bill will come into force on 1 April 2008, so will the new Secretary of State for Transport really need that power? I look forward to the Minister's explanation of why the powers referred to in the amendments are necessary, why those powers should be kept in the Bill, and why the amendments should not be pressed to a Division.

4.30 pm

Gillian Merron: All three amendments aim to change provisions in the Bill relating to the Secretary of State's powers with regard either to minor or consequential amendments or to the commencement of the measure. It is a little strange that hon. Members have waited until Report to raise those points of concern, as there has been plenty of opportunity to do so, both inside and outside the House. I cannot help but wonder about the extent to which the issues in the amendments are of genuine concern. That aside, Mr. Deputy Speaker, you will not be surprised to learn that my reasons for not accepting the amendments go beyond the time at which they were tabled.

Amendments Nos. 11 and 12 would delete two subsections from clause 13. Those subsections have been included in the Bill for good reason, and I hasten to add that the House of Lords Delegated Powers and Regulatory Reform Committee accepted that that is the case, as it did not draw attention to the power in clause 13(3) in its report on the Bill last December. The Department was very grateful for the report, as Lord Davies of Oldham made clear in his response of 18 January this year. As the Department explained in its original memorandum to the Delegated Powers and Regulatory Reform Committee—that memorandum is in the public domain—clause 13(3) provides a power for the Secretary of State, by order, to make such consequential amendments to other enactments and instruments as may be appropriate in consequence of any provision in the Bill when enacted.

It may be helpful to hon. Members if I reiterate the explanation that we gave to the Delegated Powers and Regulatory Reform Committee for the inclusion of the power in subsection (3). It ensures that, should the Secretary of State find, as a consequence of bringing the provisions of the Bill into force, that other primary legislation needs to be amended, they have the power to do so without the need for further primary legislation. The power is limited to such amendments as may be needed as a consequence of provisions made in the Bill. The provision would also provide a single power to enable the Secretary of State to make consequential amendments to secondary legislation without the need to rely on a number of different order-making powers from different enactments. That power is intended to deal with matters that cannot be foreseen or which have not been identified at this stage. In the nature of things, it is not possible to predict in any detail the

[Gillian Merron]

circumstances in which there might be a need to exercise that power. To provide further clarification, the Bill contains detailed provisions dealing with the relationship between the Transport Act 2000, the Greater London Authority Act 1999 and the Transport Act 1985. The issues and provisions have been considered in detail but, given their complexity, it is still possible that there are unforeseen or unanticipated issues. If so, the power might be needed to resolve them without recourse to further primary legislation. Although there is a power to deal with the unforeseen, there are no current plans to use it. Moreover, I assure hon. Members that the power is subject to the draft affirmative resolution procedure, which provides Parliament with the opportunity to scrutinise any proposed use. Consequently, I hope that, like the Delegated Powers and Regulatory Reform Committee before them, hon. Members are reassured about the reasoning behind the power.

Amendment No. 13 would alter the Secretary of State's power in clause 15(1) by order to appoint the commencement date of the measure, and to bring different provisions into force on different days. If accepted, it would result in the entire measure being commenced from 1 April next year. I cannot find it in myself to accept such a change. The drafting of clause 15(1) deliberately provides the Secretary of State with the power to commence the Bill's provisions at different times if needed, which is common practice in the House. Again, the Delegated Powers and Regulatory Reform Committee was satisfied with that power. As part of the Department's work on the implementation of the national concession, we are considering which provisions in the Bill need to be commenced at which point. It is not necessarily as simple or straightforward, as Opposition Members may believe, as commencing everything from 1 April 2008. There are aspects of implementation, such as those relating to the issuing of passes and to reimbursement arrangements, that may need to be commenced before April 2008 if local authorities and operators are to meet their obligations from April. In addition, although we fully intend the national concession in England to come into effect from next April, no final decision has been taken on the exact date, although it is likely to be early in April.

I remind the House that 1 April next year is a Tuesday. We need to consider any operational and practical issues for operators and local authorities alike that may result from commencing a significant change in arrangements part-way through the working week. Discussions with the concessionary fares working group will continue and we welcome the group's assistance. With that in mind, I hope that the hon. Gentleman will withdraw the amendment and also amendments Nos. 11 and 12.

Stephen Hammond: I was surprised to hear at the beginning of the Minister's remarks that there is a new principle in the House that there is some time limit for the tabling of amendments to be reconsidered. I thought that the purpose of Report stage was for hon. Members to table amendments and to continue to probe and scrutinise the Government. I was therefore somewhat disappointed by the Minister's remarks. However, her explanation was full and reassuring, and I am grateful to her for that.

Despite my initial temptation to press an amendment on account of the Minister's uncharacteristically ungracious remarks, I shall resist. I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Schedule 1

THE LONDON FREE TRAVEL SCHEME

Paul Rowen: I beg to move amendment No. 4, page 13, line 18, at end insert—

'(7) After paragraph 5(7) insert—

"(8) Where a London authority considers the amount notified by Transport for London under paragraph 5(1) to be excessive—

(a) the authority may within 14 days of being notified by Transport for London apply to the Secretary of State to review the proposed charge;

(b) if the Secretary of State agrees that the proposed charge is excessive, then he shall notify both Transport for London and the authority of an alternative lower amount.".'.

Madam Deputy Speaker (Sylvia Heal): With this it will be convenient to discuss amendment No. 7, page 13, line 18, at end add—

'(7) After paragraph 5(7) insert—

"(8) Where a London authority considers the amount notified by Transport for London under paragraph 5(1) to be excessive—

(a) the authority may within 28 days of being notified by Transport for London apply to the Secretary of State to review the proposed charge; and

(b) if the Secretary of State agrees that the proposed charge is excessive, then he shall notify both Transport for London and the authority of an alternative lower amount.".'.

Paul Rowen: Amendment No. 4 deals with Transport for London charges for permits and seeks to change the reserve concessionary travel scheme in London, so that if London boroughs consider the amount that Transport for London wants to charge is excessive, the boroughs can ask the Secretary of State to arbitrate.

The London reserve free travel scheme is set out in section 241 and schedule 16 of the Greater London Authority Act 1999. It applies only to London, and in negotiating travel concessions London Councils has to reach agreement with TfL on a scheme for its services by 31 December prior to the financial year for which the scheme comes into effect.

If no agreement is reached, the statutory reserve scheme, at a cost determined by TfL, comes into effect. That puts London Councils at a disadvantage when negotiating with TfL, because TfL can determine the costs of the reserve scheme. In effect, uniquely for London, the costs of the concessionary fares scheme are determined by the operators who benefit, whereas elsewhere they are determined by the local authorities, subject to appeal to the Secretary of State.

By way of explaining why the amendment is needed, I refer to a recent example of how TfL is acting in relation to concessionary fares. The reserve scheme covers all the services provided or procured by TfL. As a result of TfL taking over responsibility for the North

London Railway franchise from next November, concessions for that route will form part of the reserve scheme for the first time. London boroughs had no say about that. The amount that TfL will get for concessions on those services is currently under negotiation. I understand that TfL has suggested that London Councils should pay around £1 million for the concessions. London Councils currently pays the Association of Train Operating Companies only about £600,000 for those concessions. Nothing will have changed when the new scheme comes into operation next year, yet TfL has insisted that the London boroughs should pay two thirds more than is currently the case by paying directly to ATOC. There is no appeal, and London boroughs will have to pay up.

Despite claims by the Mayor of London, the amendment is not about seeking to water down or change London's freedom pass. For the past 23 years, London boroughs have paid for the freedom pass. The scheme provides older and disabled Londoners with free travel on all the capital's buses, trains, tubes and trams, and the amendment is not an attempt to change that. It is designed to ensure that the London boroughs are put on the same level playing field as other boroughs, so that if there is no agreement on the amount that the concession should cost, the Secretary of State can arbitrate on it. That is a fair and reasonable request, and I am prepared to press the amendment to a vote.

John McDonnell (Hayes and Harlington) (Lab): I seem to have spent half my adult life defending the London concessionary scheme. I pay tribute to those councillors on the Greater London council who instigated the scheme on a cross-party basis—Conservative, Labour and Liberal Democrat. The scheme was well in advance of its time, and it brought an advantage to London pensioners that improved the quality of their lives. It was years in advance of its time in terms of its impact on the environment, because it took people out of their cars and on to London transport.

During the debates on the abolition of the GLC, a cross-party lobby of London MPs linked up with pensioners and GLC councillors—the London boroughs unfortunately split on the matter—to insert in the legislation a reserved scheme and arrangements to bring the boroughs together to ensure that the concessionary scheme continued. In my period on the GLC—I was chair of finance and deputy leader—we brought forward investment in the scheme. That improved the benefits for pensioners, of which I am proud. When the GLC was abolished, that legislation protected the scheme.

I was the chief executive of the Association of London Authorities and then the Association of London Government, which brought the boroughs together to protect the scheme. Unfortunately, an axis of malevolence among the boroughs has repeatedly tried to undermine the scheme, either by introducing means tests and charges or by crippling it in some other way. No matter what the intentions of the hon. Member for Rochdale (Paul Rowen) are, the amendment is another dangerous attempt to undermine the scheme in the long term by passing powers to the Secretary of State and out of the hands of Londoners.

TfL is under the control of the Mayor of London, who is directly elected by Londoners. Londoners will have a democratic say in determining this scheme, and as a result TfL will be held to democratic account through the Mayor. The amendment is incredibly dangerous. If we pass from London government to central Government the opportunity to undermine the scheme and the benefits to pensioners, no London pensioner will forgive the parties responsible.

Paul Rowen: I do not represent a London seat, but my seat is in Greater Manchester. Will the hon. Gentleman point out some examples of other boroughs across the country where the Secretary of State has—God forbid!—acted malevolently against the interests of concessionaires?

John McDonnell: Because the London scheme is so much in advance of those outside London, central Government and some individual boroughs have always argued that it is too expensive and that it is extravagant. However, any London pensioner will tell the hon. Gentleman how it has enhanced the quality of their life. I do not trust central Government under any guise with the long-term future of the scheme. The hon. Gentleman may well have tabled the amendment with good intentions with regard to equity, but knowing the history of the scheme, central Government cannot be trusted with its long-term future. I urge the Government to reject the amendment and hope that London MPs can join together, as we did in the past, on a cross-party basis to protect the scheme, which provides such benefits to London pensioners.

Stephen Hammond: Amendment No. 7, which stands in my name and those of my hon. Friends, makes a small yet important change to the reserve concessionary fares scheme, but is in essence exactly the same as amendment No. 4.

4.45 pm

Let me state at the outset, so that the hon. Member for Hayes and Harlington (John McDonnell) can hear and so that there can be no dissembling from City Hall as to our position, that the Conservatives support the freedom pass and will continue to do so. London Councils, the body that runs the concessionary fares schemes on behalf of the boroughs, strongly supports the amendments. London Councils is the voice of the 32 boroughs and the City of London, and for the past 23 years it has paid for and run the freedom pass. The pass did not arrive with the Mayor. London Councils has no intention of watering down or scrapping the scheme, and to suggest otherwise is arrant nonsense.

John McDonnell: Will the hon. Gentleman give way?

Stephen Hammond: Just once, because I only have a short time.

John McDonnell: Does the hon. Gentleman appreciate that in the past several boroughs have put forward proposals to reduce the benefits that the scheme provides to London pensioners? That is a matter of historical record.

Stephen Hammond: That may be so, but it is equally true that no one is currently proposing that the scheme should be watered down; neither would the amendments water it down.

In the latest edition of his freesheet, "The Londoner", the Mayor states:

"My ability to guarantee the scheme if boroughs disagree ensures that it is never under-funded or watered-down."

That is nonsense. London Councils and the official Opposition have always been consistent. There is no threat to the freedom pass and no attempt to underfund it or water it down. The guarantee of the scheme is enshrined in law, not with the Mayor. The Mayor goes on to state:

"My ability to guarantee the Freedom Pass each year ensures that older and disabled Londoners continue to get free concessions."

Again, that is wrong. It is guaranteed by the 2006 scheme, the Greater London Authority Act 1999, and now, the Bill, not by the Mayor.

The legislation on concessionary fares in London differs from the rest of England, partly, but not entirely, because the bus industry in London is more regulated. A further major difference is that the concessionary fares negotiations in London are underpinned by the statutory reserve free travel scheme in section 241 and schedule 16 of the 1999 Act. There is no equivalent scheme anywhere else in the UK. It is odd that the Government continue to consider that this elaborate special legislation for a reserve scheme is necessary in London but not anywhere else in the country. In negotiating travel concessions, London Councils, on behalf of the London boroughs, has to reach agreement with Transport for London for a scheme that needs to be implemented on their services by 31 December before the financial year in which the scheme comes into effect. That clearly puts London Councils at a disadvantage when negotiating with TfL. TfL can determine the costs of the reserve scheme. The negotiations cannot be conducted on an equal footing, because whatever London Councils proposes, TfL—or in most cases, as he so often claims, for TfL read the Mayor—can reject whatever the proposals may be. There is no reason or incentive for it to negotiate.

I am sure that in a moment the Minister will repeat that if London Councils and the Mayor reached an agreement on alternative arrangements, the Government would consider them. However, it is no good her saying that. The reserve powers have never been used because TfL is in an unfair and unequal position. The Mayor and TfL have no incentive to agree any change. It suits them very well to have a reserve scheme in the background where the costs can be determined by TfL, which is one of the parties to the negotiations, and where there is no appeal mechanism.

The attempts by London Councils to raise this issue have been met by the Mayor saying that that it is attempting to water down the scheme and to reduce benefits. London Councils has repeatedly said that that is not so. There has been a war of press releases, and the Mayor has even roped in various celebrities to support him. This week, Andrew Gilligan's article in the *Evening Standard* was most interesting. It stated:

"WARNING to all London pensioners: if a man with a nasal South London accent, a nasty temper and a bad record of dodgy press releases turns up at your door claiming your free bus pass is 'under attack', call the police at once."

That is fair.

All that the amendments would do is give the Secretary of State a role as the final arbiter in the event of a dispute about whether the cost is excessive. That would happen in only limited circumstances. First, London Councils and Transport for London would have to fail to reach an agreement by 31 December. Secondly, the reserve scheme would have to be effected, Transport for London would have to let London Councils know the cost, and London Councils would have to take the view that it was excessive. The Secretary of State would have a role only if those things happened. One hopes that they never will.

The current scheme is unique and places a more onerous requirement on London than on authorities in other parts of the country. If the Under-Secretary believes that the new scheme will work so well elsewhere and that the appeal process is appropriate for other parts of the country, why is it not appropriate for London?

The amendment's impact would be significant. By having the Secretary of State as the final arbiter in the circumstances that I described, Transport for London and London Councils are much more likely to agree to reasonable demands. The threat to invoke the reserve scheme if no agreement is reached will lessen. The change is simply to ensure a fair and appropriate deal for boroughs in their negotiations with Transport for London and to put the boroughs on an equitable basis with all other local authorities in the country.

The amendment is not, was not and will not be about altering the concessions that well over a million older and disabled Londoners, many of whom are my constituents, enjoy.

I urge the Government to use the opportunity of the Bill to alter the reserve scheme so that, in the case of a dispute, it is decided, in extremis, by the Secretary of State. That puts London in line with the rest of the country and must be correct.

Gillian Merron: There is a sense of déjà vu about the debate as we discuss again the London reserve free travel scheme. I thank my hon. Friend the Member for Hayes and Harlington (John McDonnell) for his correct and spirited defence of the freedom pass and the provision of the Mayor, which does much for people in London, especially those who are more vulnerable. On that basis and with those Londoners' interests in mind, I shall recommend that the amendments should not be accepted, and, indeed, that they should be withdrawn.

As hon. Members know, the purpose of the reserve free travel scheme is to guarantee concessionary travel in London when there is no agreement either among the London boroughs or between the boroughs and Transport for London about how best to provide and fund minimum travel concessions.

Amendments Nos. 4 and 7 deal with the specific issue of cost. If I may say so, with as much graciousness as I would always wish to display, it is disappointing to consider again amendments that are so similar to those that were rejected in Committee. Indeed, the only difference between today's

amendments and the amendment that we discussed in Committee is that the deadline for a London authority to appeal to the Secretary of State would be extended from seven to 14 days in amendment No. 4, and from seven to 28 days in amendment No. 7.

Whether the proposal is for a week, a fortnight or a month, hon. Members will not be surprised to learn that the Government's position remains constant, especially given that the Opposition parties propose differing deadlines.

Like the amendment that was tabled in Committee, where it was amendment No. 19, the amendments provide for the addition of a new paragraph 5(8) to schedule 1 of the Greater London Authority Act 1999. Paragraph 5 of schedule 1 to the 1999 Act allows Transport for London to stipulate a charge per pass payable by London authorities to cover the costs to it of providing the concessions under the reserve free travel scheme. The amendments would allow a London authority to appeal to the Secretary of State in the event that the charge is considered "excessive", and allow the Secretary of State to determine a lower amount if appropriate. However, paragraphs 5(3) and (4) already specify what may be included in calculating the costs of the reserve free travel scheme, and further matters which must be taken into account. Transport for London will already be acutely aware that if it is not reasonable in its assessment, London authorities will seek judicially to review the determination, and may even refuse to pay while a review is under way. I would hope that that offers the soundest of guarantees. I would also ask Opposition Members what exactly the word "excessive" should be taken to mean. How is it to be interpreted? How is it to apply?

I recognise that there are genuine concerns among the London boroughs about the reserve free travel scheme and its perceived inequity.

John McDonnell: There may have been concerns raised by individual boroughs, but none of them has gone to the electorate with this proposal. As we shall have mayoral elections next year, may I suggest that, if the other parties in the House wish to amend the scheme in a way that will undermine it—as I think this would—they should put it to the London electorate to decide on next year?

Gillian Merron: My hon. Friend makes a constructive point that I am sure Opposition Members will wish to consider.

As we have seen from this discussion, this is a complex area. It is also one where, I fear, no one solution will please all parties. As the Secretary of State said on Second Reading, until the boroughs and TfL can agree a way forward with regard to any potential change to the reserve scheme, we are not convinced of the case for changing in any way the legislation that guarantees a minimum standard of concessionary travel across the capital. I suggest that the reserve free travel scheme, as currently specified, best guarantees continuing concessionary travel in London. In the light of that, I hope that the hon. Member for Rochdale (Paul Rowen) will withdraw his amendment.

Paul Rowen: I have listened to the Minister's arguments, but on this occasion, I still wish to press the amendment to a vote.

Question put, That the amendment be made:—

The House divided: Ayes 139, Noes 244.

Division No. 166] **[4.57 pm**

AYES

Amess, Mr. David
Arbuthnot, rh Mr. James
Baldry, Tony
Barker, Gregory
Baron, Mr. John
Beith, rh Mr. Alan
Bellingham, Mr. Henry
Bercow, John
Beresford, Sir Paul
Blunt, Mr. Crispin
Bone, Mr. Peter
Bottomley, Peter
Brady, Mr. Graham
Brokenshire, James
Burns, Mr. Simon
Burrowes, Mr. David
Burstow, Mr. Paul
Burt, Alistair
Butterfill, Sir John
Cable, Dr. Vincent
Campbell, rh Sir Menzies
Carswell, Mr. Douglas
Cash, Mr. William
Clark, Greg
Clifton-Brown, Mr. Geoffrey
Conway, Derek
Cormack, Sir Patrick
Cox, Mr. Geoffrey
Crabb, Mr. Stephen
Davey, Mr. Edward
Davies, David T.C. *(Monmouth)*
Davies, Philip
Djanogly, Mr. Jonathan
Dorries, Mrs. Nadine
Duncan Smith, rh Mr. Iain
Dunne, Mr. Philip
Ellwood, Mr. Tobias
Evans, Mr. Nigel
Fallon, Mr. Michael
Field, Mr. Mark
Foster, Mr. Don
Francois, Mr. Mark
Gale, Mr. Roger
Garnier, Mr. Edward
Gibb, Mr. Nick
Gidley, Sandra
Gillan, Mrs. Cheryl
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gray, Mr. James
Green, Damian
Grieve, Mr. Dominic
Gummer, rh Mr. John
Hague, rh Mr. William
Hammond, Stephen
Hands, Mr. Greg
Harper, Mr. Mark
Hayes, Mr. John
Heald, Mr. Oliver
Heath, Mr. David
Heathcoat-Amory, rh Mr. David
Hemming, John
Hendry, Charles
Herbert, Nick
Hogg, rh Mr. Douglas
Hollobone, Mr. Philip
Holloway, Mr. Adam
Holmes, Paul
Horam, Mr. John
Howarth, David
Huhne, Chris
Hurd, Mr. Nick
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Jenkin, Mr. Bernard
Jones, Mr. David
Keetch, Mr. Paul
Kirkbride, Miss Julie
Knight, rh Mr. Greg
Kramer, Susan
Laing, Mrs. Eleanor
Lait, Mrs. Jacqui
Lansley, Mr. Andrew
Leigh, Mr. Edward
Letwin, rh Mr. Oliver
Lewis, Dr. Julian
Liddell-Grainger, Mr. Ian
Lidington, Mr. David
Luff, Peter
Mackay, rh Mr. Andrew
Main, Anne
Malins, Mr. Humfrey
Mates, rh Mr. Michael
May, rh Mrs. Theresa
McIntosh, Miss Anne
Miller, Mrs. Maria
Moss, Mr. Malcolm
Neill, Robert
O'Brien, Mr. Stephen
Öpik, Lembit
Osborne, Mr. George
Ottaway, Richard
Paice, Mr. James
Pelling, Mr. Andrew
Penning, Mike
Penrose, John
Prisk, Mr. Mark
Pritchard, Mark
Pugh, Dr. John
Redwood, rh Mr. John
Robathan, Mr. Andrew
Robertson, Hugh
Robertson, Mr. Laurence
Rosindell, Andrew
Rowen, Paul
Ruffley, Mr. David
Sanders, Mr. Adrian
Scott, Mr. Lee
Selous, Andrew
Shepherd, Mr. Richard
Simmonds, Mark
Stanley, rh Sir John
Stunell, Andrew
Swayne, Mr. Desmond
Swinson, Jo
Swire, Mr. Hugo
Thurso, John
Tyrie, Mr. Andrew
Vara, Mr. Shailesh
Villiers, Mrs. Theresa

Walker, Mr. Charles
Watkinson, Angela
Whittingdale, Mr. John
Widdecombe, rh Miss Ann
Wiggin, Bill
Willetts, Mr. David
Wilson, Mr. Rob
Winterton, Sir Nicholas
Younger-Ross, Richard

Tellers for the Ayes:
Bob Russell and Jenny Willott

NOES

Abbott, Ms Diane
Ainger, Nick
Ainsworth, rh Mr. Bob
Allen, Mr. Graham
Anderson, Mr. David
Atkins, Charlotte
Austin, Mr. Ian
Bailey, Mr. Adrian
Baird, Vera
Banks, Gordon
Barlow, Ms Celia
Begg, Miss Anne
Bell, Sir Stuart
Benton, Mr. Joe
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blears, rh Hazel
Borrow, Mr. David S.
Bradshaw, Mr. Ben
Brennan, Kevin
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Butler, Ms Dawn
Byrne, Mr. Liam
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Ronnie
Caton, Mr. Martin
Cawsey, Mr. Ian
Challen, Colin
Chapman, Ben
Chaytor, Mr. David
Clapham, Mr. Michael
Clark, Ms Katy
Clark, Paul
Clarke, rh Mr. Tom
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Connarty, Michael
Cooper, Rosie
Cooper, Yvette
Corbyn, Jeremy
Cousins, Jim
Crausby, Mr. David
Cryer, Mrs. Ann
Cunningham, Mr. Jim
Cunningham, Tony
David, Mr. Wayne
Davidson, Mr. Ian
Dean, Mrs. Janet
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobbin, Jim
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Dunwoody, Mrs. Gwyneth
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Farrelly, Paul
Fitzpatrick, Jim
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gapes, Mike
Gardiner, Barry
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gilroy, Linda
Goggins, Paul
Goodman, Helen
Griffith, Nia
Grogan, Mr. John
Gwynne, Andrew
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hanson, rh Mr. David
Harman, rh Ms Harriet
Havard, Mr. Dai
Healey, John
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hill, rh Keith
Hoey, Kate
Hood, Mr. Jim
Hoon, rh Mr. Geoffrey
Hope, Phil
Hopkins, Kelvin
Howarth, rh Mr. George
Howells, Dr. Kim
Hughes, rh Beverley
Humble, Mrs. Joan
Hutton, rh Mr. John
Iddon, Dr. Brian
Illsley, Mr. Eric
Irranca-Davies, Huw
Jackson, Glenda
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Lynne
Jones, Mr. Martyn
Jowell, rh Tessa
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeley, Barbara
Kelly, rh Ruth
Kemp, Mr. Fraser
Kennedy, rh Jane
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, Jim
Kumar, Dr. Ashok
Lammy, Mr. David
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Love, Mr. Andrew
Lucas, Ian
Mackinlay, Andrew
Mactaggart, Fiona
Mahmood, Mr. Khalid
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Marshall-Andrews, Mr. Robert
McAvoy, rh Mr. Thomas
McCarthy, Kerry
McCarthy-Fry, Sarah
McDonagh, Siobhain
McDonnell, John
McFadden, Mr. Pat
McGovern, Mr. Jim
McGuire, Mrs. Anne
McIsaac, Shona
McKenna, Rosemary
McNulty, Mr. Tony
Merron, Gillian
Michael, rh Alun
Milburn, rh Mr. Alan
Miller, Andrew
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Moran, Margaret
Morgan, Julie
Morley, rh Mr. Elliot
Mountford, Kali
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Prescott, rh Mr. John
Prosser, Gwyn
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, rh John
Robertson, John
Robinson, Mr. Geoffrey
Ruddock, Joan
Russell, Christine
Salter, Martin
Seabeck, Alison
Sheerman, Mr. Barry
Simon, Mr. Siôn
Singh, Mr. Marsha
Skinner, Mr. Dennis
Smith, rh Mr. Andrew
Smith, Angela E. *(Basildon)*
Smith, John
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Taylor, David
Thomas, Mr. Gareth
Thornberry, Emily
Timms, rh Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Turner, Dr. Desmond
Twigg, Derek
Ussher, Kitty
Vaz, rh Keith
Walley, Joan
Waltho, Lynda
Ward, Claire
Wareing, Mr. Robert N.
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Mr. Alan
Wills, Mr. Michael
Winnick, Mr. David
Winterton, rh Ms Rosie
Wood, Mike
Woolas, Mr. Phil
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Noes:
Jonathan Shaw and Mr. Frank Roy

Question accordingly negatived.

Order for Third Reading read.

5.10 pm

Gillian Merron: I beg to move, That the Bill be now read the Third time.

We had an interesting debate on Report, and I am grateful to everyone who took part in it and in our deliberations in Committee. We have given the Bill a thorough consideration. I am also glad to say that the Bill's principles have received widespread support on both sides of the House. I am pleased that hon. Members' comments were both constructive and insightful.

Mark Lazarowicz (Edinburgh, North and Leith) (Lab/Co-op): My hon. Friend says that there was detailed consideration on Report and in Committee, but there did not appear to be much consideration of provisions on the reciprocal arrangement for providing travel concessions between different parts of the UK. How will that be taken forward? Obviously, I have a particular interest in the arrangements between Scotland and England, and other parts of the UK as well.

Gillian Merron: As my hon. Friend is aware, the Bill extends off-peak concessionary travel from local to national areas within England, but as I have stated several times—I am happy to give the assurance again—it also allows local authorities to make immediate cross-border arrangements if they do not have them in place. It also allows for debate and discussion with the devolved Administrations, which has taken place and will continue. However, our priority is to get the scheme up and running in England from April 2008.

I am glad to remind the House—I make no apologies for continuing to say this—that the Bill means that for the first time around 11 million older and disabled people will be able to use off-peak local buses free of charge anywhere in England. They will have the freedom to travel across district or county boundaries to nearby shops, to access health care and to visit friends and relatives, and they will have free off-peak bus travel when visiting any part of England. As I have said many times, this Government recognise that buses are particularly important for some of the most vulnerable people in our society. They often provide a vital lifeline to services such as shops, leisure facilities and hospitals. That is why the measures are so important and why, from next year, we will be providing around £1 billion a year for concessionary travel.

The steps that we are taking build on the Government's previous work. In 2001, we acted to ensure that half-price bus travel in England for all older and disabled people would be available within their local authority area. In 2006, we made such travel completely free. Now we are going still further for those 11 million people up and down the country by enabling them to enjoy free England-wide bus travel. It is an achievement of which all Labour Members can be justly proud. I am sure that it is one that our constituents will continue to welcome.

I want to put on the record my gratitude, and the Government's gratitude, to a wide range of local authority and bus operator representatives and others, who have been so constructive in assisting us as we prepare for the national concession. The Department's concessionary fares working group and its specialised sub-groups have been invaluable in assisting us as we finalise details of implementation. We are also grateful for the constructive dialogue that we have had with groups representing disabled and older people. I very much look forward to the Bill becoming an Act and to the considerable benefits that this important piece of legislation, introduced by this Government, will deliver.

For the first time, the Bill guarantees that no older or disabled person in England need be prevented from travelling by cost alone. It brings real social inclusion benefits for our communities. It is another important step forward in transport provision, and with great pride I commend the Bill to the House.

5.14 pm

Stephen Hammond: From the outset, the official Opposition have made clear our wholehearted support for the principle behind the Bill. As the Minister said, the introduction of a national concessionary bus travel scheme will benefit many people, and the proposals have rightly enjoyed cross-party support.

We have given the Bill proper and extensive scrutiny, both in Committee and today on Report. We have examined its definitions and scope, as well as the eligibility of the persons and services involved and how the scheme will be funded. The spirit was one of great minds working together, so I am disappointed that the Minister did not see fit to accept one or two of the clarifying amendments that we tabled. Our concerns were well founded, but I accept her explanations.

I am grateful to the Minister for the way that she has answered our questions throughout the Bill's passage through Parliament. I am also grateful to her and her officials for their courtesy in inviting us to the pre-meeting, and for the explanatory letters that she has provided. They have been extremely useful to all Opposition Members. I am grateful, too, to those of my colleagues who were also in the Committee, and to my staff who helped me with drafting all the amendments.

The Bill may be small, as was noted earlier, but it is extraordinarily important. It has the power to enrich the lives of many fellow citizens. The departing Prime Minister spoke yesterday about the power of good that politics can achieve, and I think that he was probably referring to measures such as this. Many elderly and disabled citizens will now be able to use local services nationally, free of charge. The quality of their lives will be the better for it.

My hon. Friend the Member for Epsom and Ewell (Chris Grayling) stated the Opposition's approach at the outset, when he said that we supported the Bill and the principle behind it. I am pleased to reiterate that now: the Bill has our support, and we wish it well in its progress to the statute book.

5.17 pm

Mark Lazarowicz: As the Minister noted earlier, the Bill applies only to England and Wales. I have no objection to that, as I am glad that the example set by the Administration in the Scottish Parliament, who were until recently led by Labour, is being followed in England. However, the anomaly is that the Bill does not take us forward to a UK-wide concessionary scheme. As a result, pensioners and others entitled to concessions in Newcastle, for example, will get free bus

[Mark Lazarowicz]

travel in London, Truro or Plymouth, but not in Edinburgh. Similarly, their counterparts in Edinburgh can get free travel in Aberdeen and Glasgow but not in Newcastle, Carlisle or elsewhere.

It is not merely a matter of cross-border arrangements for people who live in Berwick-on-Tweed or Dumfries, for example, although I sympathise with those hon. Members who represent those areas. Nor do I want to suggest that people should be able to travel from Caithness to Cornwall by bus, as that journey is not likely to be made very often, but we should allow pensioners and others to take advantage of these provisions in the different cities, towns and other parts of the UK. We should not lose sight of that goal, and I welcome the Minister's statement that the matter is being discussed with the devolved Administrations—even though some of them seem to want to build barriers between the rights and benefits enjoyed by citizens in different parts of the UK. I hope that the Government will pursue the establishment of a UK-wide concessionary scheme. Those of us with constituencies in the devolved areas will be lobbying the devolved Administrations to ensure that they respond positively to any discussions held at UK level.

I hope that the Minister will take my remarks on board, and I welcome the assurances and commitments that she made a few minutes ago in her opening remarks for this debate.

5.19 pm

Paul Rowen: Like the hon. Members for Wimbledon (Stephen Hammond) and for Edinburgh, North and Leith (Mark Lazarowicz), I welcome the passage of the Bill through the House. It is an example of where political parties of different persuasions can work together for the common good. I am grateful to the Minister and her team for the work that she has put in to make sure that we have been adequately briefed and engaged during the passage of the Bill. I am aware that during proceedings on the Bill in the other place and here she and her team have continued to listen to some of the issues that we have raised.

I have no doubt in my mind that, although the legislation that we are passing today is rather uncluttered and not as complicated as other Bills, its national implementation will require the Government to ensure that on 1 April, or whatever day is deemed the start date, the 12 million pensioners to whom the Minister referred are able to make full use of an excellent piece of legislation.

During the passage of the Bill, we and other Opposition Members have raised a number of issues, including cross-border issues, which the hon. Member for Edinburgh, North and Leith has just mentioned, and eligibility for concessions on other modes of transport and the issue of using boats, which my hon. Friend the Member for St. Ives (Andrew George) raised. We have asked whether carers should be able to use the service. We also raised the extension of eligibility, widening the definition of mental illness and the issue of cost. The Government have listened on some of those issues. They continue to listen.

As the Minister mentioned, this is the third concessionary bus travel Bill that has made it easier for people to use public transport. I look forward to continuing the progress that we have made today and to having a genuine national concession which includes not just bus but other forms of transport and broadens eligibility. Notwithstanding that, I am delighted that the Bill is on its way and I look forward to its implementation.

Question put and agreed to.

Bill accordingly read the Third time, and passed, with amendments.

DELEGATED LEGISLATION

Madam Deputy Speaker (Sylvia Heal): I propose to put together motions 3, 4 and 5.

Motion made, and Question put forthwith, pursuant to Standing Order No. 118(6) (Delegated Legislation Committees),

TRANSPORT

That the draft Railway Pensions (Transfer of Pension Schemes) Order 2007, which was laid before this House on 4th June, be approved.

EUROPEAN COMMUNITIES

That the draft European Communities (Definition of Treaties) (Agreement amending the Cotonou Agreement) Order 2007, which was laid before this House on 4th June, be approved.

That the draft European Communities (Definition of Treaties) (Amended Cotonou Agreement) (Community Aid Internal Agreement) Order 2007, which was laid before this House on 4th June, be approved.—*[Mr. Roy.]*

Question agreed to.

Burial Law Reform

Motion made, and Question proposed, That this House do now adjourn.—*[Mr. Roy.]*

5.23 pm

Rosie Cooper (West Lancashire) (Lab): I am grateful for the opportunity to speak on an issue of huge importance to families in my constituency. The Minister will know, I am sure, that I am very concerned about the lack of burial provision and have raised the matter regularly with the Ministry of Justice and its predecessor, the Department for Constitutional Affairs.

Only last week in this Chamber during Questions I highlighted the plight of many bereaved families with the former Minister of State, Ministry of Justice, my right hon. and learned Friend the Member for Camberwell and Peckham (Ms Harman), who indicated that under the provisions announced in her written statement earlier this month, councils have additional options available to them, and that there really is no excuse for not providing the burial services much needed by local people.

I understand that the Minister of State, Ministry of Justice, my right hon. Friend the Member for Delyn (Mr. Hanson) is answering the debate at short notice, but I must impress on him how important the matter is for my constituents. My purpose today is to remedy the dreadful situation that persists in my constituency because of the unwillingness of West Lancashire district council to provide sufficient cemetery plots, a crematorium and a remembrance garden so that all local residents can bury their loved ones locally if they so choose. That is not the case at present, as many bereaved families are forced to find burial spaces in neighbouring authorities.

The lack of burial facilities facing many West Lancashire families, especially those in Skelmersdale, is unjust, unfair and morally unacceptable. People are not being treated with the dignity and respect they deserve. The situation is compounded because it affects those most in need the worst. I am aware that inadequate provision of cemetery and crematorium space is not a West Lancashire-specific problem but that it affects many communities across the UK.

The scale of the problem was recognised in the eighth report of the Environment Sub-Committee of the Select Committee on Environment, Transport and Regional Affairs in 2001. The results of a burial ground survey demonstrate that the problem of lack of burial space will only get worse unless steps are taken to resolve it. The survey found that approximately 80 per cent. of land available for burials is already occupied by graves, with only 20 per cent. unused. The Select Committee report states that as space in cemeteries runs out, it becomes more and more difficult to ensure that families have the widest possible choice of decent affordable options for the burial of their loved ones. I agree with the report that it is not good enough just to say to the bereaved, "Sorry, you're going to have to bury your loved one 20 or more miles away because there's no space left in your local churchyard."

The report was the catalyst for work subsequently carried out by the Home Office, the Department for Constitutional Affairs and latterly the Ministry of Justice. The option of introducing a requirement for local authorities to make an assessment of local needs was set out in the recently published paper "Burial law and policy in the 21st century—the way forward". Disappointingly, the document did not make it a duty for local authorities to provide cemeteries—a missed opportunity.

Today, West Lancashire district council has a population of about 108,000, of whom 75,000 live in my constituency; Skelmersdale alone accounts for more than 40,000 people. In the 1960s, people from Liverpool and the surrounding areas were asked to move to the new town of Skelmersdale and many did. The town's churches and their existing graveyards were meant only to serve Skelmersdale before it was developed into a new town. The graveyards are now full. As one constituent told me, "You can live in Skelmersdale and you can work in Skelmersdale, but whatever you do don't die in Skelmersdale."

As long ago as 1997, it was estimated that Ormskirk and Aughton had cemetery capacity for only another 12 months. At that time only 30 new grave spaces were available in Skelmersdale. The problem increasingly affects all communities across my constituency, and it is getting worse by the day; information obtained from local clergy gives an idea of its scale. A Catholic priest recently informed me that in his parish more than 75 per cent. of local people were buried or cremated outside Skelmersdale. A local vicar told me that in his parish more than 90 per cent. of burials were outside West Lancashire.

I understand that local authorities do not have an obligation or a duty to provide burial places for their residents.

Mr. Robert Goodwill (Scarborough and Whitby) (Con): Will the hon. Lady give way?

Madam Deputy Speaker (Sylvia Heal): Does the hon. Gentleman have the permission of the hon. Lady who initiated the Adjournment debate?

Rosie Cooper: I am happy to give permission, Madam Deputy Speaker.

Mr. Goodwill: I thank you, Madam Deputy Speaker, and the hon. Lady. She and I serve together on the all-party funerals and bereavement group where she has raised this issue, in which I declare an interest. Does she recognise that many farmers have responded to the demand for green burials by setting up green burial sites in the countryside where there is plenty of land? Does she think that local authorities in her part of the world should smile on applications from farmers for those alternative burial spaces?

Rosie Cooper: I agree with the hon. Gentleman. Later in my remarks, he will hear that I have had discussions with local farmers and they are offering their land. The district council should accept the offer and move with it immediately.

Although local authorities do not have an obligation, I would strongly argue that it is morally indefensible for West Lancashire district council not to give people the means to bury their loved ones within a reasonable distance of their homes, rather than 20 or 30 miles away. The council has previously granted

[Rosie Cooper]

planning permission for a private company to provide a crematorium and identified an area in which to site a cemetery. However, there has been no action and no progress on that development. That is a really sad indictment of the council.

In trying to find a solution, and as a member of the all-party group on funerals and bereavement, I have had discussions with many people, including landowners and private companies. They are interested in providing the land for the development of a cemetery or a crematorium. There is a real opportunity to produce a solution in the coming months in West Lancashire, and it is imperative that the local authority act to resolve the problem now; it needs to resolve it now.

As I have said, I have worked closely on the issue with members of the local clergy across all the denominations and I have heard many heartbreaking stories. I have heard of cases of families not being able to bury their loved ones as they would wish, and of families who, to secure any burial plot at all, have had to go to Liverpool, St. Helens or Sefton. That places a significant financial and emotional burden on families at a very difficult time.

Some families face an even more horrendous situation because they cannot find, or indeed afford, a plot. One family were told that they could have a 10-year plot in an adjacent borough. For others, cremation is forced upon them against their religious beliefs—but even then there is nowhere suitable in West Lancashire to scatter the ashes. There are many instances of people keeping ashes at home or burying them in the back garden, and I have been shown urns containing ashes of members of the family in the sideboards of homes in Skelmersdale. That is dreadful and a sad reflection of the council's attitude to the plight of its residents.

A burial plot, if it were available in West Lancashire, would cost a resident £440, but one in nearby Liverpool could cost £1,422. That is double what Liverpool residents pay, and £982 more than another West Lancashire resident who already had access to a grave would pay. Burying a person in Sefton would cost £1,002, which is an extra £562.

West Lancashire does not have its own crematorium either. The irony is that nearby Sefton has two sites, one of which is actually located within the boundaries of the West Lancashire area. However, only last year did Sefton revise its cremation fees policy so that residents in West Lancashire did not have to pay increased fees. For cremations, Liverpool charges £844 for a non-resident, which is twice the fee for its own residents, while St. Helens charges non-residents £352 to use its cremation facilities. And after that, there is still the problem of finding a suitable place to scatter the ashes. The Minister will be aware of the practice in most local authorities of non-residents paying a much higher price than local residents, to ensure that there is sufficient provision for the council's tax-paying residents. The question therefore arises of what will happen if West Lancashire council does nothing and the cemeteries in the adjacent areas can no longer assist.

The costs that I have mentioned are only the beginning of the higher costs and the difficulties faced by my constituents. They pay increased costs to the undertakers for funeral services, because they cross local authority boundaries and there are increased distances and more time taken. There are also transport difficulties in West Lancashire, and there is no real community transport. If families do not have a car or want to use public transport to visit the distant resting place of their loved ones, they need to negotiate a public transport system that fails them. Often there are no buses to take people to cemeteries and crematoriums outside the area. That is a problem throughout my constituency and a major problem in Skelmersdale, the town with the lowest car ownership levels in the constituency and high levels of poverty and deprivation.

To get from Skelmersdale to St. Helens is a 15-mile journey that can take one and a half hours, because there is no rail service in Skelmersdale. My constituents are obliged to take a bus to Wigan, a train to St. Helens and then the No. 358 bus to the cemetery. That is a round trip of nearly three hours. Travelling from Burscough to Anfield in Liverpool involves another three-hour round trip that also requires three changes of transport: a bus from Burscough to Ormskirk, a train to Aintree, and then another bus to the cemetery. Surely nobody can believe that that is acceptable.

West Lancashire district council can and should make a decision now, especially as the most suitable land is ready and waiting and the providers are anxious to help. The council must provide a cemetery or refund the extra costs being borne by individuals and families in West Lancashire who have suffered a bereavement. Those local residents need to be repaid.

The Human Rights Act 1998 gives a right to life, but as a local Catholic priest said to me:

> "It seems that even in death some are more equal than others in our society. Surely it is a basic human right that one's passing be marked with appropriate dignity and respect and that those who grieve be supported and comforted in a caring and humane fashion."

A local councillor told me that in West Lancashire it is easier to bury hazardous waste than a loved one. It is time for the council to step up to the plate and make a decision. It should provide a cemetery or meet the increased costs paid by local residents. Section 2 of the Local Government Act 2000, which deals with the promotion of well-being, would allow those payments to be made.

The councillors who are involved in not taking a decision—the right decision—should examine their consciences. Members will not be surprised to know that there are those who believe that the memory of Dick Turpin is alive and well in West Lancashire district council, whose motto appears to be "Your money and your life."

5.38 pm

The Minister of State, Ministry of Justice (Mr. David Hanson): I congratulate my hon. Friend the Member for West Lancashire (Rosie Cooper) on securing this debate on an important matter for her. She has campaigned tirelessly on the issue of providing burial facilities in her constituency. At a local level, through the press and local campaigns, and elsewhere, including

in the Chamber today, she has been encouraging the council to ensure that there are proper burial facilities for her constituents. She has run an exemplary campaign and I hope that it will bear fruit in due course.

My hon. Friend will be aware that my right hon. and learned Friend the Member for Camberwell and Peckham (Ms Harman) had ministerial responsibility for the issue within the Ministry of Justice. As the House will know, my right hon. and learned Friend secured the deputy leadership of our party at the weekend and was appointed to the Cabinet this morning, so I am answering on behalf of the Department today, although until this morning I did not have ministerial responsibility for the area.

Burial arrangements and proper facilities for the dead continue to be matters of great importance and concern to the public. Not only my hon. Friend, but many other hon. Members continue to ask the Department to look at a range of issues, including progress on the review of law and practice.

For some 1,500 years, burial was the only permitted way in which to dispose of dead individuals and was the preserve of the Church. The place of burial was the churchyard and the protection for the dead was ecclesiastical law. The law had to change in the 19th century because of population growth and due to the fact that churchyards could not cope with demand. New cemeteries were constructed and increasingly became the responsibility of newly emerging local authorities. A framework for secular legislation was developed in the 1850s to regulate both burials and burial grounds. Those arrangements essentially remain in place today. The question that the Ministry of Justice must ask—my hon. Friend the Member for West Lancashire put this very clearly—is whether that legislation meets our current society's requirements.

My hon. Friend mentioned the Environment Sub-Committee's 2001 report, which addressed that very question. The report found that there were long-term problems with the maintenance and provision of burial space and that there was a need to examine antiquated burial legislation. Local councils have a lack of direction and priority, as is evidenced by West Lancashire district council's lack of local facilities.

Following the Committee's report, the Government set up an advisory group of burial professionals and others. We commissioned a research study on cemetery management and published and examined its findings. We also published practical guidance for burial ground managers and the results of a survey on burial grounds in England and Wales. As a result of that effort, we issued a consultation paper on a review of burial law and a summary of responses. Earlier this month, we published, under the name of my right hon. and learned Friend the Member for Camberwell and Peckham, a response to the issues raised that accompanied a statement to the House on the way forward.

After careful consideration of the issues, the responses to the consultation paper, and subsequent discussions with burial professionals and others, my right hon. and learned Friend decided that there were a number of issues that we should take forward. Whoever, in these interesting times, is appointed to succeed her in the Ministry of Justice will be taking them forward on behalf of the Government.

The Government decided that there was a real problem in finding suitable land for new cemeteries, at least in some areas. That might be because of a lack of available land, or because the cost of land put it beyond the budgets of local councils. Burial professionals have argued over many years that old burial grounds should be reused as a way of making land available and sustainable—that is especially important in this new age—while keeping burial facilities in communities. The sensitivities of disturbing existing burial grounds are obvious. However, the Government have reached the conclusion that the balance now lies in favour of allowing old graves to be used again, subject to appropriate safeguards and sensitive handling. The policy will be about providing local authorities with a wide range of options that they will need to consider carefully and in detail before proceeding.

Our second proposal is to provide authorities with new guidance on the provision of new burial grounds and the maintenance to an appropriate standard of those that they already have. New cemeteries are now quite rare, so many authorities have no recent experience of the way in which to make a decision about the need for such facilities, or to consider the options that might be open to them. We will offer practical guidance to councils such as West Lancashire, and I hope that they will take that up. One such option, albeit a difficult one, will be the reuse of existing burial grounds.

The Environment Sub-Committee was concerned about the condition of many burial grounds. We certainly need to challenge the perception that full and disused burial grounds have no value and should not be maintained. They can provide an amenity resource for a community just as much as other green and open spaces. Authorities need to consider whether they are making the best use of the resources that are available to them. We thus aim to offer guidance on how cemeteries can be maintained affordably.

Several weeks ago, my right hon. and learned Friend outlined a third proposal. We should ensure that, when opportunities arise, we are ready to bring forward amendments to burial legislation so that we can modernise existing provisions and make them consistent with the 21st century, rather than the mid-Victorian age in which the legislation was drafted.

In the light of discussion and consultation, there are a number of matters that we do not propose to take forward. First, it may disappoint my hon. Friend, but we do not find a comprehensive burial Bill an attractive option. Burial law has grown and developed in a haphazard way over the years, but it is difficult to argue that such a Bill is a priority. There are anomalies and inconsistencies in existing legislation, and we certainly want to reflect on that, but a comprehensive burial Bill is an option for another occasion.

Secondly, we do not intend to take forward the proposal that my hon. Friend put to the House regarding the creation of new duties and a tighter regulatory framework, including an obligation on local councils and others to provide burial facilities and to ensure that burial grounds are run in a safe and responsible way. At present, no person or organisation is under any statutory duty to provide a burial ground. All local authorities below county-council level have

[Mr. David Hanson]

the power to do so, and burial grounds can be provided by the Church of England, other Churches and faiths, and indeed by the private sector. On the whole, those discretionary arrangements are working relatively well.

Most district councils operate one or more cemeteries of their own, or are satisfied that the town or parish councils in their areas are doing so. I accept that my hon. Friend says that West Lancashire district council has not done so. She powerfully made the case that they have a moral obligation to try to provide that service in the community. I am not a West Lancashire district councillor, or the chief executive or leader of that council, but I hope that those people listen carefully to the points that my hon. Friend made, because she is speaking for her constituents, and she wants such facilities to be provided.

The question that next arises is what should happen if there are no local burial facilities. There is an argument for laying a duty on local councils to make provision if no one else does, but that has significant financial implications, and in some cases it could well be impractical for the simple reason that there is no suitable land available. The absence of local burial facilities does not imply that the only answer is for someone to provide them. As we have now decided, there is the option of reuse of old burial grounds; that could be a cost-effective solution when existing burial grounds are filling up. There is no reason to suppose that the private sector could not respond to demand if there was a commercial case for doing so. In West Lancashire's case, given the higher fees that people pay in Liverpool, Sefton and neighbouring local authority areas, there could well be a commercial case, never mind the moral case that applies to local councils, for finding sites in the council area, and providing services that are on a par with those that neighbouring authorities provide at exorbitant rates. I understand why those neighbouring authorities charge those rates; their taxpayers are not in a position to subsidise the taxpayers of West Lancashire.

Although it may not always be convenient, recourse to neighbouring facilities is a solution in some cases. I hope that West Lancashire can discuss fees with neighbouring authorities, so that it can find out whether there is a possibility of working collaboratively with those authorities, and having shared facilities with neighbouring communities. Many authorities charge higher fees for non-residents, and we understand the reasons for that. However, it should be perfectly possible for local authorities to work collaboratively to provide shared facilities for neighbouring communities. Given the options available, we think it best that local councils and other potential providers be left to decide how to respond to any local shortage of provision, and how the costs of provision should be met, rather than have solutions dictated to them.

My hon. Friend has brought an important issue to the Chamber, but it is ultimately an issue for West Lancashire district council. I hope that it will consider the moral force of her argument seriously. I think that it is best if local councils are able to decide how to determine local need, the cost of provision and what solutions are appropriate to their areas. That is better than introducing a general duty that they may or may not be able to meet because of local circumstances outside the control of central and local government.

As for the case for more oversight of the running of cemeteries, we need to consider that, but I am not yet persuaded that additional arrangements are required. Robust procedures are in place for dealing with complaints about local authorities. As my hon. Friend will be acutely aware, West Lancashire district council remains accountable to its local electorate. Skelmersdale in my hon. Friend's constituency does not have a history of supporting the party that runs West Lancashire district council, but there will be opportunities in due course for the electorate to speak, and I hope that the debate will create an atmosphere of discussion about who is best placed to help provide those facilities.

I hope that I have been able to cover the matters raised by my hon. Friend. In summary, she has made a very strong case, and represented her constituents well. The difficulty that we face in Government concerns the way in which we address the issue, which remains predominantly one for the local council. The debate will be read with interest in Skelmersdale, Ormskirk and the other parts of West Lancashire with which my hon. Friend's constituents and I are familiar. Ultimately, decisions must be made, because it is not tenable for individuals in West Lancashire to bury their relatives in neighbouring authorities at a higher cost than those authorities charge people who live within their boundaries. I wish my hon. Friend well in her campaign, and I hope that today's debate has helped her to highlight an important problem.

Question put and agreed to.

Adjourned accordingly at ten minutes to Six o'clock.

House of Commons

Friday 29 June 2007

The House met at half-past Nine o'clock

PRAYERS

The First Deputy Chairman of Ways and Means took the Chair as Deputy Speaker, pursuant to the Standing Order.

9.33 am

Mr. Andrew Dismore (Hendon) (Lab): I beg to move, That the House do sit in private.

Question put forthwith, pursuant to Standing Order No. 163 (motions to sit in private):—

The House divided: Ayes 1, Noes 39.

Division No. 167] **[9.33 am**

AYES

Robathan, Mr. Andrew

Tellers for the Ayes:
Mr. Andrew Dismore and
Dr. Brian Iddon

NOES

Ainsworth, rh Mr. Bob
Brown, rh Mr. Nicholas
Burnham, rh Andy
Evans, Mr. Nigel
Fitzpatrick, Jim
Gauke, Mr. David
Goggins, Paul
Goodwill, Mr. Robert
Heald, Mr. Oliver
Heath, Mr. David
Heppell, Mr. John
Hollobone, Mr. Philip
Hoon, rh Mr. Geoffrey
Irranca-Davies, Huw
James, Mrs. Siân C.
Knight, rh Mr. Greg
Lammy, Mr. David
Lancaster, Mr. Mark
Lewis, Mr. Ivan
McAvoy, rh Mr. Thomas
McFadden, Mr. Pat
McIsaac, Shona
McLoughlin, rh Mr. Patrick
Merron, Gillian
Mundell, David
Munn, Meg
Norris, Dan
Osborne, Mr. George
Pelling, Mr. Andrew
Prentice, Bridget
Pugh, Dr. John
Randall, Mr. John
Rosindell, Andrew
Roy, Mr. Frank
Shaw, Jonathan
Smith, Angela E. *(Basildon)*
Sutcliffe, Mr. Gerry
Taylor, Ms Dari
Wright, Mr. Iain

Tellers for the Noes:
Andrew Miller and
Martin Linton

Question accordingly negatived.

Orders of the Day

Crown Employment (Nationality) Bill

Order for Second Reading read.—[Queen's Consent, on behalf of the Crown, signified.]

9.46 am

Mr. Andrew Dismore (Hendon) (Lab): I beg to move, That the Bill be now read a Second time.

This is my fifth attempt to get this Bill through Parliament. I managed to get as far as Report stage a couple of years ago, but this time I hope to break that record and get to Third Reading—if not all the way through. I am pleased that my right hon. Friend the Member for Ashfield (Mr. Hoon), the Chief Whip, was here to give the Queen's consent and I congratulate him on his appointment. We only knew we had Queen's consent at two minutes past 5 last night. I do not know whether that was due to difficulties in the Department or problems at the palace. I presented the Bill on 18 December and named today's Second Reading date well over six months ago. I wrote to the Department on 22 March asking it to get Queen's consent. It wrote on 24 May and Queen's consent came though at two minutes past 5 last night. We might have had a constitutional problem if the consent had not been given, but all's well that ends well and I am pleased to say that we can proceed with the Bill.

I have been persistent because the real problems that the Bill seeks to address remain. The purpose of the Bill is to remove the existing restrictions placed on the employment of non-UK nationals in civil capacities under the Crown. In place of the current system, the Bill would open up to applicants of any nationality all civil employment under the Crown, apart from such positions as would be rightly restricted to UK nationals—about 5 per cent. of the total—under rules made by the Minister responsible for the Department concerned. Before I talk about the detail, let me make it completely clear that the Bill does not deal with asylum, immigration, work permits or anything like that. It does not affect the requirement for non-UK nationals to get leave to remain and permission to work in the UK.

Mr. Greg Knight (East Yorkshire) (Con): The hon. Gentleman said that if the Bill became law, the number of posts reserved for UK nationals would be 5 per cent., but, if my memory is correct, the last time he addressed the House on this issue he said that the figure would be 10 per cent. Will he clarify which figure is correct?

Mr. Dismore: I am happy to do that. The right hon. Gentleman is absolutely right. The figure was previously thought to be 10 per cent., but as I describe the legislative history of the problem, he will see why the Government now consider the figure to be around 5 per cent.

The rules restricting the employment of foreign nationals by the Crown have their roots in legislation from more than 200 years ago. The Act of Settlement of 1700 provides that no person born out of the kingdoms of England, Scotland, or Ireland, or "the

[Mr. Dismore]

dominions thereunto belonging" should be capable of enjoying any office or place of trust, either civil or military. Over the years, that prohibition has been amended and does not apply to Commonwealth citizens, citizens of the Irish Republic, or to British protected persons employed in a civil capacity. Section 6 of the Aliens Restriction (Amendment) Act 1919 provides that no alien shall be appointed to any office or place in the civil service of the state. "Alien" is a rather archaic term, but is defined in section 51(4) of the British Nationality Act 1981 as a person who is neither a Commonwealth citizen, nor a British protected person, nor a citizen of the Republic of Ireland.

Mr. Oliver Heald (North-East Hertfordshire) (Con): The hon. Gentleman will know that I introduced a Bill in 2004 with similar provisions to those in his, albeit in the context of a civil service Bill that would have defined a civil servant and set out the way in which the code would work on a proper statutory basis. Why has he introduced such a sparse Bill, rather than going for a more comprehensive measure, given that he says that what a civil servant is must be pretty crucial to the whole process?

Mr. Dismore: I recall the hon. Gentleman's Bill and that we were boxing and coxing on much the same day. A private Member's Bill should be short and relatively uncontroversial if it is to have any prospect of making progress. I think that his civil service Bill would have given effect to the recommendations of the Public Administration Committee, but a private Member's Bill of such magnitude had little prospect of success. However, if the hon. Gentleman is still of the same view, my Bill, which is shorter and deals with a distinctive aspect of the issue, might have a little more prospect of success.

Mr. Heald: If the proof of the pudding is in the eating, perhaps, given that this is the hon. Gentleman's fifth go, he is not correct.

Mr. Dismore: As the hon. Gentleman will be aware, I have never come high on the ballot. The Bill has appeared in various forms and has morphed from a ten-minute Bill to a Bill presented and back again. However, it has never had any priority. I am pleased to be in pole position on a Friday, for once, because that is a record for the Bill. Let us see how we get on.

During the second world war, defence regulations permitted the temporary employment of aliens if no suitable British subjects were available. Those provisions were replaced by the Aliens' Employment Act 1955, which relaxed the prohibitions so that aliens could be employed if they were either appointed in a country outside the UK, the Channel Islands and the Isle of Man in a capacity appearing to a Minister to be appropriate for aliens, or employed in accordance with a certificate issued by a Minister with the consent of the Minister for the civil service. For a certificate to be issued, either there must be no suitably qualified UK nationals available to do the work, or the alien must possess exceptional qualifications or experience to do the job. Certificates last for five years and must then be renewed. In 2006-07, only 66 people were employed under those certificates, 37 of whom were in the Ministry of Defence. That compares with 67 in 2005-06 and 57 in 2003-04. The number is thus pretty static and well below 100.

The European Communities (Employment in the Civil Service) Order 1991 amended the 1955 Act to allow nationals of member states of the European Community, and their spouses and certain children, to take up civil employment under the Crown, except for "public service" posts within the meaning of the EC treaty. The rights of nationals of member states of the EC were extended to nationals of member states of the European economic area by section 2(1) of the European Economic Area Act 1993.

Against the background of a possible legal challenge in the European Court of Justice, further changes were made in 1996 to put Irish and Commonwealth citizens on the same footing as all other non-UK EC nationals. An amendment to the civil service management code was made to restrict Commonwealth and Irish nationals from being employed in posts that were reserved for UK nationals.

The most recent change was the European Communities (Employment in the Civil Service) Order 2007. That was in large part to give effect to the St. Andrews agreement of October 2006. The Northern Ireland civil service was disproportionately affected by the prohibition on Irish nationals applying for reserved posts, which, in the Province, amounted to a quarter of the civil service. In annexe B of the agreement, there was a commitment to:

"bring forward separate legislation before the end of 2006 to reform entry requirements to ensure access for EU nationals to posts in the Civil Service."

As we know, that took until 2007, when the order amended the Aliens' Employment Act to define more clearly and restrictively the categories of posts that could be reserved and reduced them to such areas as security and intelligence, defence, diplomatic and Foreign and Commonwealth Office posts, and border control and immigration.

The order opened up about a further 70,000 posts to Commonwealth, Irish and EEA nationals—in addition to UK nationals, of course—through the reduction in the number of reserved posts to about 5 per cent., or some 27,000 jobs altogether. I think that that is the detailed answer to the question asked by the right hon. Member for East Yorkshire (Mr. Knight). However, the same basic rules apply. The order has no effect on Commonwealth, Irish and EEA nationals in relation to "public service" reserved posts, although that is probably quite right given that we have reduced the number of such posts to a minimum. However, more importantly, there are restrictions on aliens taking any post in the absence of a certificate under the 1955 Act. There are restrictions on an alien spouse of a UK national, who remains ineligible for appointment to the civil service, but not the alien spouse of an EEA national.

The effect of the existing rules is that foreign nationals may be employed abroad in any civil post under the Crown, including in the diplomatic service, if a Minister considers that appropriate. However, when we consider civil employment under the Crown in the UK, Commonwealth citizens, British protected

persons and nationals of member states of the European economic area can be employed in posts that are not public service reserved ones, while nationals of all other countries may be employed in UK non-reserved posts only if one of the very rarely issued exemption certificates is in force.

Some 95 per cent. of civil service posts in the UK are thus available to Commonwealth, Irish or EEA nationals. The remaining 5 per cent. of posts that require the special allegiance of public service are entirely reserved for UK nationals, yet other nationals are pretty well entirely excluded from everything, even if there is no good operational reason for doing that. Only posts that are operationally necessary are now reserved under the definition based on the EC treaty.

Attempts to define public service posts must follow EC case law and are subject to judgments of the European Court of Justice. As a matter of UK law, EU nationals can now be admitted to civil service posts, but they cannot be admitted to ones that the European Court regards as

"employment in the public service".

Although the European Court interprets employment in the public service narrowly, it has nevertheless taken the view that officials involved in the collection of taxes, for example, are employed in the public service. As a result, UK law stated that an EU national could not generally be employed in Revenue and Customs because such a post constituted

"employment in the public service"

within the meaning of article 39(4) of the EC treaty. The exception from the 1919 Act thus did not apply and a criminal offence was committed if such a person was so employed. However, such people are now generally permitted to be employed in Revenue and Customs because of the effect of the 2007 order.

Let me try to bring all this complicated law together and summarise it. The net effect is that it is a criminal offence, even if it is done by mistake, to employ an EEA national in a "public service" reserved post. It is also a criminal offence to employ any alien in any civil service post at all, apart from when one of the tiny number of certificated exceptions is in place. While, under freedom of movement provisions, it is legal to employ in a non-reserved post the alien spouse of an EEA national living in the UK, it remains a criminal offence, rather bizarrely, to employ the alien spouse of a UK national without an exemption certificate. While this all sounds very legalistic and technical, I believe the anomalies can best be illustrated by example.

As I have said, the Bill would not change the rules on asylum and immigration or work permits in any way. My constituency, like many others, has long-standing communities from such places as Iran and Iraq. They mostly comprise highly skilled professionals, many of whom were senior public servants in their home countries before fleeing persecution by those dictatorships as refugees many years ago. If they retain their nationality, they and their children, who might know no other country than the UK, are entirely barred from Government posts. They have a lot to offer, and experience of working in our civil service would stand them and their home countries in good stead if democracy returned to their home countries and they ultimately wanted to go back to contribute to them.

Hendon has large Israeli, Chinese and Japanese communities. More recently, communities from Afghanistan and Somalia have been established. UK citizens have married people of those nationalities. If such married Israeli, Chinese and Japanese people retained their own citizenship, they would be barred from jobs in the Department of Trade and Industry, or whatever it is now called—the Department for Business, Enterprise and Regulatory Reform—in which their language skills and knowledge of their home countries would be invaluable for promoting UK exports, for example. However, if their spouses were French, not British, they would not be barred from such a post.

Mr. Heald: As the hon. Gentleman knows, the late Eric Forth was not a fan of the Bill. One of his concerns about it was that Crown employment should be for those who are loyal to the Crown. It can be argued that UK or Commonwealth nationals owe that allegiance, and in the case of the EU we have pooled our sovereignty. However, for nationals outside those three categories, the situation is not quite the same. What can the hon. Gentleman say on the issue of ensuring that public servants in the new category that he wants to create have loyalty to the Crown?

Mr. Dismore: The hon. Gentleman makes an important point, but it is important to recognise that many jobs in the civil service are pretty mundane. We are not talking about the very small number of important jobs in which that is a crucial concern. We are not talking about the 5 per cent. of jobs that should, for good reason, be reserved for UK nationals alone, and from which EU nationals, for example, would be excluded. One has to consider the civil service in the round. We should bear in mind the hundreds of thousands of people who work for it and the different forms that that work takes. The issue is probably less important in relation to those jobs. I am sure that the hon. Gentleman will concede that the anomaly to which I have just referred is bizarre: a spouse of a French national could work in the civil service under the freedom of movement provisions, yet the spouse of a UK national could not.

Mr. Heald: Yes, absolutely. Another point is that the contract between the employee and the Government would require loyalty to the Crown as one of its conditions, would it not? I believe that the civil service management code would require that. Although the obligation would not come from the person's nationality, it would be there as a matter of contract.

Mr. Dismore: The hon. Gentleman is absolutely right. For example, the police service, to which I am sure he is referring, has dealt with that issue. The police service is ahead of the game in that respect, as in so many others. I first raised the nationality anomaly in the context of the police regulations many years ago, and the matter was dealt with in the Police Reform Act 2002. Subject to proper immigration status, competence in English, and with certain reservations for sensitive posts, nationality is not a barrier to joining the police, but of course an oath of office applies. That is probably the answer to the hon. Gentleman's question. He makes an important point about

[Mr. Dismore]

contractual obligations. Obligations relating to loyalty would apply to any employer, although I fully accept that employment by the Crown has a slightly different status and is in a slightly different category.

The anomaly is perhaps best illustrated by the case of the notorious Abu Hamza, the fundamentalist. He has UK nationality, at least until the Home Office's efforts to remove his nationality come to fruition, if indeed they ever do. If he was not in jail, he could in theory be employed in any post in the civil service, including the reserved posts. I doubt that he would want to apply, or that he would stand much chance of getting a job, but in theory, every job in the civil service is open to him. However, an American national who is the widow of a British 9/11 victim would be entirely excluded from Government employment. That sort of anomaly is simply not right, and it cannot be allowed to stand.

In our country, some 780,000 residents of working age are not UK, Commonwealth, or EEA citizens, and are thus excluded from civil service employment entirely. I have the honour to represent a constituency in London, which is a diverse world city, but 330,000 people in London, or 7 per cent. of its working-age population, are entirely excluded, not just from the higher echelons of the civil service, but from even applying for the most junior social security clerk's job. It is no wonder that we have difficulty filling civil service jobs in the capital when so many of my fellow Londoners are entirely out of the equation. In cities such as London, it is important to have a wide diversity of people working in the jobs through which the civil service comes face to face with members of the public, because those members of the public will be from different ethnic backgrounds. Language skills and knowledge of those backgrounds will be very helpful in dealing with the needs and requests of customers, or whatever they are called in the latest civil service jargon.

My Bill tackles the bizarre and discriminatory anomalies by sweeping away the existing complex, interlocking legislation, and replacing it with a simple amendment to the Act of Settlement, so as not to prohibit the employment of any person in any civil capacity under the Crown. It also empowers Ministers to make rules in respect of nationality requirements for certain categories of posts—that is, posts for which it is clearly necessary, and in the national interest, for the job to be reserved to a UK national. As we discussed earlier, when I started this marathon, it was thought that that was about 10 per cent. of posts. Now it is estimated that only about 5 per cent., or 27,000, civil service posts need be reserved. It is expected that the Bill would open up the remaining 95 per cent. of posts to selection on merit, regardless of the nationality of the applicant, enabling us to build a civil service that reflects the diversity of the society that it serves.

Over the years, support for my proposals has grown. The civil service trade unions have supported it, and the Public Administration Committee said in its report that it was a "much-needed reform". The Bill has the support of the Commission for Racial Equality and, I think, the official Opposition, who we will hear from soon. I hope that it also has the support of the Liberal Democrats. I believe that the time has come for progress. I commend the Bill to the House, and I hope that it will receive its Second Reading today.

10.5 pm

Mr. Oliver Heald (North-East Hertfordshire) (Con): I had intended to say, "We have had an excellent debate," but we have not got that far. We heard a good opening salvo from the hon. Member for Hendon (Mr. Dismore). As he knows, I proposed a similar measure in 2004 as part of my Civil Service Bill. I should point out that when the prohibition was put in place in 1700, the civil service was very different, with a much narrower focus, and the world was completely different in many ways. Obviously, the Commonwealth and the EU had not been thought of, even distantly; they were not even a twinkle in anyone's eye. Given the narrow focus of the civil service in those days, the prohibitions were probably justifiable; world conditions were very different. Over the years, there have been amendments to the provisions but, again, the conditions in which those amendments were made were very different from conditions today.

The European Communities (Employment in the Civil Service) Order 1991 was the most recent major change. It allowed nationals of the European Community and their spouses and children to take up specific civil employment jobs. In 1996, an amendment was made to the civil service management code to place restrictions on Commonwealth and Irish nationals, so that they could not be employed in posts reserved for UK nationals. That put Commonwealth and Irish nationals in the same position as nationals of other member states of the European economic area. The outcome of the developments that I have just outlined is that foreign nationals can be employed abroad under the Crown in civil posts, if it is considered appropriate. In the UK, non-reserved posts are limited to Commonwealth citizens, British-protected persons and nationals of EEA member states.

Mr. David Heath (Somerton and Frome) (LD): Would the hon. Gentleman like to hazard a guess on what the legal position might be of a Commonwealth citizen employed in the civil service, if his home country were suspended from, or chose to leave, the Commonwealth? Would his service contract be annulled? Would his employer be committing a criminal offence?

Mr. Heald: That raises an important question, because obviously at the time when the contract was concluded, the person met all the contract's requirements. The hon. Gentleman is right that if the underpinning statutory basis for the person's employment had gone—in other words, if he was no longer a Commonwealth citizen—it is arguable that he might lose his job. That sort of case probably does not come up often, although it could do. For example, the issue of whether Zimbabwe should be suspended from the Commonwealth has been discussed. Of course, many citizens of Zimbabwe live in the United Kingdom, and could take up the opportunity that we are talking about. The issue is a real concern. When the hon. Member for Hendon (Mr. Dismore) responds to the debate, he may wish to help us with that, because, personally, I have not found the answer. He is nodding, so I believe that he will consider that in detail.

Mr. Greg Knight: Is it not sadly the case today that British citizenship is no guarantee of loyalty to the Crown? The perpetrators of 7/7, for example, were all UK citizens.

Mr. Heald: My right hon. Friend makes an important point. When the provisions were put in place, it was assumed as a matter of course that a British UK national would be loyal to the Crown, and that one could rely on that loyalty. That underpinned the measure, and it was not necessary to go beyond that. These days, the civil service management code expressly states that there is a contractual loyalty to the Crown. That requirement is imposed on civil servants, so extra protection is provided by an enforceable duty. It should not be a matter of legal nicety that British citizens should owe a duty to the Crown. After all, this is an important, free, democratic society, and it is a beacon to the world. In the 1980s, when countries to the east were looking to the west, the UK was very much seen as beacon of hope in terms of personal freedom and other freedoms such as economic freedom. One of the best things to have happened in our political lifetime is the fact that countries under the Soviet thrall are now free countries with their own democratic tradition, and are part of the EU. That is a good step forward.

When I introduced my Civil Service Bill, I wanted to provide an encompassing measure that explained what a civil servant was; that put the civil service code defining the role of the civil servant into law and made it a statutory requirement; and explained the roles of Ministers, civil servants and special advisers more clearly. We still need to do that. The hon. Member for Hendon may say that that is a much broader measure and that he wants to pursue one particular aspect but, in fact, it is all part of the same overall set of issues, which are important to our country. If we are looking at the role of a civil servant and who can be employed in the civil service, it is a bit odd to look at one issue, rather than at the whole picture. Notably, the Public Administration Committee thought that a larger measure was needed, which is why I introduced my Bill.

Something else that has changed since I introduced my Bill is the fact that the categories of reserved post that can be undertaken only by UK citizens have been altered, and the number of such posts reduced. That is why 95 per cent. of the posts are available more generally, rather than 90 per cent. My late right hon. Friend, Eric Forth, always opposed the hon. Gentleman's Bill, because he thought that if someone wanted to come and live in this country and work in the civil service, they should follow a particular route. He said that foreign nationals desperate to work in the civil service could

> "obtain a legitimate reason to be in this country through work permits or other routes; secondly, seek indefinite leave to remain, which follows naturally on the work permit; and thirdly, and most crucially, seek British nationality...they are very welcome indeed in this country as people with skills and a contribution to make.
>
> Why are those people apparently unwilling to take those important steps".—[*Official Report*, 20 January 2004; Vol. 416, c. 1228.]

The Bill would affect those who want to work under the Crown overseas, but in the UK, as the hon. Member for Hendon said, it is unreasonable to say that a citizen of Mozambique can work in the civil service but an American, for example, cannot do so. If an American is married to a British citizen they are not allowed to undertake such work, but someone from Mozambique can do so. Such distinctions applied to equally worthy individuals are very much a case of angels dancing on the head of a pin. Although my late right hon. Friend had a point, if we look at the reality of the Bill, we can see that it offers opportunities that are widely available in the EU and the Commonwealth. To add Americans, for example, to the list of eligible citizens is not a huge change.

Mr. Greg Knight: For the sake of accuracy, does my hon. Friend not acknowledge that part of the reason our late friend, Eric Forth, opposed the Bill had nothing whatsoever to do with its contents? As it was introduced by the hon. Member for Hendon (Mr. Dismore), he took the view that the assassin of many other Bills should have a taste of his own medicine.

Mr. Heald: Yes. It is true, too, as the hon. Member for Hendon said, that the first time that he introduced the measure, it was competing with my Bill. Our late right hon. Friend was not a fan of my Bill, either, but he thought that if one Bill was going to fall, it should not be mine but the hon. Gentleman's. My right hon. Friend is absolutely right: a certain animus was involved, although no doubt there was admiration as well.

The Opposition believe that the hon. Gentleman's measure deserves a Second Reading. Some of my colleagues would certainly like to raise issues about its details, but the Front-Bench team support Second Reading.

10.17 pm

Andrew Miller (Ellesmere Port and Neston) (Lab): First, may I congratulate my hon. Friend the Member for Hendon (Mr. Dismore) on his persistence on this important matter? The anomalies that he identified justify the changes that he proposes. The purpose of my contribution is merely to clarify a number of points, not unlike the purpose of the observations from the hon. Member for North-East Hertfordshire (Mr. Heald). The intervention that he accepted from the hon. Member for Somerton and Frome (Mr. Heath) illustrates the nature of matters that I should gently like to pursue with my hon. Friend.

When I read the explanatory notes to the Bill and listened to the informative history lesson of rights in the civil service from 1700 onwards, I was slightly amused as I wondered about the historical position of the Welsh. I presume that at that time they were counted as being part of England, and as my hon. Friend's Bill rightly refers to

> "persons born outside the United Kingdom",

it neatly closes any doubts about the rights of the Welsh to become civil servants. The hon. Member for North-East Hertfordshire referred to our good friend the late Eric Forth, who was a consummate parliamentarian. He worked both for and against measures on which my hon. Friend the Member for Hendon worked on Fridays, and he was a great advocate of the Friday process, for which we respected

[Andrew Miller]

him. I shall not seek to emulate his oratory on the details, but I should like to pursue one of the themes that he raised. Clause 2 may provide the answer to the intervention by the hon. Member for Somerton and Frome. Subsections (1) to (4) refer to rules that may be made. I presume that if the rules were made, they would deal with the kind of detail that concerned the hon. Member for Somerton and Frome.

Mr. Heath: For the sake of clarity, I should point out that I was suggesting that there is an anomaly in the current rules, which would be extinguished if the Bill made progress.

Andrew Miller: Indeed, provided that the rules are appropriately worded.

I am interested in how the rules would work in practice. My hon. Friend the Member for Hendon may wish to intervene on me or explain when he winds up the debate. The Government may also wish to reflect on the matter. The word "may" is extremely important. This, I promise the House, is the very short version of what Eric might have spoken about for an hour without being caught by the Speaker for repetition, hesitation or deviation. The loophole that the hon. Member for Somerton and Frome and everyone else wants closed requires the rules to be established, so the House would expect the Government to make rules that create equality among people who could legitimately aspire to be civil servants, in the spirit of the opening speech from my hon. Friend and the response from the hon. Member for North-East Hertfordshire on behalf of the official Opposition.

The Bill enables the Government to take the necessary steps, but I assume that my hon. Friend and the House expect them to do so, in order to close the loopholes that have been identified and remove other anomalies that may have crept into the current rules as a result of the contradiction between national and European law. My hon. Friend has done the House a service, and we should welcome his efforts. I earnestly hope that the Bill will progress through its next stages, and that my hon. Friend the Minister will clarify the Government's intention to remove the current anomalies within the framework of this excellent Bill.

10.24 am

Mr. David Heath (Somerton and Frome) (LD): I congratulate the hon. Member for Hendon (Mr. Dismore) on yet again having the opportunity to present the measure and on speaking to it in such brief terms—quite out of the usual for his Friday morning contributions, but he covered the ground perfectly adequately and his intentions are clear to all of us.

I shall refer briefly to the Civil Service Bill mentioned by the hon. Member for North-East Hertfordshire (Mr. Heald). We are still in desperate need of a proper civil service Bill. It is extraordinary that the Government have not yet seen fit to table one. The hon. Gentleman's was a valiant attempt as a private Member's Bill, but the matter needs to be addressed by Government. I hope that the Minister, whom I warmly welcome to her new responsibilities and congratulate on her appointment, and her colleagues in the Cabinet Office will see such a Bill as the first priority for the newly convened Office. I hope that they will recognise the necessity for legislation in the next Session in order to regularise the position of the civil service.

Mr. Heald: I apologise. May I join in the welcome to the hon. Lady, who will make a tremendous addition to the Cabinet Office team?

Does the hon. Gentleman agree that the Government have promised a civil service Act since about 1997, yet somehow it never seems to happen?

Mr. Heath: The hon. Gentleman is right. I must be careful not to divert my attention from the Bill, but his comments are relevant because such an Act would undoubtedly contain the measure before us, were it to have been drafted before the passage—as I hope it will be—of the Bill. We must wait for events.

The present situation is self-evidently an anomaly. I would have some sympathy with those who might oppose the Bill if the position was that only British citizens were allowed to hold posts in the civil service. That would be an understandable, though not an entirely reasonable or correct, position. I would even understand it if the regulations specified British or Commonwealth citizens, on the basis that at least there would be a shared stated loyalty to the Crown. All citizens of the Commonwealth share our monarch as their head of state.

However, it is beyond the limits of common sense that the rules extend the right to be employed in the civil service to citizens of the European economic area, who cannot be said to have any loyalty to our Crown, although I understand the point made by the hon. Member for North-East Hertfordshire about pooled sovereignty, and to citizens of the Irish Republic, even before the accession of our country or theirs to the European Union. Let us recall that citizens of the Irish Republic have deliberately forsworn loyalty to the Crown and will make that abundantly clear, and properly so, in the context of their republic.

As we know from the latest regulations, the rules also allow people who fall into neither of those categories but are married to or in a familial relationship with a person who is a citizen of the European economic area to be considered for employment under the Crown. The test of loyalty to the Crown has not the slightest relevance to those people, so the present situation is nonsense. I share the view of the hon. Member for North-East Hertfordshire that the question of loyalty is a question of contract—of the terms of employment of the Crown. That is what ought to matter, plus suitability for the post—the merit of the case.

The hon. Member for Hendon did not make the point, but it is worth making in debate, that the Bill removes none of the conditions or obligations for entry to the country, work permits or leave to remain. All that regulation remains in place, so we are not talking about people emerging out of nowhere to be civil servants in this country. We are talking about people who have a legitimate reason to be here, have legitimised their presence in this country and are available to work in any capacity other than as an employee of the Crown.

The Bill has great merit. I do not know why we have to decide that Mozambique is the exemplar of a Commonwealth country. I suppose that it is because it is the most recent one and because it does not share a history with the United Kingdom, being a former Portuguese possession, but it is a welcome entrant to the Commonwealth nevertheless. But the idea that a Mozambiquan and not a Montanan can be a member of the civil service does not make a great deal of sense to anyone who considers the matter for even 30 seconds.

I hope that the Bill will make progress. If the hon. Member for Hendon can enlighten me on the vexed question that I asked in an intervention on the hon. Member for North-East Hertfordshire as to the employment status and circumstances of a person who had been a Commonwealth citizen but was no longer one because his country was no longer a part of the Commonwealth, I would be interested—

Mr. Heald *rose—*

Mr. Heath: The hon. Gentleman has thought of an answer.

Mr. Heald: No, I have not, but the point may go a little wider than the hon. Gentleman says. If, for example, someone were to lose their status for any other reason, the same issue would arise. For example, what would be the legal implications if someone who had had UK nationality lost it for whatever reason or changed it, having at the time when they took the employment had the correct nationality? The hon. Member for Hendon (Mr. Dismore) may have researched that, but it is an important point.

Mr. Heath: I share the view that it is an important point. There is a distinction between something that is essentially ad hominem—that somebody has chosen to relinquish their previous citizenship or has had it removed for a reason that is specific to that person—and the fact that a person's country has ceased to be a member of the club that we call the Commonwealth, either by virtue of a decision of the rest of the Commonwealth or a decision of the Government of that country. Of course, that has happened—we have had examples of countries either leaving the Commonwealth or having their membership suspended. Therefore, it is not an entirely frivolous example. Whether the right of Commonwealth citizens to vote was suspended when their country was suspended from the Commonwealth was a question that I put in the context of the Electoral Administration Act 2006, but answer came there none from the Department for Constitutional Affairs. We wait to see whether the Minister has a briefing so compendious that it encompasses that point, but given that this is her first day in her new job, I do not expect her necessarily to have the answer in her head.

What I have said is sufficient to show that I support the Bill, and I urge my right hon. and hon. Friends to do the same this morning. I hope that it makes progress so that we can clear up a small but significant anomaly.

10.33 am

The Parliamentary Secretary, Cabinet Office (Gillian Merron): I congratulate my hon. Friend the Member for Hendon (Mr. Dismore) on introducing the Bill. This is his fifth attempt. As hon. Members know, he is something of an expert on private Members' Bills and this Bill is testament to his skill and tenacity.

It is an honour for me to reply to the debate today—my first morning as the new Minister with responsibility for the civil service—and I thank hon. Members for their kind comments of welcome, which are much appreciated. I pay tribute to my predecessor, my hon. Friend the Member for Wolverhampton, South-East (Mr. McFadden), for his excellent work in this regard, which I know was appreciated both inside and outside the House.

In the spirit of unanimity that we have found this morning, I am delighted to confirm that the Government support the Bill. It represents some sensible legislative tidying up to bring civil employment under the Crown, and in particular the civil service, in line with legislation applying to other employers, thereby enabling job opportunities to be offered to all who have the right to live and work in this country.

Mr. Greg Knight: I, too, congratulate the Minister on her new post. I think I can say on behalf of the Opposition that she will be missed in transport debates.

When was there last a prosecution under the present law of someone being so employed who should not have been so employed?

Gillian Merron: I thank the right hon. Gentleman for his characteristically generous and warm comments, and I shall be happy to write to him with an answer on that point.

The rules governing eligibility for employment in the civil service on nationality grounds are complex and time consuming to administer, and as Britain changes as a country they look increasingly out of place. Any country, including our own, will want to put national security at the forefront when considering who is eligible for employment in sensitive posts. But the question before us, and the matter with which the Bill skilfully deals, is whether the rules as they stand on eligibility for employment in the civil service generally give us a system that does this essential task and enables the civil service to draw on the widest possible pool of talent, which I am keen to see.

Businesses in the United Kingdom economy benefit from the energy, creativity and talent of people of many nationalities who contribute enormously to our economic well-being and national prosperity. The Bill's intention is to ensure that our civil service can do the same, while keeping in place essential protection for posts of a sensitive security or diplomatic nature.

About 5 per cent. of civil service posts are reserved for UK nationals only. The remaining 95 per cent. of posts are open not just to UK nationals, but to Commonwealth citizens, and to European economic area, Swiss and Turkish nationals and certain of their family members irrespective of their nationality. Other nationals may exceptionally be employed in the civil service only in the very limited circumstances set out in the Aliens' Employment Act 1955; that is, to certain overseas postings, or if granted an alien's certificate in respect of their employment. During 2006-07, only

[Gillian Merron]

66 aliens' certificates were in force throughout the civil service. Those arrangements are not consistent with our wish to build a civil service that reflects the society it serves and to attract the best of people.

In a nutshell, the Bill would give individuals the opportunity, irrespective of their nationality, to be considered for the vast majority of posts in the civil service, and in other posts of employment under the Crown. Appointment would continue to be subject to the existing rules of selection on merit, and the pre-appointment character and security checks undertaken in respect of all new appointees regardless of nationality would continue to apply.

The House should also be reassured that nothing in this Bill will change the requirements regarding eligibility to work in the United Kingdom generally. Requisite work permits will still have to be in place and there will be no question of individuals bypassing the immigration process.

The Bill will still allow certain posts to be reserved for UK nationals by giving to a Minister of the Crown, or to any person or body to whom that power has been delegated by a Minister of the Crown, the power to make rules imposing nationality requirements in respect of certain posts or categories of posts. It is intended that this power will be used only in respect of posts where considerations such as national security, intelligence, border control or diplomatic representation would apply, thereby requiring the posts to be reserved for UK nationals. This is assessed at no more than 5 per cent. of all posts within the civil service.

As this is a private Member's Bill, section 19 of the Human Rights Act 1998, which requires a statement of compatibility with convention rights where a Minister of the Crown is in charge of a Bill, does not apply. However, as a matter of good practice, it falls to me to express the Government's views on compatibility. The Bill will relax the current restrictions on eligibility for employment on nationality grounds in the civil service and in other posts of employment under the Crown. In doing so, it will not breach the provisions of the Human Rights Act.

Under clause 2, the reservation of certain posts to employees who are UK nationals will be authorised by rules made by a Minister of the Crown or by any person or body to whom that power has been delegated by a Minister of the Crown. The intention is that any such rules will preserve the rights of existing employees, and provision is made for that in clause 2(4). Indeed, any rules would have to comply with the convention under the provisions of the Human Rights Act. On those grounds, the Bill will be compatible with the convention.

On Queen's consent, I also need to signal that the Bill has been subject to consultation with Her Majesty the Queen, as it has two identifiable impacts on the Crown. The first is the more technical of the two, but it will be of particular interest to this House. It is that the Bill will result in the existing royal prerogative in relation to the fixing of nationality rules under Orders in Council being replaced by a power for a Minister of the Crown to make rules and to delegate that power, as appropriate, to any person or body. In that way, the royal prerogative will be replaced by a power conferred by Parliament.

The second impact is that, as the Bill will extend to employment in any civil capacity under the Crown, it will also apply to the royal household. Employment in the royal household would therefore be open to people of all nationalities, unless rules similar to those planned for the civil service were put in place. Under the terms of the Bill, it would be possible for any such rules in respect of the royal household to be made by a person or body acting under a delegation from a Minister of the Crown. Accordingly, I can confirm that I have it in command from Her Majesty the Queen to acquaint the House that Her Majesty, having been informed of the purport of the Crown Employment (Nationality) Bill, has kindly consented to place her prerogative and interests, so far as they are affected by the Bill, at the disposal of Parliament for the purposes of debating the Bill.

I want briefly to refer to some of the points raised by hon. Members in the debate. My hon. Friend the Member for Ellesmere Port and Neston (Andrew Miller)—a very fine constituency represented by a very fine Member of Parliament—raised the issue of the rules to deal with anomalous situations. His contribution was helpful and constructive, and I can tell him that the Bill would remove existing restrictions and anomalies on eligibility for employment in the civil service on nationality grounds. If the Bill is passed, the Government intend any rules made under clause 2 to relate only to the small percentage of posts that will be reserved for UK nationals.

Mr. Heald: I notice that the new Leader of the House is with us. I shadowed her for some time at the Department for Constitutional Affairs, and on behalf of the Opposition may I say that she made a major contribution and that we welcome her to her new responsibilities? I also congratulate her on her victory in the deputy leadership contest for the Labour party—it was a cliffhanger.

Andrew Miller: He is coming over!

Mr. Heald: I am not coming over, but I wanted to make that point.

Gillian Merron: I concur with all the hon. Gentleman's comments. If I may speak on behalf of the Leader of the House, I thank the hon. Gentleman for his generous welcome.

My hon. Friend the Member for Hendon discussed the timetable for Queen's consent. A request was sent to the palace, which allowed ample time for consent to be given. I assure my hon. Friend that the Department kept on top of the matter in order to ensure that we would obtain Queen's consent in time for today, and I am delighted that that has happened.

The hon. Member for North-East Hertfordshire (Mr. Heald) asked about allegiance to the Crown. It is a matter of employment under the Crown that a civil servant owes allegiance to the Crown, whatever their nationality.

The hon. Member for Somerton and Frome (Mr. Heath) asked about the employment status of a

Commonwealth citizen whose country leaves the Commonwealth. I am happy to write to him on that important point.

In conclusion, the changes that the Bill will introduce are deregulatory and will be welcomed by Departments and agencies. The nationality rules, as they affect employment or holding office in a civil capacity under the Crown, have been the subject of critical correspondence from MPs for many years, and I am glad that the Bill will receive cross-party support today and that the Government support it.

10.45 pm

Mr. Dismore: I congratulate my hon. Friend the Minister on her new appointment and, more importantly, on her support for the Bill. I hope that this is the start of an excellent relationship and that we will take the Bill through Committee, should it find the favour of the House. As nobody has opposed it, I hope that it will.

The right hon. Member for East Yorkshire (Mr. Knight) asked when the last prosecution for illegal employment took place. I suspect that there has not been one, because the civil service makes the necessary checks to ensure that it does not employ people illegally. I am sure that a permanent secretary would not like to be in the dock for employing somebody who should not have been so employed. I made that particular point to show how serious the restriction is and what would happen if someone were employed unlawfully.

My hon. Friend the Minister referred to the Bill's compatibility with the Human Rights Act 1998. As Chair of the Joint Committee on Human Rights, I was very pleased to hear her say that. The Committee has not scrutinised the Bill yet, but bearing in mind my views about that Act, I would be surprised if the Committee did not endorse the Bill as a measure that enhances human rights rather than simply being compliant.

I listened to what my hon. Friend had to say about Queen's consent. I know that her Department was hassling the palace, because I was hassling her Department by e-mail and phone. If the difficulties were not in the Department, then presumably they were at the palace.

Mr. Greg Knight: Presumably the Bill cannot apply to three members of the royal household, namely the Treasurer, the Comptroller and Auditor General and the Vice-Chamberlain, who are also Members of this House.

Mr. Dismore: I assume that that must be the case. Those offices under the Crown are probably distinct from employment in the civil service, which the Bill addresses. Those posts could become reserved positions, if they are important to national security. The answer to the right hon. Gentleman is that if those posts are not reserved, they ought to be.

Mr. Heath: If those posts were to fall under the Bill, there would be an employment relationship. That would be a disqualification under the Disqualification Act 1975, and the office holders would therefore cease to be Members of the House.

Mr. Dismore: The hon. Gentleman is right—it is a bit like the Chiltern hundreds. I would hate to see my hon. Friend the pairing Whip disappear because he was employed rather than undertaking an office of profit under the Crown.

Mr. Heald: Does the hon. Gentleman agree that any elected Member of this House would have to comply with the Representation of the People Act, so it would not be open to someone outside the EU or the Commonwealth to come here as a result of the Bill?

Mr. Dismore: We are heading off into the realm of fantasy. If we had to address that situation, I am sure that we could deal with it in regulation. I will not try to work out exactly who is or is not entitled to sit in this House—I am not sure whether Commonwealth citizens are entitled.

The hon. Member for Somerton and Frome (Mr. Heath) asked what would happen if a country were to leave the Commonwealth. I suppose that the same issue would arise if a country were to leave the European Union. In such circumstances, the contract of employment would be void because of its illegality under existing employment law. *[Interruption.]* The hon. Member for Cambridge (David Howarth), who is a professor of law, may correct me if I am wrong—it is a little while since I did my employment law in this respect—but I think that that would probably the be the answer. It would become illegal for them to be employed and the contract would be void with no rights of enforcement for compensation.

Mr. Heald: I recollect that under the Aliens' Employment Act 1955 the Minister for the Civil Service is able to give his consent and so would be able to intervene in an unusual case where there were compassionate circumstances.

Mr. Dismore: The certificate could be granted only in very restricted circumstances—that is, if no UK national was available to fill the post or if it required some very high level of skill. The hon. Gentleman might be right in certain circumstances, but the generality is that the right to a certificate or the power to grant a certificate may not apply.

Mr. Heath: I do not want to prolong this erudite discussion, but the answer may be that the Aliens Restriction (Amendment) Act 1919 provides that no alien shall be appointed to any office. The person would qualify at the point of appointment; it does not say that they should not be employed.

Mr. Dismore: The hon. Gentleman may be right. That issue might be for the House of Lords were it ever to arise. I sincerely hope that it does not, because it would probably bankrupt the civil service unions. Of course, under my Bill it would not arise, as the hon. Gentleman conceded in an intervention on my hon. Friend the Member for Ellesmere Port and Neston (Andrew Miller). The avoidance of such arguments is another good reason why the Bill should proceed.

[Mr. Dismore]

On the question of why there would be the power to make rules under the Bill, the answer lies in my introductory remarks. Because the current law is so complex and has developed over such a long period with so many amendments and amendments to amendments, we have ended up with an enormous, complicated chain. The Bill would provide the flexibility to change things as and when circumstances may change, without having to go through the whole rigmarole of hoop jumping that has got us where we are today.

I am pleased that the hon. Member for North-East Hertfordshire (Mr. Heald) indicated support for the Bill on behalf of the Opposition. I take his point about the Civil Service Bill, but, as I said, the problem with that was that it was a very big Bill that was not really appropriate for private Members' legislation. If there were to be such a Bill, there is a strong argument for saying that the Government should introduce it. I am not surprised that the hon. Gentleman's Bill did not progress because it was not really suitable as a private Member's Bill, as I am sure he would privately concede.

The number of reserved posts has fallen primarily as a consequence of the European Communities (Employment in the Civil Service) Order 2007. If the hon. Member for North-East Hertfordshire wants to look at the detail, articles 2(6), (7), (8) and (9) set out the extent of the restrictions, which are common-sense restrictions that clearly involve some thought as to what is necessary for operational reasons.

The hon. Gentleman referred to the late Eric Forth's point about the question of nationality. The late Mr. Forth and I used to joust across the Floor of the House on most Fridays. We had mutual respect and, I think, a degree of friendship and acknowledgement of each other's skills in trying to frustrate Bills or, in my case, trying to get them through. I do not think that he tried to get his own Bill through, but he certainly used certain techniques to get his hon. Friends' Bills through. He used to come in on a Friday morning to see the lambs to the slaughter. It was a question of who had had the common sense to try to consult a little beforehand about the tactics that should be involved. We used to enjoy those exchanges and compliment each other. I would take it as a compliment if Eric Forth were trying to frustrate my Bill, and I think he would take it as a compliment that I managed to get as far as Report stage two years ago. Let us see how we get on with this particular measure today and in the next few weeks.

The substantive point concerned nationality. Of course, it now takes some time to get UK nationality, and rightly—it is not something that should be handed out with the rations or in a box of cornflakes. It is important to recognise that some people may want to keep their own nationality with the long-term object of returning to the home countries from which they fled as refugees. In those circumstances, it would be good for our country to be able to offer them posts in the civil service and to gain their experience of overseas methods of administration. Equally, it would be good for them, should they be able to return to their own countries—on the restoration of democracy, for example—and become re-engaged in their service, to take with them the experience of the British civil service, which I think is the best in the world, and thereby enhance those countries' administration. Leaving aside refugees, we may want to be able to help countries in other parts of the world through mutual secondments and exchanges whereby people are employed in the respective civil services, again to gain that experience for the purposes of spreading good practice. At present, that would be very difficult.

I think that I have dealt with most of the points raised in the debate. I hope that the Bill will find favour with the House and go into Committee. I commend it to the House.

Question put and agreed to.

Bill accordingly read a Second time.

Historic Counties, Towns and Villages (Traffic Signs and Mapping) Bill

Order for Second Reading read.

10.56 pm

Andrew Rosindell (Romford) (Con): I am delighted to be given a second opportunity to talk about the Bill that I am putting before the House for its Second Reading. It originated as a ten-minute Bill. I am thrilled that it has come up again and delighted to be able to present my argument to the Minister.

Essentially, what needs to happen in our country is the restoration of identities at every level, whether it be a county, a town, a village or even a local community or small hamlet. Everybody is proud of where they come from—I certainly am. As the Minister knows, our new Prime Minister represents the town where he grew up and lived in his younger days, and so do I. It makes a Member of Parliament particularly proud to represent their home town. I hope that the House will understand when I say that Members who represent the local community where they went to school and were brought up understand it more than if they are parachuted into a constituency with which they have few links.

I have deep-rooted links to my constituency and to my county of Essex. I am proud to come from Essex, but Essex is a particularly obvious example of how local government administrative changes over the years have ripped counties apart and put pieces of them into other areas—in my case, into Greater London. My part of the country is not the only place so affected: there are many examples of the red pen of the bureaucrat in Whitehall decimating local identities and taking away real meaning from towns, villages, communities and, indeed, counties. If we fail to understand and acknowledge the history of this country, the traditions, the roots and everything that was founded so many centuries ago, and if we allow short-term ideas to get in the way of upholding those traditions, the country will be the poorer as a result. The main purpose of my Bill is to restore identity.

When I travel, as I do all the time, from Westminster to my home town of Romford, it never ceases to anger me that there is no sign to say that I am crossing the historic county boundary of Essex. The Minister may know that the boundary is the River Lee, which was the historic boundary of Essex for many centuries before the local government changes of the 1960s and 1970s, yet there is no indication of that.

I know from speaking to many people in my part of the country that they are proud of their local identity and angry about being branded part of "Greater London". They understand that, for administrative purposes, there are occasionally reasons to create a regional administrative authority; there is also a purpose in creating an electoral boundary. However, those boundaries are only for administrative and electoral purposes and should never be allowed to take away the true identities of counties, towns, villages and communities the length and breadth of this country. That is exactly what has been happening since the changes were made.

Andrew Miller (Ellesmere Port and Neston) (Lab): I can disagree with hardly a word that the hon. Gentleman has said. I know his area quite well because I have relatives who live just outside his constituency. However, will he make clear what boundaries he proposes to use? If we went back to the 1974 boundaries and included the Wirral and Stockport in Cheshire, I would describe that as an historic boundary. However, that has the potential to create some confusion now that Greater Manchester is such a well established concept. According to which years is he setting his boundaries?

Andrew Rosindell: The hon. Gentleman makes a valid point. I am not going to go through the history and origins of every county and how they should be recreated according to historic boundaries—I probably could do that but it would take too long. The Association of British Counties lists the historic boundaries. For the hon. Gentleman's benefit, let me say that, according to that organisation, the historic boundaries of Cheshire would include Chester, Stockport, Birkenhead, Wallasey, Runcorn, Macclesfield and Crewe.

Parts of the country have changed radically over the years and have a city identity. For example, it is hard to say to people in some parts of central London that they are in Middlesex, although the traditional boundaries of Middlesex include central London. I am delighted that my hon. Friend the Member for Uxbridge (Mr. Randall) is present because he has campaigned tirelessly to ensure that the historic boundary of the county of Middlesex is properly recognised. Indeed, the inspiration for my measure is the ten-minute Bill that he presented in 2002. Many hon. Members feel strongly about the matter.

The boundaries that we should recognise will always be open to debate, but we should be able to examine each one carefully and base the decision on geography, history, tradition and local feeling. We know what our constituents feel in their hearts about their area. Everybody in Romford says that they are from Essex. They understand that, for administrative purposes, we are part of the London borough of Havering, which is part of Greater London, but that does not replace our traditional, county identities, which I am promoting today.

Mr. Oliver Heald (North-East Hertfordshire) (Con): My hon. Friend mentioned "hearts" and I therefore thought of Hertfordshire. When one enters Hertfordshire or Bedfordshire, a sign indicates that and the names of the towns are mentioned as one travels in and out of them. Is the problem that he identifies specifically a London problem? If not, what are the main problem areas?

Andrew Rosindell: The whole country is affected in different ways. Before the 1960s and 1970s, especially 1974, the historic county boundaries remained almost unaltered for nearly 1,000 years. They have been discarded only in the modern era. Those who know far better than us and our constituents—those who sit in Whitehall Departments—suddenly decided to rename things.

Mr. David Heath (Somerton and Frome) (LD): Michael Heseltine.

Andrew Rosindell: Perhaps the hon. Gentleman makes a valid point. However, we can resolve the matter simply. Existing local authorities, county councils or local government do not need to be changed as a result of the Bill. The measure is about marking on the map and through traffic signs traditional identities so that, as one enters a county, town or village, one knows exactly where one is, divorced from the administrative name of the borough or county council.

Mr. Greg Knight (East Yorkshire) (Con): Given that I represent the beautiful East Riding of Yorkshire, I support everything that my hon. Friend says. For a time, that area was told, against its will, that it was no longer the East Riding but part of Humberside—a name that no one in the East Riding accepted or wanted.

Will the Bill enable signs to include an emblem, motif or coat of arms? Many people would like their local emblem—whether a white rose or a coat of arms that relates to an area—to be displayed on the sign.

Andrew Rosindell: I sincerely thank my right hon. Friend for making that point, which I intended to mention later.

Mr. Heald: Hertfordshire traditionally included places such as Barnet and Enfield Chase, which are on the other side of the M25. Does my hon. Friend suggest that those areas, which are now in London boroughs, should display signs that state, "Welcome to historic Hertfordshire"?

Andrew Rosindell: Let me first deal with the point that my right hon. Friend the Member for East Yorkshire (Mr. Knight) made. Part of the reason for the Bill is to restore historic identities, and a town or a county crest is essential to that. I find it annoying when I travel around London and see London borough logos. My town of Romford has a wonderful historic town crest, which includes the River Rom, a Roman eagle—Romford was originally a Roman town on the way to Colchester—and the crown of St. Edward. Those are historic Romford symbols, which date back centuries. Yet what happened? When the London borough of Havering was created, the traditional town crest was ditched and a big "H" for Havering was introduced. That lasted for many years, but I am pleased to say that attempts have been made to restore a more traditional image as part of the borough logo.

Two or three years ago, I decided that I would restore my local town crest. When I first became a Member of Parliament, I found the county books in the bookcases near the Terrace. I asked to borrow the one about Essex and found the old town crest of Romford. I took it to a company that produces badges and managed to get a local business to sponsor the production of the Romford badges. I had 20,000 produced and gave them to every school and local organisation, and every local resident who wanted one. Every single one has now been taken. People wear them—they are proud of being from Romford and of their traditional town crest. I must now have more produced. Nobody wears a London borough of Havering logo—that has no link to people's emotions or sense of pride. They are proud of their town and their county identity, and I object to the loss of county identity.

I am sure that the effects have not been so bad in Hertfordshire, but I point out to my hon. Friend the Member for North-East Hertfordshire (Mr. Heald) that I recently visited Enfield, and I must have crossed the old boundary, because I saw a sign, which must have been 30 or 40 years old, saying "Welcome to Middlesex". I know that parts of Barnet, Enfield and other areas of north London would be in Hertfordshire, and I am sure that they would feel a strong sense of identity as well. The provisions in the Bill would not take away the reality of their being part of Greater London. Greater London is an administrative region, not an historic county. It has been established for administrative purposes such as local government and the provision of police, fire and civil defence services. We can divorce all that from historic identities.

England has no Government or Parliament of its own, but it is a country. No one denies that England exists. We have the flag of England, and we see signs as we cross the boundary from Scotland to England that say "Welcome to England", and quite rightly so. Identity exists at every level: country, county, town, village, hamlet and community. All those levels of identity exist, so why should not we allow local people to have that identity and to be proud of it?

Mr. Heald: I am somewhat surprised to hear my hon. Friend talk about England in those terms. I do not think that I have ever heard a Minister talk about England. They talk about Wales, Scotland, Northern Ireland and the regions. Perhaps there should be a sign at Dover that says "Welcome to the regions".

Andrew Rosindell: My hon. Friend makes an interesting and valid point, although I suspect that it was slightly tongue in cheek. I do not believe that we should have a sign saying "Welcome to the regions". I have said, and I shall keep saying, that a region exists purely for administrative purposes, whether to do with the Government, the European Union or whatever. No one has loyalty to a region or, these days, to a London borough. People have loyalty to their town or their county—the true place from which they originate.

Dr. John Pugh (Southport) (LD): Would it not add enormously to the hon. Gentleman's argument if, in seeking to define these strange boroughs of Havering, Tameside or Kirklees, or my own borough of Sefton, it were done in terms of the historic counties, because they are the only names and locales that people can understand and identify from afar?

Andrew Rosindell: I am not sure of the point that the hon. Gentleman is making, to be honest. Would he like to clarify it?

Dr. Pugh: Part of the hon. Gentleman's argument is that the names that he wishes to popularise and to make more widespread use of are the names that are traditionally known and identified, and the names that people commonly understand. If I am asked to identify where Havering is, I have to be told that it is in Essex, and I have to know where Essex is first.

Andrew Rosindell: I think I understand what the hon. Gentleman is saying. He gives the example of Havering. Other examples include the neighbouring borough of Redbridge, or Waltham Forest—a made-up name for an area comprising a bit of Walthamstow and a bit of Epping forest. Instead of giving it a proper name, people have created what I consider to be an artificial identity. That can cause enormous confusion and the areas suffer as a result.

If we capitalise on a town or county's identity for tourism, business or other reasons for promoting the area, people will understand what we are talking about. If, however, we have to explain that part of an historic country is not part of the administrative county, we create a muddle and a mess and a lot of confusion. Why should we allow this state of affairs to carry on? Why cannot we just acknowledge the importance of divorcing the administrative purpose of a county, town or borough from its historic identity, and ensure that the signage reflects that?

The signage in Romford, for example, should say "Welcome to Romford", not "Welcome to Havering". When people go to Romford market, they do not look for Havering, they look for Romford market. People travel to shop at Romford market all year round. It is an incredible place. It is very hard to campaign there, because I meet people from a huge area of London, Essex, Hertfordshire and Kent. They come to Romford market, but when they enter Romford, the sign says "Welcome to Havering". My proposal is simply common sense, but for many years the idea has been completely ignored.

Mr. Mark Lancaster (North-East Milton Keynes) (Con): My hon. Friend is right to say that people are confused. My constituency, for example, is partly urban, centring on Milton Keynes, and partly rural, centring on the old part of Buckinghamshire to the north. The whole constituency is now part of the unitary authority of Milton Keynes, but those who live in the north still consider themselves to be part of Buckinghamshire. They still come under the lord lieutenant of Buckinghamshire, and they still have the Buckinghamshire fire authority, yet, technically, they are no longer part of Buckinghamshire. The situation is confused even further by the Royal Mail, which insists on putting "Bucks" on all the postal addresses. It is confusing for many people.

Andrew Rosindell: It is confusing. My hon. Friend is completely correct. It does not need to be confusing, however. There would probably not even be any cost involved, because we could gradually replace the signs as they needed to be replaced, and thereby restore the identity of local people.

The historic counties were never abolished; they are still in place. No measure has ever been passed in this House to abolish 1,000-year-old counties; they still exist. I am arguing that we should recognise those historic boundaries, clear up the confusion and reverse the loss of identity. This is a popular idea across the country. Anyone who understands what we are talking about realises the importance of the proposal. People rarely object to it. I honestly hope that the Government will take on board what I believe is a sensible proposal to ensure that we restore local identity and get rid of the confusion that has existed since the 1960s.

Mr. Andrew Dismore (Hendon) (Lab): The hon. Gentleman referred to parts of Enfield and Barnet being in Hertfordshire, but I will argue later that they are in Middlesex.

Andrew Rosindell: The hon. Gentleman knows Barnet far better than I do, and I will not presume to dictate identities to other hon. Members who are proud of their counties and towns. I am an expert on my part of the world; I know exactly which river, which street and which area fits into which county or town. I know my area and the hon. Gentleman knows his. We can all work together to ensure that when the provisions of the Bill are implemented, as I hope they will be, the identities are correct. Over many years, people have taken a lazy approach to creating administrative areas. They have not taken local identities into account, but simply pushed areas together without any consideration for what local people feel or for what history shows them. That is what we now need to put right.

I have talked a lot about counties, and I could say a lot more, but our time is limited today. Looking around the Chamber today, I see many hon. Friends from Hertfordshire, Middlesex, Somerset and Buckinghamshire, and I see you, Madam Deputy Speaker. According to the Association of British Counties, Halesowen is part of the historic county of Worcestershire. I am sure that many people in our constituencies would celebrate the day on which their local county identity was restored. The counties would remain under the existing local government administration while being able to celebrate their historic identity.

That point also extends to towns—I have referred to Romford many times, and I shall not do so continually, but I happen to understand the nature of my town. It is also important that the communities and villages in each of our constituencies are given recognition. Ward and electoral boundaries sometimes remove identities. There are many examples of that, but I shall give the example of the ward in which I live: Pettits, which was created a few years ago in the London borough of Havering. The ward was given its name because a road called Pettits lane runs through it—I happen to live off Pettits lane. Pettits ward, however, is not a community; it has no identity. It has a chunk of Collier Row, which is in the north of my constituency, two thirds of an area called Marshalls Park, which is where I live and went to school, one little chunk of a large area called Gidea Park, and the whole of a community called Rise Park. It is a hotch-potch. Locally, everything is being referred to as belonging to Pettits ward: the neighbourhood police team is referred to as Pettits ward neighbourhood—neighbourhood!—police team, but nobody understands what that is about. People refer only to their local communities—if they live in Rise Park, they say that they live in Rise Park; and if they live in Collier Row, they say that they live in Collier Row.

Boundaries, whether local government boundaries set for administrative purposes or ward boundaries set for electoral purposes, are then used by other authorities, such as the police, to impose that identity at another level. In the neighbouring borough of Barking and Dagenham, there is a sign saying, "Welcome to the Whalebone ward". There is no such

[Andrew Rosindell]

place as Whalebone ward in Barking and Dagenham; it is just a road. There is Chadwell Heath and Marks Gate.

I am sorry to talk about such local areas, but it is obvious that all that is going wrong. The Government need to return to common sense and an even keel. Local identities, town identities and county identities should be properly recognised. We can then all celebrate those identities. I know that that will be popular with the people whom we represent. The solution is to divorce historic identities from those that are created purely for administrative and electoral purposes.

Mr. Heath: As a native of a severed county who would very much like its northern part to be brought back into a clear Somerset identity, I strongly agree with the thrust of the hon. Gentleman's comments. Does he agree, however, that his Bill does not require the Post Office to recognise the historic identities? In terms of the acceptance of new local boundaries, the greatest mistake of the Heseltine reforms was that people were told that they did not live where they always knew that they lived, and had lived all their lives.

Andrew Rosindell: It is vital to make that clear. My Bill does not contain such a requirement, but I would certainly support that. Fortunately, in my area the identity of Romford, Essex, is still reflected in the postal address. Other parts of Essex, however, have lost that identity and have London postal districts. The muddle and confusion need to be dealt with.

This is not a difficult matter to resolve, but to put it right requires will on the part of the Government, and a little time to reconsider the proposals, which I support, from the Association of British Counties and to work with local councillors, Members of Parliament and local groups who understand the subject. The process has gone on for several decades. For a thousand years before that, there was no problem. I propose that we address the matter as soon as we can, so that future generations do not lose their identity. We can resolve the problems, because the development is relatively new. In 10, 20 or 30 years' time, however, it may be too late, because the knowledge will have gone. Now is the time to restore the identities of which we and our constituents are proud.

My Bill has the support of Members on both sides of the Chamber. It is on an issue that should unite us all. It will strengthen the heritage and culture of the country, restore our history and give identity back to communities, villages, towns and counties. It will not affect local government, but it will ensure that the history of the country is not forgotten or left behind, and that once again we can be proud of our identity. To my mind, that is something worth supporting. I commend the Bill to the House.

11.26 am

Andrew Miller (Ellesmere Port and Neston) (Lab): I rarely agree with the hon. Gentleman, but on this occasion he is making a valid point. This matter has been raised a great deal in my constituency, as I shall describe to the House. I struggle with his notion, however, that what he is trying to do is simple. It is not. It is a complicated matter. It is a worthy cause, but I advise caution about arguing that it is simple. The Bill would have regulatory impacts, which would impose burdens. Given that Members on both sides of the House are signed up to the agenda to try to remove burdens on both public and private sector providers, we need to think carefully about that. I say that not to try to kill off his Bill, but merely to flag up an observation.

The hon. Gentleman's description of how well his exercise to promote the crest of Romford was received was intriguing. I must go and look at that book, because the coats of arms of communities have an interesting history. The main town of Ellesmere Port in my constituency is a much newer town than the other half, Neston, which has a heritage going back hundreds of years. Ellesmere Port was the port of Ellesmere in Shropshire, and is a relatively recent title—it has only a 200-year history. If it had kept its original name, it would have confused the postman even more, as it would have been called Whitby—currently a ward in my constituency and the address of my constituency office. In some cases, as in the hon. Gentleman's constituency, history can go back hundreds of years, whereas in others, post-industrial revolution history has created an identity.

My own little campaign to persuade the Post Office not to provide all my constituents with a Merseyside postcode—the hon. Member for Somerton and Frome (Mr. Heath) also referred to this issue—but to revert to a Cheshire postcode, was extraordinarily popular. A very good friend of mine, now Alderman Stewart Hayward, led that charge. We eventually persuaded the Post Office that we were in Cheshire, not Merseyside. Even on today's boundaries, that is a matter of fact, and it was supported by a huge number of people. In discussions with the Post Office, we ensured that the change happened in a way that did not impose cost burdens on businesses—for example, M64 became CH64. We made the change neatly, and there was a transitional period, which the Post Office carried on for a considerable time, when we used up headed notepaper and so on. No one had to go off and spend heaps of money. Such things can be done practically, example by example. In a global sense, however, it might be a tad more complicated than the hon. Member for Romford (Andrew Rosindell) suggests.

Dr. Pugh: The hon. Gentleman may be aware that my constituency, which is also technically in Merseyside, has a Preston post code. That arrangement has been made on more than one occasion.

Andrew Miller: The hon. Gentleman should fight for a Southport post code. I am sure that there could be such a thing if the Post Office set its mind to it. He is right, however.

The biggest argument in favour of the Bill relates to tourism. The county of Cheshire is an enormously popular tourist destination for all sorts of good reasons ranging from the Jodrell Bank telescope to the National Waterways museum in Ellesmere Port and the historic town of Chester and its zoo. Amazingly, my constituency attracts 7 million people a year just for shopping purposes. They come to one shopping

location. My hon. Friend the Minister will no doubt like to know that a large number of our parliamentary colleagues shop there. When she visits, I shall show her.

Jonathan Shaw (Chatham and Aylesford) (Lab): There's an offer.

Andrew Miller: One she cannot refuse. To go back to the subject of the previous Bill, I also want to show the Minister the destinations where I want civil servants to be relocated.

Tourism is hugely important. I am in discussions at the moment in which I find myself in relatively close harmony with my good friend the hon. Member for Macclesfield (Sir Nicholas Winterton). We are arguing roughly the same thing, which is that the county council's proposals in response to the debate on local government reviews are wrong. I am in favour of splitting the current county council, for administrative purposes, into two unitary authorities. In reading out the list of historic towns that comprise old Cheshire as it was prior to 1974, the hon. Member for Romford rightly referred to Birkenhead, which is in Merseyside, and Stockport, with is in Greater Manchester. A more recent example is Halton, which historically is half in Lancashire and half in Cheshire. It spans the river and is an unusual unitary authority, connected by the Runcorn bridge and, thanks to the Government, soon to be connected by a second major crossing. Warrington spans the river further upstream.

Nevertheless, in what is perceived by people as being the county of Cheshire, we have a common fire authority and police authority that cover the current county council of Cheshire, Warrington and Halton. The two big authorities operating on a pan-authority basis works pretty well. However, when we have discussed with the business community the merits of splitting Cheshire down the middle—a case that I hope the Government have listened to carefully—we have come to a conclusion based on the economic situation. Part of the population faces eastwards towards Manchester and slightly south-eastwards towards Stoke. The rest of the population—my constituency, the city of Chester and Vale Royal—faces westwards towards the Welsh boundary and northwards towards the Merseyside boundary. That is why in the east of the county, AstraZeneca, and in the west of the county, Shell, have supported the notion of splitting.

We have discussed that idea with the business community. I was recently privileged to sit in a meeting of the business ambassadors in Cheshire. The representative of the tourism industry, which is significant in the county, said, "Yes, but"—and the but is exemplified by the Bill. We need to find a way to identify the historic unit that we describe as Cheshire, plus or minus Birkenhead and Stockport—that is the debating point—and to protect that identity for purposes such as tourism. That is a feasible proposition, but we need to be flexible and not impose a single set of rules, because we would come up with illogical outcomes.

Madam Deputy Speaker, your recall of the Welsh changes might be better than mine, but I seem to remember that back in the days when I was in school, which was a very long time ago, my old atlas had a county called Flint Removed. *[Interruption.]* I am certain that I have the name right, but I am looking around for someone who is more knowledgeable. There were some strange geographical constructs that were quirks of history. Some boundaries have changed a considerable number of times, as has the one between north Wales and England. If we said that we should go back to the original boundary and push it back to Offa's dyke, I suspect that our friends in the Welsh Assembly would think that that was not a terribly good idea. If we took the hon. Gentleman's speech literally, that would be the consequence.

However, the hon. Gentleman is making a serious proposition. It needs to be thought through in more detail, identifying some of the areas where we know he does not mean to tread, but his point is worthy of more detailed examination.

Dr. Pugh: The corollary of the argument is that because Liverpool was once in the historic county of Lancashire, it would not therefore be in Merseyside, because there was no historic county of Merseyside. A major review would be required.

Andrew Miller: A major discussion is going on about the concepts of city regions and so on. In terms of improving the economic competitiveness of the great towns and cities in the north-west of England, the debate about administration is important. It does not detract, however, from the observations about my county. I cannot, however, claim to match the hon. Member for Romford or the Prime Minister in terms of historic attachments to my county. I guess that I was covered by the previous Bill when I moved to Kettering in 1977, as an incomer. Cheshire is a county with a tremendous history and it has an identity, but there are some quirks in it, such as the artificial boundary—immediately to the north of my constituency—that denotes the metropolitan county of Merseyside. Wirral is a unitary authority on its own, but I guess that under this well-meaning Bill it could easily be redesignated as part of Cheshire, where, in historic terms, it belonged.

It would be much more difficult to change the boundaries with Greater Manchester to the east, and that is why I urge the hon. Gentleman, if the Bill reaches Committee, to take a flexible approach to the practicalities of finding solutions. Not all the history of the area starts in Roman times; in one or two places it starts before, but many of the boundaries reflect post-industrial revolution history. For that reason, a one-size-fits-all solution is not desirable, because it might lead to some quirky results.

As a statement of principle, the Bill makes eminent sense, but it should be amended to take into account those practical realities. The proposals in the Bill would certainly help the tourist industry. I wish the hon. Gentleman well in his attempts to make progress, and I agree that some of the signage that we see can be a little odd. In my county, we are used to seeing bilingual road signs as we approach Wales. I was slightly confused recently when I saw some road signs that I thought were in Welsh, but they were a bit too far east to justify being bilingual. Then I discovered that they were in Polish—*[Interruption.]* Well, when I drive down a lane at 40 mph I am focusing on the road, and it requires greater linguistic skills than I have to distinguish between Polish and Welsh. Signage is confusing and

[Andrew Miller]

should be simplified. We need to consider the overuse of signage in some communities, although that is not the subject of this Bill.

The Bill would be helpful in the context of trying to define sensible historic identities and boundaries that the people in the communities recognise as appropriate. I wish the hon. Gentleman well with it, but I am concerned about the regulatory impact, although there may be a solution to that. If he is prepared to add some flexibility in Committee, to ensure that the Bill addresses the practicalities that arise from the historic changes that are not included, I wish it well.

11.45 am

Mr. David Heath (Somerton and Frome) (LD): I, too, congratulate the hon. Member for Romford (Andrew Rosindell) on introducing the Bill. It is perhaps a self-evident point, but the Bill is not about local government re-organisation. Indeed, it is the reverse, because it is about recognising the historic geographical and cultural entities that underpin this country and inform the identities of the people who live here; successive waves of those who have sought to reorganise local government boundaries have ignored that. They have not understood the relevance of identification with a place and community. It does not matter who empties the dustbins, because that is a matter of the efficiency and effectiveness of local government. People are not defined by the authority that collects their rubbish, but by the place in which they grew up and live, which may be where their ancestors lived—although that is not necessarily the case.

I feel strongly about this issue because I am a man of Somerset. I grew up in Somerset and generations of my family have lived in Somerset. There is a strong possibility that we came a cropper in 1685 because we fought for Somerset against England in the Monmouth rebellion and lost—because the English cheated. There is a huge sense of identity in the county, which was seriously undermined in the early 1970s by the Heseltine reforms of local government. Suddenly, the northern part of an entity that had existed since Saxon times was lopped off and called after the river that runs through Bristol. The new region of Avon never caught the imagination of the people who lived there. As far as they were concerned, they still lived either in north Somerset, south Gloucestershire or the city and county of Bristol.

Avon was an artificial construct, but the signs went up. We would drive from Bristol to Bath and see a sign saying "Welcome to Somerset" although we had been driving through Somerset for the previous 20 miles. Going the other way, we would see signs saying "Welcome to Avon", although such signs were regularly whitewashed over, because people felt so strongly that they did not live in an area named after a river. People did not use the term "Avon" as their postal address. They were enjoined to do so and told that their address was "Bath, Avon", not "Bath, Somerset". People did not use that address; they carried on using Somerset, because they understood the identity they had grown up with—the county cricket team still played at the recreation ground in Bath, and at Clarence gardens in Weston-super-Mare. They knew perfectly well that they were still Somerset people.

There was general rejoicing when Avon finally met its end. The one good thing to come out of the Banham review was the abolition of those completely unwanted new council areas. They were replaced by unitaries, not, in our case, by reabsorption into the administrative county of Somerset, but by Bath and North East Somerset council on one side and North Somerset council on the other. At least people had regained some of the identity they shared with the rest of the county.

Identity matters to people, and when we lose it, we lose something important. In Education and Skills questions yesterday, the hon. Member for Romford asked a question about history, which I followed up with a question about local history. One of the things I notice is that our sense of shared history in a locality is being gradually lost, partly by the exigencies of the national curriculum and partly by the tendency to sweep away previously understood identities. When I take groups of children from Somerset schools around the Palace of Westminster I like to show them things that relate to our history. I show them King Arthur in the Robing Room, King Alfred the great and the scenes from Monmouth's rebellion on the murals in the Corridor between the two Houses; but a little while ago a teacher took me aside and said, "You know, David, all that is very interesting, but they don't know what you're talking about, because they're not taught it." Children are taught about the Romans and the Egyptians.

Mr. Heald: And the Tudors.

Mr. Heath: And then the second world war—and the second world war again and again, because it comes up about five times in the history that is taught at present, but children are never taught about the history of their own area. They are never taught about what made us, rightly or wrongly, what we are. Most countries understand that. Scotland understands it. Scotland teaches Scottish history, which is a quite different history from the history of England. In England, however, we have lost that capacity to understand. That is a shame. We are the less for it.

We talk about diversity in this country and we rightly recognise and celebrate it, but we should also celebrate the diversity within the English. We are an extraordinarily diverse nation in ourselves. I have a very small ethnic minority population in my area; historically it is less than 1 per cent., and by far the greatest majority of that minority is Romany. We are mono-ethnic, or perhaps bi-ethnic, because we are Celts and Saxons, too, which still shows through, or it did until relatively recently. Now we have much more immigration, which is a good thing and I do not argue against it. I am simply saying that having some understanding of the roots of our populations is a good thing, as is recognising the strength of the contributions made in an area.

The Bill goes a little way towards that. I do not think that the hon. Member for Romford would suggest for a moment that it is the answer to everything, but it recognises the fact that sticking up a sign because a cloth-eared bureaucrat thinks it a sensible idea to tell

people that they are driving into a particular district council area, so it is important for them to know who collects the rubbish, disguises far more important things, such as where people are in the country. To be perfectly honest with the hon. Gentleman, I worry about some of the practicalities of the Bill; no one wants to see a proliferation of confusing signs. I shall get into terrible trouble with my colleagues on district councils for saying this, but I would be happy if every district council boundary sign was taken away; they do no good to anybody. Nobody actually wants to know about those various entities—district councils that are almost all modern constructs, usually named after a geographical feature that they do not actually represent, such as Mendip, which contains only part of the Mendips, and Sedgemoor, which comprises part of Sedgemoor but not all of it. There are many similar areas. Their names are meaningless both to the people who live in the area and to the people who visit it; they give no meaningful information.

Mr. Heald: Has the hon. Gentleman seen some of the signage in France, which actually tells people about the places they are passing? There may be information about the main industry or about a particularly beautiful cathedral. That relates to the approach he is outlining, so does he think that my hon. Friend the Member for Romford (Andrew Rosindell) should consider it, too?

Mr. Heath: The French are better at that. They have a strong sense of local identity and are good at recognising the history of their towns. People are invited to visit a town "with its church from the 14th century and its famous murals". In America, a much newer country, most towns turn out to be the world capital of something or other. There is no town in America so small that it does not turn out to be the world capital of peaches, furniture, false teeth or something else that people identify with as their significant product, and which they believe makes them world-famous.

Mr. Robert Goodwill (Scarborough and Whitby) (Con): On the subject of the plethora of signs in our towns and cities, is the hon. Gentleman aware that my hon. Friend the Member for Rutland and Melton (Alan Duncan) has a private Member's Bill aimed at reducing the number of signs? Given what the hon. Gentleman has said, perhaps he would care to support that Bill.

Mr. Heath: I did not know about that Bill, and I am not sure where it comes in the order of Bills that are being considered today—if it is being considered today. If it competes with my Bill I shall, in preference, support my Bill, but it certainly sounds like a good idea to get rid of some of the clutter.

When people come down to the west country, they are interested in the fact that they are entering Somerset, Devon or Cornwall. They recognise those places as historic entities. The same is true of other parts of the country. However, people are not interested in a lot of the information that they are currently given. The Bill is a small step.

The issue about postal addresses is also important. Understandably, people get upset about postal addresses. Part of my constituency is in Dorset for postal purposes. Incomers to Milborne Port think that they live in Dorset. They do not know that they live in Somerset, because the postal address is "Sherborne, Dorset." To them, it is a mystery where they actually live. That is an extraordinary thing. So, that would also be a useful issue to take up.

In some areas, the historic entities are being recognised. Sport has always been reluctant to move away from the historic counties, and rightly so. The lords lieutenant often represent historic counties, rather than more recent entities. Some of them cover not only administrative counties, but unitaries that are within the same historic county. There are signs that some people, at least, understand the situation. The issue is about trying to keep local identity out of the hands of the bureaucrats and the homogenisers who simply do not understand diversity in this country.

Dr. Brian Iddon (Bolton, South-East) (Lab): Will the hon. Gentleman join me in congratulating Friends of Real Lancashire, of which I am a patron, and of which my hon. Friend the Member for Rossendale and Darwen (Janet Anderson) is the president? That group protects the old county boundaries, which include Liverpool and Warrington, which is now considered to be part of Cheshire, and a considerable part of the Lake District, including the town of Barrow-in-Furness.

Mr. Heath: Of course I congratulate that organisation, and I congratulate the hon. Gentleman on his membership of it. Lancashire is a proud county and a proud part of our history. I have a wholly biased view that categorises counties as either first-class counties or minor counties in cricket, and I always find it hard to get to grips with minor counties such as Hertfordshire. Lancashire is a proper county, like Somerset. *[Interruption.]* No, I take that back. It has been pointed out that it is not going to help Liberal Democrat votes in Hertfordshire one bit if I maintain that view, so I rescind it entirely.

Whether the Bill gets through or not, I hope that people understand what makes this country tick and what is important to many people. The more uncertainty we have in this world, the better it is that we are rooted in a sense of common identity, principle and history. The historic counties of this country form part of that mosaic and are worth remembering.

12 noon

Mr. Andrew Dismore (Hendon) (Lab): I congratulate the hon. Member for Romford (Andrew Rosindell) on his Bill. While there are practical problems with it, to which I shall refer later, he raises an interesting issue in the House. We live in an era of geographical confusion, yet people still get a strong sense of identity from their original cultural entities: the old counties. Many sporting, social and cultural activities are based on those counties. They are widely used as a popular geographical framework, despite bureaucrats' attempts to use the more modern local government areas.

The ages and origins of the counties of Britain vary, but most of them, in England at least, predate the

[Mr. Andrew Dismore]

Norman conquest and have become the bedrock of Britain's history, culture and geography. They provide an instant means of reference to different parts of the country; sets of cities, towns and villages; distinctive scenery; architecture; wildlife; industries; pastimes; accents and dialects; tourist attractions; and even the weather. Indeed, while each county might have been originally set up for some public purpose long before the beginning of the 19th century, the counties' geographic identity was paramount. The counties were considered to be territorial divisions of the country with names and areas that had been fixed for many centuries and were universally known and accepted. At the time of the Napoleonic wars, the counties were the bedrock of the militia. The lords lieutenant were allocated to the counties, including three to the ridings of Yorkshire, my home county.

The era of modern government began with the Local Government Act 1888, which defined a new set of administrative areas in statute, although I do not know how many reviews and changes have taken place since then. While no subsequent Act of Parliament has altered or abolished the historic counties, they are no longer used as a basis for any major public administration. While administrative geography is important in many contexts, such administrative areas can never form a proper geographical framework because their names and areas are subject to such frequent change.

I am sorry that the right hon. Member for East Yorkshire (Mr. Knight) is no longer in the Chamber because he represents my home area. I am proud to represent a London constituency—indeed, I have lived in London for more than 30 years, which is most of my life—but as the old saying goes, "You can take the man out of Yorkshire, but you can't take Yorkshire out of the man." I am proud of both my east Yorkshire origin and roots and my present identity as a Londoner. While I think that my Yorkshire accent has diminished a little, that is for others to judge. When I go back to Yorkshire, people think that I talk southern. However, the accent seems to come back after I have been visiting my mother for a few days.

My home town was first mentioned in the Domesday Book of 1086 as Bretlinton. The hon. Member for Romford has not said whether the boundaries under his Bill would go back as far as the Domesday Book. My home town of Bridlington was first formally recognised in 1895 when it became an urban district council. In 1906, London's lord mayor was invited to open new terraces by the seaside. I am not quite sure why the lord major of London was invited—I have never been invited back to open anything.

The borough of Bridlington tootled along pretty well. My grandfather was mayor-elect in the early 1960s, although he unfortunately died before he could take office. My father was the deputy mayor, although I regret to say that he had a fatal accident while on council business. My mother was all set to be mayor of Bridlington in the 1970s, but then it suddenly changed to the borough of North Wolds, contrary to the desire of every single inhabitant of the town. That was certainly against the wishes of my mother, who became the first mayor of North Wolds. She was one of the very few such mayors because the borough was abolished by popular demand in 1981 and the authority became East Yorkshire. Even worse, it later became Humberside. We Yorkshiremen certainly did not identify with being part of Humberside. There were big arguments about whether we could still qualify to play for the Yorkshire county cricket club—not that I was ever good enough to do so. It was the dream of every small boy in my home town that one day they would put on the white rose county's colours, along with Geoffrey Boycott, Freddy Trueman, Brian Close and all the rest of my childhood heroes, and play cricket for Yorkshire. That was in the days when a person had to be born in Yorkshire to play cricket for their county, and before the days of the foreign player, which have disgraced our county cricket sides.

Mr. Goodwill *rose—*

Madam Deputy Speaker (Sylvia Heal): Order. Perhaps I can prevent the hon. Member for Hendon (Mr. Dismore) from leading the hon. Member for Scarborough and Whitby (Mr. Goodwill) astray. May we get back to the content of the Bill?

Mr. Goodwill: I was going to mention the fact that Middlesbrough was traditionally in the county of Yorkshire. Thank goodness that those born in Middlesbrough were still able to play cricket for the county of Yorkshire, because Chris Old, the amazing fast bowler—

Madam Deputy Speaker: Order. There has been some levity, but I think that the sporting analogies had better cease, and we should get back to the content of the Bill.

Mr. Dismore: I shall take your strictures on county cricket to heart, Madam Deputy Speaker, but there is a relevance to the Bill: will the street signs around the traditional boundaries of Yorkshire identify those boundaries, so that we can get back to the good old days when a person had to be born in the county to play cricket for it, even if we never won anything until all the foreign players came along? I think that my hon. Friend the Member for Bolton, South-East (Dr. Iddon), who is from Lancashire, was about to intervene—

Dr. Iddon *indicated dissent.*

Mr. Dismore: I am glad that my hon. Friend and I did not get into a war of the roses. Anyway, the important point is that Humberside was rejected by everyone who lived in east Yorkshire, and I am pleased to say that it has since been abolished. There was local civil disobedience of the kind that the hon. Member for Somerton and Frome (Mr. Heath) mentioned as having taken place in Avon. I remember a chap in the town, Trevor Pearson—I think that he is now dead—who ran the campaign. Although the Post Office insisted on "Humberside" being included on the postal address, no one took any notice, and everybody wrote "East Yorkshire". I think that the Post Office had a policy of delaying those letters, although the delays might just have been due to its traditional inefficiencies.

The old boundaries were very important. They included places such as Stamford Bridge, which was the boundary between east Yorkshire and the rest of the county, going back, I suppose, to the days of King Harold II and the famous battle of Stamford Bridge. The point is that if there are to be boundary signs, it is important that the deep-rooted local feeling in the counties is recognised. As I have said, I now represent an area of London. It was originally part of Middlesex, which is one of the 39 historic counties of England, and it was the second-smallest county after Rutland, so perhaps the hon. Member for Rutland and Melton (Alan Duncan) should tack an extra clause about Middlesex on to his Streetscape and Highways Design Bill.

When county councils were introduced in England in 1889, part of Middlesex was used to form the county of London, and the remainder formed the administrative county of Middlesex. By 1965, urban London had expanded further, and almost all the original area was incorporated into Greater London, but "Middlesex" is still used informally as an area name, and it is included in some postal addresses; I shall come back to that point later. When talking about historic counties, boundaries, towns and boroughs, the question is how far back we should go. Middlesex was recorded in the Domesday Book. To settle my dispute with the hon. Member for North-East Hertfordshire (Mr. Heald), in the Domesday Book, Middlesex was divided into six hundreds, including the Edmonton hundred, in which Enfield was situated, the Gore hundred, in which Edgware and Hendon were situated, and the Ossulstone hundred, in which Finchley and Friern Barnet were situated. If we go back to 1086, when the Domesday Book was created, we find that I am winning the battle.

Mr. Heald: I have not studied the issue in the detail that the hon. Gentleman has, but certainly it is my understanding that Southgate in Enfield is the south gate of Enfield Chase, which was traditionally in Hertfordshire. Certainly, parts of Barnet were in Hertfordshire; I know that Sydney Chapman, who used to be the Member for Chipping Barnet, was convinced that part of his constituency was in Hertfordshire at one time.

Mr. Dismore: I may give the hon. Gentleman a small crumb of comfort later, when we start to look at subsequent developments. He might be slightly satisfied with one or two things that I say about the fringes of Barnet, but I do not doubt that the vast bulk of Barnet was within the boundaries of Middlesex.

One of the problems with Middlesex was that it did not have an established historic county town. The assizes were at the Old Bailey in the City, and the sessions house was at Clerkenwell green. Although New Brentford was first described as the county town in 1789, which was the first time that knights of the shire were elected to sit in Parliament since 1701, it did not have a town or public hall in which the election could take place, so the position was rather peculiar. Middlesex county council, which took over the quarter sessions in 1889, was based on the other side of Parliament square at the Guildhall, which will become the site of the new supreme court when it is finally constructed.

There were many market towns, including Edgware in my constituency, but as the county councils were established, new suburbs in north-west London started to grow with the arrival of the railways and the underground in the 19th century. Eventually, district councils were formed, including Hendon urban district council. Barnet was a mixed bag: Finchley was an urban district, but Friern Barnet was a rural district. It was confusing, and eventually we ended up with the existing boundaries of the London borough of Barnet, which incorporates three earlier boroughs. We have discussed the arms of various places, and I congratulate the hon. Member for Romford on finding out what the arms of Romford are and putting them on badges for schoolchildren. I have looked up the arms of Middlesex. The blazon of the arms—I shall try to get this right—are

"gules, three seaxes fessewise points the sinister proper, pomels and hilts, and in the centre chief point a Saxon crown or".

It does not say "or what"; I think that "or" means gold in that context. The Middlesex coat of arms appears on the cricket club colours.

When Greater London was created, Middlesex started to vanish. However, the word is still used in the names of many organisations based in the area, including the cricket club, which is a first-class county team—unlike Yorkshire, it is not in the first division, although I was pleased to see Yorkshire beat Surrey in the first division earlier this season—and Middlesex university, which is largely based in my constituency. The university is starting to expand on that site and it, too, uses the traditional coat of arms.

We have already had a little spat between Hertfordshire and Barnet, and the difficulty of working out where boundaries lie is a problem for the Bill introduced by the hon. Member for Romford. Traditionally, rivers were boundaries, but it would be difficult to put a street in the middle of a river. The Thames, the Lea and the Colne were the historic boundaries of Middlesex, and the Middlesex side of the river is still mentioned in commentary on the boat race. We have heard about the postal county. Again, the position is complicated, particularly in Hendon, as part of the constituency has a London postcode and part has an HA postcode, as Harrow was part of the postal county of Middlesex. That creates considerable confusion, as BT, for example, issues phone books for each postcode area. It is difficult for people who want to look up Barnet phone numbers to do so if they live on the Edgware side of my constituency. The council's office numbers do not appear in their phone book, as it lists only Harrow numbers.

The London borough of Barnet was created as a result of local government reorganisation in 1965. Its historic boundaries include the Edgware road and Watling street, which was a Roman route. The main mediaeval route has since become the A1000, further to the east. There are many other boundaries, too, so may I put to the hon. Gentleman the question of where the signs would go? In parenthesis, I should say that we have our own important local traditions. The Cockney rhyming slang for hair is "barnet", which goes back to Barnet fair of mediaeval times. At the battle of Barnet, Warwick the Kingmaker was killed and the Yorkists, I am pleased to say, defeated the Lancastrians. We have a mapmaking history, too, and Hendon school is built on

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the site of the house of John Norden, the 16th-century mapmaker. He would recognise the old boundaries, but not, obviously, the new ones. The hon. Gentleman must answer the question of where the boundary signs would go, bearing in mind those historic distinctions. In London there are distinctive areas such as Hampstead garden suburb, which would see itself as a separate location.

My main concern is not the theory or idea behind the Bill. It is important to remind people of our local history. As the hon. Member for Somerton and Frome (Mr. Heath) said, unfortunately schools these days do not teach local history. In my view, they do not teach enough of our nation's history, either. I hope that sooner or later people will come to recognise the importance of that. It is a unifying factor and part of our identity, locally as well as nationally.

My main concern with the Bill is that it is mandatory. It states:

"A traffic authority must take such steps as they consider reasonable".

There is a strong argument, perhaps less so in rural areas, that that will create more street clutter. We have far too many street signs already in urban areas. Adding more will create confusion and may be a road safety hazard as people try to work out why a sign is there.

One of the Bill's strengths is that is does not try to define what is an historic area, but it leaves that to designation, presumably by a statutory instrument. That would create a huge bureaucracy between local and central Government as people try to decide what is to be designated, for the purposes of the Bill, an historic county town or village boundary. That could entail some cost, and putting up the signs will undoubtedly involve cost. I remember the outcry in my borough at the cost involved when the incoming Conservative administration five years ago decided to change all the street signs to a bluish colour—I wonder why. If signs are put up as a result of the Bill, there may be concerns about the burden on the council tax payer.

The hon. Member for Romford has done the House a service by bringing his Bill before it today. He has raised some important issues about local and national identity, but I hope that when he replies to the debate, he can answer some of the practical difficulties in terms of cost, road safety and clutter, and in particular the mandatory nature of his Bill.

12.17 pm

Mr. Robert Goodwill (Scarborough and Whitby) (Con): It is a great pleasure to follow the hon. Member for Hendon (Mr. Dismore). I commiserate with him on the fact that he had to emigrate from God's own county down to Hendon. He can rest assured that the Opposition will be working very hard to ensure that following the next election, he will have an opportunity to return to those broad acres.

I am pleased that the Bill introduced by my hon. Friend the Member for Romford (Andrew Rosindell) has reached Second Reading. It started life as a ten-minute Bill, and such Bills sometimes sink without trace, but it is probably a measure of the importance of its subject matter around the country that the Bill has got this far.

I make no apologies for coming from Yorkshire. They say one should never ask anyone if they are from Yorkshire, because if they are, they will say so in the first five minutes, and if they are not, why humiliate them unnecessarily? Yorkshire has a proud tradition. We have our own flag, with the white rose, our own pudding, our own newspaper, the *Yorkshire Post*, and now our own regiment, and there are more acres in Yorkshire than there are words in the Bible. Of all the counties in the country, Yorkshire people can be the most proud of their heritage. That is why it is important that there should be signs marking historic county boundaries so that people can be aware of that.

Yorkshire is split into three ridings—the North Riding, the East Riding and the West Riding. Contrary to some popular opinion in the south of England, there is no south riding, except in literature. Within Yorkshire there is tremendous rivalry between the ridings. In my constituency, in Scarborough, people who come on holiday from the West Riding are commonly known as wezzies. They are looked down upon as second class citizens by the people in north Yorkshire. That feeling is reciprocated, but it is a positive and beneficial rivalry from which everybody gains.

It is said that one can always tell a Yorkshireman, but one cannot tell him much. Telling a Yorkshireman that he lived in Cleveland or Humberside did not go down well. The hon. Member for Somerton and Frome (Mr. Heath) said that people in Somerset did not like being told that they lived in Avon. A similar situation occurred in my part of the world, particularly in Humberside, where signs were not just whitewashed over but physically removed by Yorkshiremen who regretted having that name attached to the county that they loved.

When I went up to Cleveland—which as I mentioned was for the purposes of cricket—south of the river, always in Yorkshire, there were big signs declaring Cleveland to be a nuclear-free zone. That always tickled me because not only does Cleveland have a very good radiological unit at its hospital, but in Hartlepool a nuclear power station. Such signs turned people off the new regions. If the Bill is enacted, the traditional county boundaries will be recognised. People like to feel a sense of identity and they do not identify with Humberside or Cleveland, but they do identify with Yorkshire, and that gives them a real sense of belonging.

People in Whitby, recently voted by the readers of *Saga Magazine* as the No. 1 weekend holiday destination, feel a certain resentment because they live in Scarborough borough council, and they make representations to me that they would like to live in Scarborough and—no, correction—they would like to live in Whitby and Scarborough borough council. But one thing that we can all agree on is that we live in Yorkshire.

In many ways we are in danger of losing our history and heritage by these new county names, such as Kirklees and Calderdale. The people who live there know where they live because it appears on their council tax bills, and they are one thing that people in

west Yorkshire do know about. The Bill allows us to claw a little of that history and heritage back.

One of the most tragic cases is in the west of my county where a small number of people find themselves, for administrative purposes, in Lancashire. Can anyone imagine anything worse for a Yorkshireman than being told that he now lives in Lancashire? That is part of the way in which our heritage is being eroded. Restoring the signs would be a good thing.

I am saddened by the loss of many traditional field names. The Bill does not extend to labelling every field, but as farms change hands many of the traditional field names that go back to mediaeval times have been lost. On my farm, where we have been since 1850, we try hard to retain the traditional field names. That is another example of where history can be lost because of changes.

It is a little much to expect new immigrants to this country—people from Pakistan and India, and more recently from Poland—to support the English football team in the World cup or the English cricket team when it is playing Pakistan, or Poland in a World cup match. But it is quite realistic to expect them to identify with the regions in which they live. There is no reason why Polish people who come to the UK—I have many in my constituency—should not feel proud to live in Yorkshire, and signs will tell them exactly where they live. These people have not been taught about English history and this may be an answer to that problem. The Tebbit question was which cricket team do such people support. Many people who have come from India or Pakistan to west Yorkshire will support their own country's cricket team, and I am pleased that they do, but they can also support the Yorkshire cricket team, not least because we have players such as Sachin Tendulkar, who played for Yorkshire with such prowess. So the answer to the Tebbit question may be to have more emphasis and stress on our traditional county boundaries and market towns, so that people can feel a sense of belonging, albeit that they have lived in the country for only a short time.

I represented Yorkshire in the European Parliament for five years, but it was not just Yorkshire, it was Yorkshire and the Humber. People in the north of Lincolnshire resent that—the part of the world that the Minister represents. If I could digress for one second, I would like to thank the Minister for the decriminalisation of the parking scheme in Scarborough and Whitby, on which we have had much correspondence and which I have raised on a number of occasions.

People who live in north Lincolnshire resent the fact that from an administrative point of view they are now in the Yorkshire and the Humber region. They thought that they had got rid of Humberside, but the region is still referred to as Yorkshire and the Humber.

Our regional development agency, Yorkshire Forward, represents not only Yorkshire but north Lincolnshire. One councillor from north Lincolnshire told me, "As far as we are concerned, it is Yorkshire Forward and Lincolnshire backwards." *[Interruption.]* A Conservative councillor mentioned that to me. Informing people when they cross the Humber bridge that they are entering Lincolnshire is much more relevant than informing people who live in Grimsby, Cleethorpes or Scunthorpe that they live in Yorkshire and the Humber—"the Humber" is tacked on to "Yorkshire".

The hon. Member for Somerton and Frome and the hon. Member for Ellesmere Port and Neston (Andrew Miller) raised the problem of postcodes, which is especially relevant to people in the north of north Yorkshire, who have TS postcodes. I am not sure whether they are concerned because of their pride in Yorkshire and their desire to have a YO postcode or because their insurance premiums are higher because people think that they live on Teesside. I guess that the same point applies to people who live in Cheshire, but who have Merseyside postcodes. We should examine aligning our postcodes with our traditional county boundaries.

I support the Bill introduced by my hon. Friend the Member for Romford and hope that it ends up on the statute book. In years to come, when people enter Yorkshire I hope that they will be proud to see a sign letting them know that they are doing so. I can think of only one downside to the Bill—although we will have signs for people entering Yorkshire giving them the good news that they are entering God's own county, we will have to give people heading in the opposite direction the devastating news that they are leaving Yorkshire.

12.27 pm

Mr. John Randall (Uxbridge) (Con): This debate is very interesting, and I congratulate my hon. Friend the Member for Romford (Andrew Rosindell) on introducing the Bill.

This debate shows the appetite in this place for maintaining historic traditions throughout the country. Although some people think that this House discusses such issues on Fridays and not at other times, some very serious issues are being discussed across Government and elsewhere about our identity and the whole concept of Britishness. As my hon. Friend has said, our sense of belonging to a nation devolves down to the lowest level of strata, which is just as important, namely the sense of belonging to a community.

As my hon. Friend has rightly said, I am a passionate advocate for Middlesex. Perhaps uniquely among historic counties, we have very little left, except in the hearts and minds of those Middle Saxons who live in the county and who have emigrated. About 15 or 20 years ago, in my part of Middlesex we pioneered, under the guidance of that eminent Middlesex expert, broadcaster and historian, Russell Grant, the setting up of signs, which were sponsored by local businesses, to tell people that they were entering Middlesex. The back of the sign mentioned the sponsors, and I remember my company sponsoring one. I was proud to see that sign, although I think it has unfortunately been removed by souvenir hunters.

There should not be any cost implications. My hon. Friend has stated that the signs should be put in when the old signs need to be replaced. The new signs would recognise the historic traditions of counties. Unfortunately, we recently missed a trick in Uxbridge when the Rotary club, Brunel university and the local council put up some signs saying, "Welcome to Uxbridge in the London Borough of Hillingdon: Home

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of Brunel University". I maintain that they should have said, "in the Historic County of Middlesex". It would not have cost any more and would have recognised the importance of Middlesex to our history.

Many Members have referred to new names. Hillingdon is a place, but it became the name of the borough because nobody in the other places in the borough could agree on what they wanted it to be called. Ruislip said it should be the London borough of Ruislip; Northwood said it should be Northwood; Uxbridge said it should be Uxbridge; West Drayton said it should be West Drayton, and so on. It was even suggested that it should be called the London borough of Queensborough because Her Majesty landed for the first time as monarch at Heathrow airport, which is in the borough. Although that would have recognised a royal connection, I think it would have confused people because nobody would have had any idea where it was. There is a similar problem whereby nobody knows where Brunel university is. As I said recently in the debate on the Sustainable Communities Bill, I would prefer it to have been called Uxbridge university, if for no other reason than when large donors in America wrote out cheques they might think that they were donating to Oxbridge rather than Uxbridge—but that is a retailer's point of view.

These things matter to us—it is not just a case of a few people banging on. Ten years ago, we had just embarked on a by-election that I was lucky enough to win and so end up representing the constituency of Uxbridge. The Labour candidate, who is now safely ensconced in the House for a constituency that is much more appropriate for him in that he was mayor and council leader in Hammersmith and Fulham, made the mistake of describing Uxbridge as being in west London. Without any stirring at all from the Conservative or Liberal Democrat ranks, the local newspaper was full of outrage that this man could describe Uxbridge as being in west London when we all knew that it was in Middlesex. For two or three weeks that became a real issue in the local paper, which exemplifies how much this can mean to people.

Uxbridge and the surrounding area has always prided itself as being on the edge of London. We regard London as being our city, but we also regard ourselves as being rural Middlesex. Unfortunately, a lot of the rural aspects have somewhat dissipated, although any hon. Members lucky enough to visit will know that it has lots of green open spaces and is a very pleasant place. However, it still feels as though it is not quite London. It is the gateway to the Chilterns and has a great history. It would be a good idea for people to be able somehow to recognise that they are entering the historic county of Middlesex, or Uxbridge in the historic county of Middlesex, because that would give its residents a sense of identity that is sadly lacking.

Another issue is that of postal addresses and postcodes. I am not a great fan of early-day motions, but the first one that I tabled was to try to maintain Ickenham as a postal address. That was not simply because the people of Ickenham rightly regard their community and village as an entity, but because of the implications for deliveries. For example, most of Ickenham is now put down as "Uxbridge" because the Post Office likes to call it that, but there is a "Greenway" in Uxbridge and a "Greenway" in Ickenham, and people were getting the wrong things delivered. When one goes online or gives a postcode on the phone, "Uxbridge" immediately appears.

Let me now plead for the village in which I live. Most people who know where I live would wonder why I call the area a village. It is because I am rather old and remember when Cowley was a village. Its identity has almost disappeared. I believe that the children of the Minister for Science and Innovation, who is now sitting on the Treasury Bench, were born in Hillingdon hospital. He therefore knows that Cowley is just alongside the hospital, and he probably also knows that it was a separate place at that time. Unfortunately, the Post Office has taken Cowley off the postal address and only people of a certain age, like me, refer to "going down to the village" when we simply mean going to the newsagent's. The Brunel students who now inhabit that area look at me rather strangely—as many people do these days; that may be for many other reasons—because I talk about "going down to the village."

The discussion about identity and maintaining traditions is important, and I know that the subject of historic pub names has previously been raised in the House in that context. I would love to see the Bill on the statute book because it is important that everybody has a sense of identity with something—not only a country or a region but a county and a town. I pay tribute to my hon. Friend the Member for Romford, who is a champion of Romford and of Essex, and the Association of British Counties, which is doing the same throughout our realm.

12.37 pm

Shona McIsaac (Cleethorpes) (Lab): After hearing the speech of the hon. Member for Scarborough and Whitby (Mr. Goodwill), I wanted to participate in the debate. The same controversial topic that he mentioned rages around my constituency. I represent Cleethorpes, which is in Lincolnshire. However, three local authorities cover the historic county of Lincolnshire: Lincolnshire county council, North Lincolnshire council and, to add to the confusion, North-East Lincolnshire council.

It is not only local people who get confused. When I table parliamentary questions that ask for facts and figures about North-East Lincolnshire and North Lincolnshire, I often get figures for Lincolnshire. Even here, there is confusion about exactly where Cleethorpes is.

For years, Humberside was the local authority. When that was abolished, the area on the south bank of the River Humber, formerly known as South Humberside, became North Lincolnshire and North-East Lincolnshire. However, some young people grew up with the name "Humberside" and do not identify with "Lincolnshire". Others genuinely loathe "Humberside" and hate "South Humberside" even more. I do not know whether it is down to the Post Office or other services, but when organisations buy mailing lists and databases, "South Humberside" continues to turn up. People do not like getting junk mail, but when they get it with "South Humberside" on it, they write to me saying, "The council was abolished

years ago. We live in Lincolnshire." So there is certainly merit in the hon. Gentleman's Bill.

Another problem, which was touched on by the hon. Member for Scarborough and Whitby, is that we are also represented by Yorkshire and the Humber. My constituents repeatedly tell me that we are in Lincolnshire, and that the Humber is a river. When Humberside was abolished, people must have said, "Oh, what shall we call the Government region? Ah, yes, we'll call it the Humber!" That irritates my constituents as well, because there are only three and a half constituencies in Lincolnshire that are in the Yorkshire and the Humber region—Brigg and Goole is split between Yorkshire and Lincolnshire. That issue still creates problems. The police force is still called Humberside police, and we still have Radio Humberside.

I have been told by the Post Office that all that is required to avoid confusion when addressing a letter is the postal town and the postcode. My constituents write to me to say, "Why is 'South Humberside' still appearing on our mail? Why is 'Humberside' still appearing? Why can't people just put 'Lincolnshire'?" I write back and tell them that the Post Office has advised me that all they need is the postal town and the postcode. Well, I am sorry, but that does not make them any happier, because the postcode that is used for the part of Lincolnshire that I represent—apart from a handful of houses in the southernmost corner—is DN, which is the postcode for Doncaster, in Yorkshire. People should be able to express their identity on road signs and on their addresses, to avoid some of the daft situations that we end up in.

12.41 pm

Mr. Oliver Heald (North-East Hertfordshire) (Con): We have had an excellent debate today, in which we heard from the ancient counties of England. It has been a very pleasant experience, recalling the great history of our nation. Hon. Members will be grateful to my hon. Friend the Member for Romford (Andrew Rosindell) for introducing the Bill. The subject has previously been aired by my hon. Friend the Member for Uxbridge (Mr. Randall), who has also attempted to get such a measure through the House. There was a good deal of support around the House for the principle behind the Bill, although important matters of detail were contested.

The Association of British Counties has been the inspiration for this measure. Its contention is that the counties are an important part of the history, geography and cultural life of our country. It argues that Britain needs a fixed popular geography that is divorced from the ever-changing names and areas of local government. It wants us to have a real sense of history over time, and roots that people commonly understand and that are held to be part of our cultural identity. The point has been made that the fact that we are debating this matter today is excellent timing, given that we are having a national debate on identity and cohesion at the moment.

The issue of postcodes and postal names was raised by the hon. Member for Cleethorpes (Shona McIsaac). In my own county of Hertfordshire, we have acquired areas of Cambridgeshire for postal purposes. People in Melbourn, which is in Cambridgeshire, are not at all happy to have a Hertfordshire postcode or to have Hertfordshire as part of their postal address, because they do not live in Hertfordshire. There is also a commercial aspect to this issue, because Cambridgeshire is well recognised as a centre for information technology, and people with IT businesses in Melbourn, Cambridgeshire, find it quite commercially damaging to have to describe themselves as being in Hertfordshire.

Having said that, Hertfordshire is of course a fantastic county with an ancient history. I had an interesting discussion earlier with the hon. Member for Hendon (Mr. Dismore) about exactly where its ancient borders were. I was in Southgate recently, and I was told that it was originally the south gate of the Enfield chase and traditionally part of Hertfordshire. Indeed, one of the people I spoke to there was Hertfordshire through and through, having a family that was originally based in my constituency and that had moved south to that location. The former Member for Chipping Barnet, Sir Sydney Chapman, was always an honorary Hertfordshire MP as far as the Conservative party was concerned, and he was proud that his area had a Hertfordshire tradition, although he was happy to be a Londoner too. These are important matters, and we should not minimise them in any way.

The Bill would compel traffic authorities to

"cause traffic signs to be placed on or near roads for the purpose of indicating the location of historic county, town or village boundaries",

to try to re-establish the identity of traditional counties. During the debate, an argument developed about the form of those signs. There is a case for trying to highlight some of the points about an area on a sign. Under the regulations that would be used, Ministers would have powers to designate the sort of information that a sign could display. If people wanted more descriptive signs, such as those used in France, where the presence of fruit growing, a good wine area or a special cathedral is often reflected on signs, that might be possible. That would give our road signs a little more character and better meet the needs of the public and for education.

We heard a good deal about Yorkshire, which is a fine county. I rather shared the sense of sadness that my hon. Friend the Member for Scarborough and Whitby (Mr. Goodwill) portrayed of the Yorkshireman leaving his county. He highlighted that such signs would bring a tear to his eye. The signs that said, "Welcome to Yorkshire", however, would lift him to a new level of happiness and give him a great thrill, as would be the case with almost any Yorkshireman. He did not say whether the signs should have a bat and ball on them or some other sporting sign, but he did mention Geoffrey Boycott, a great Yorkshireman. I once played at Headingley, and managed to hit the old pavilion roof, and Geoffrey Boycott was there. That was one of the great moments of my sporting life, although it was only a very amateur match.

The Bill's frame of reference is provided by the traditional county boundaries, defined with respect to counties set out in the Counties (Detached Parts) Act 1844. In many instances, those bear little relationship to the current, amorphous local government administrative areas. My hon. Friend the Member for Uxbridge made that point about his county of

[Mr. Oliver Heald]

Middlesex, which has a proud tradition, with its great Guildhall near the House of Commons, and its rural areas, some of which are perhaps not as rural as they once were—he referred to Cowley in that context. None the less, there is a pride in the county of Middlesex, as we understood from his point about the candidate who described it as being in west London, to the absolute horror of the local media. He did not even have to prompt them to run a campaign that lasted for some weeks.

Mr. Randall: This might be a good moment to remind my hon. Friend that Middlesex has a Middlesex day in May, on the anniversary of the battle of Albuhera. *[Interruption.]*

Mr. Heald: Well, apparently, some Members of the House knew that, as I heard a comment from a sedentary position to that effect. That just goes to show the detailed knowledge in all parts of the House. It is good to know that the county is still cherished and has its own special day, as well as the other attributes that my hon. Friend described.

This is the third attempt to introduce the measure through a private Member's Bill. My hon. Friend the Member for Uxbridge has had a go, as I mentioned, and the former Member for Taunton also tried in 2004. Both of them rightly paid tribute to the Association of British Counties for trail blazing.

The one thing I am not sure about is the reference to the Ordnance Survey, which is effectively a commercial body. However, the extent to which it would be right to force a commercial body to take a particular action could be considered in Committee. It may be that other mechanisms would be needed to get the map side of the problem sorted out, but one can understand and sympathise with the general aims.

Historic boundaries give us a sense of who we are—a feeling of the great traditions and heritage of the nation. They also have references to the roots of our language, which the hon. Member for Somerton and Frome (Mr. Heath) mentioned. Local people are often greatly attached to the traditional names and boundaries of their historic counties long after they have ceased to exist as administrative areas. I felt a sense of sadness—perhaps other hon. Members did, too—when I heard the hon. Member for Cleethorpes describe young people who did not realise that they were in north Lincolnshire but thought that they were in Humberside, which has no real historical meaning. It is important that young people understand that history.

Similarly, in terms of marking the boundaries of ancient villages and towns, the Bill proposes signs that contain the traditional crest of the town or village. That is an idea with resonance. I was interested to hear that my hon. Friend the Member for Romford had gone to the trouble of researching the crest for Romford and that he gave it so much currency by transmitting it across Romford in the way that he did. I think it is a rather good idea; I might even be tempted to do it myself in parts of Hertfordshire, although I shall have to see how practical that would be. *[Interruption.]* I am told that I might be able to do it on the communications allowance. That is probably pushing it; it would depend on the information engraved on the other side of the badge. However, we need not go into that in too much detail.

We have to wonder whether signing the boundaries should be the responsibility of the traffic authorities or English Heritage or its equivalent body in Wales. It is part of their mandate to mark historical sites and they are experts in such matters. Perhaps they should have a role in conjunction with the highways authorities. That would be an example of partnership working, something that Labour always welcomes.

I am only thinking aloud, but one thing is for sure: the subject has a resonance in the House. Many hon. Members have spoken in the debate.

Andrew Miller: I am intrigued by the hon. Gentleman's argument. I want to put to him an observation that I made in my contribution. I do not know how well he knows the roads from Cheshire into north Wales, but a major road construction is under way, so it is an opportune time to be precise. Would he move the sign that says "England" several miles to the west, or would he leave it exactly where it is? He needs to explain that to help us understand his case.

Mr. Heald: That is an excellent attempt to get me into terrible trouble. I am not thinking of going down that route. I certainly do not want to steal part of Wales. That would be a bit strong for a Friday.

The Bill—or at least the underlying principles—has attracted a good deal of support in all parts of the House. It is the sort of Bill that needs an airing in Committee. It would be useful to tease out some of the difficulties, such as the one that the hon. Gentleman so mischievously presented to me. It is a Friday and a day for private Members' Bills. We should give Bills that have a good element of support in the House an opportunity to be considered in Committee.

In 1974, when the reorganisation took place, an official from the Department of the Environment said that the new county boundaries were solely for the purpose of defining areas of first level government of the future. He said

> "They are administrative areas and will not alter the traditional boundaries of counties, nor is it intended that the loyalties of people living in them will change."

The example he gave was Middlesex, and he said that although the county had been swallowed up in Greater London in 1965 and disappeared for governmental purposes, the name still existed for postal and other reasons. He pointed out the affection in which Middlesex was held and also made the point that

> "the broad acres known as Yorkshire will remain unaltered despite the different names adopted by the new administrative counties."

Those assurances were given then, and it is clear that hon. Members on both sides of the House think that those assurances should be fulfilled and we should have a proper respect for the ancient counties, cities, towns, villages and hamlets.

On behalf of the Opposition, I welcome the Bill, which deserves to be fully examined in Committee, where we can see its possible pitfalls, but also its strengths.

12.56 pm

The Parliamentary Secretary, Cabinet Office (Gillian Merron): I congratulate the hon. Member for Romford (Andrew Rosindell) on introducing this Bill, which has excited much interest and local pride. I have heard him speak twice now on this issue and I know how passionate he is about promoting his constituency, as many of us are about our own constituencies. I pay tribute to him for that.

For the benefit of the House, I wish to clarify that although Ordnance Survey Great Britain and Ordnance Survey Northern Ireland are two distinct organisations, I will refer to them collectively as "Ordnance Survey" during the rest of this debate.

There is no doubt about the importance of historic counties, towns and villages as part of our history and cultural life. I agree that they provide many people with a strong sense of identity and local pride. Indeed, the continued use of traditional county names and areas in tourism, sport, business, literature and the arts, to name but a few examples, bears testament to that. Of course, we should all be proud of where we come from. However, we have difficulty with the detail of the Bill. It is not appropriate or practical to introduce legislation to require either traffic authorities to include historic information on traffic signs or Ordnance Survey to show the same on its current mapping. The Government therefore oppose the Bill.

The Bill is disadvantaged by a number of critical omissions. It is noteworthy that it does not propose a point in time at which to freeze-frame history, to be represented both on current Ordnance Survey mapping and at the roadside. The Bill is further inconvenienced by the fact that the boundaries of areas themselves have changed many times over the centuries, and in many cases now bear little or no resemblance to their original incarnation. That would also present the difficulty of selecting a boundary date that would be acceptable to all.

A further difficulty is that the Bill would require by law the complex differences between the geography of traditional counties and present-day administrative areas to be represented on current Ordnance Survey maps. That sounds good in theory, but in reality it would not be possible to present that amount of information in a clear, unambiguous and meaningful way. But that is just the beginning of the difficulties. The Bill goes beyond proposals advanced in a previous Bill by suggesting that historic town and village boundaries might also be included on the same map, although again without any clues as to a starting date.

It should go without saying that most town and village boundaries have shifted constantly as a direct result of their economic and demographic evolution. In many cases, residents of the same town may have very different understandings of their town boundary, depending on their age. In London, for example, the area covered by the vast metropolis that we see today bears no relation at all to the myriad unconnected towns and villages that have gradually spread and evolved. Long-time Southall residents in their 80s will hardly share the same view of the boundary of Southall as a teenage resident. So whose memory does the Bill intend to satisfy? The boundaries of such areas—some of which appear in the Domesday Book—would be impossible to track through the ages on one map.

Ordnance Survey's products give business, individuals and Government the information they need to make key decisions. Ordnance Survey's primary role is to represent today's world by providing on its mapping current geographic referencing information, including administrative boundaries and the corresponding electoral boundaries. Ordnance Survey mapping has many uses in commercial, public and private life; it is a working tool for industry and an aid to Government—for example, helping local or national government in debates, discussion and decisions about where to site new developments. It is not a decorative feature to frame and hang on the wall. A key point, which I emphasise to the House, is that the emergency services rely on accurate and up to date Ordnance Survey mapping data to reach the scene of an incident in the shortest possible time. I am sure that the hon. Member for Romford would not want to cause them difficulties in that regard.

Mr. Randall: I am slightly disappointed to hear that the Government will not let the Bill go into Committee, where some of those points could be examined, but do not the emergency services use postcode information rather than Ordnance Survey maps these days?

Gillian Merron: I was trying to point out that the Bill's provisions do not take into account the practicalities of Ordnance Survey mapping, which is not intended for historical purposes; it is a current working tool, which includes use by the emergency services.

Andrew Miller: There are some extremely well-researched websites with good sources of information about historic boundaries. The Ordnance Survey, on the other hand, should have a forward-looking approach to its work. We should commend it for that work, which includes engagement with schoolchildren, but ancient boundaries are better covered in the information available on the web.

Gillian Merron: I thank my hon. Friend. Sensible as ever, he reminds us of the point that I wanted to emphasise. Although the Bill is well intentioned and worthy, there are difficulties in translating it into practice. To attempt to represent history on one map would be unworkable. As my hon. Friend suggested, people who want to study historic boundaries on Ordnance Survey maps can easily obtain historical mapping at a reasonable cost from the Ordnance Survey's archives, or through its commercial partners.

Mr. Randall: The hon. Member for Ellesmere Port and Neston (Andrew Miller) said that we should be looking forward, not back, but if I am correct in thinking that battle sites are marked on Ordnance Survey maps, which surely relates to the historical side of things, is not his argument slightly flawed?

Gillian Merron: Historic battle sites—although not current ones—are indeed marked, particularly those in Yorkshire.

Mr. Dismore: In terms of the history of the Ordnance Survey, can my hon. Friend confirm that it was set up in the early 19th century to provide military maps for the armed forces? It is thus not surprising either that battle sites are indicated, as are ancient tumuli of one sort or another, or that we can see the ancient county boundaries on which the old regiments were founded.

Gillian Merron: I bow to my hon. Friend's expertise in this area and thank him for that contribution.

Turning to the requirement that the Bill makes for historic boundaries to be represented on traffic signs, there are only two distinct categories of sign that may lawfully be placed on the roadside: outdoor advertisements and traffic signs. Outdoor advertisements are defined by the Town and Country Planning Act 1990, as amended, as being solely or partly for the purpose of advertisement, announcement or direction. The placing of those signs is controlled by the local planning authority. Traffic signs, on the other hand, are not subject to local planning controls. They are clearly defined in the Road Traffic Regulation Act 1984 and their prescribed purpose is simple: they act as

"an object or device (whether fixed or portable) for conveying, to traffic on roads or specified classes of traffic, warnings, information, requirements, restrictions or prohibitions of any description".

Clearly that is about getting people and vehicles around safely and efficiently. Traffic signs have no other lawful purpose.

Mr. Heald: Clearly it is important that there should not be confusion and that local authorities should not be overburdened, but, given that the Minister would be able to specify what the traffic signs could be like, is it not worth at least examining the issue properly in Committee?

Gillian Merron: Perhaps it would be helpful if I confirmed to the hon. Gentleman that existing regulations already allow the addition of crests, coats of arms and items of geographical or historical interest—perhaps even in the style of "Market Town of Romford", which may please the hon. Member for Romford. Hon. Members should consider the existing regulations before going down another road—if I can use that expression—which might not be helpful.

Traffic signs must either conform to the Traffic Signs Regulations and General Directions 2002, which specify the appearance and meaning of traffic signs, or be especially authorised by the Secretary of State. Decisions on what restrictions should be applied and signed, and where, are a matter for local discretion. Decisions about the placing of information signs at particular locations are the responsibility of the relevant traffic and highway authority. The only specific statutory requirement for local authorities to place traffic signs is that they must provide signs that are adequate to indicate the provisions of their local traffic regulation orders, so that drivers will not unwittingly contravene local traffic regulations and be unfairly penalised for doing so—a concern that hon. Members often raise on behalf of their constituents.

To blur the edges with additional, historic boundary signs would bring the risk of confusing road users, thereby defeating the primary purpose for which the signs are prescribed. I hope that the hon. Gentleman and his colleagues who are supporting him will bear that in mind when thinking about how to respond. Traffic signs are not provided for commemorative purposes, nor should they be. They are used to guide and control traffic and to promote road safety. They should be used only where they can usefully serve these functions.

Mr. Heath: I am most grateful for that definition of the utility of traffic signs, but what is the utility of district council signs that welcome people to some administrative area that does not relate to any historical or cultural entity?

Gillian Merron: We are here to discuss the issue of traffic signs, which, together with mapping, is one of the primary aspects of the Bill, so I will confine myself to that subject. The House has often discussed concerns about the proliferation of traffic signs at the roadside, and hon. Members have raised complaints with me about an unavoidable increase in the number of traffic signs on our highways. The proposed legislative changes required by the Bill are in direct conflict with the fundamental need to maintain the delicate balance between minimising sign clutter and providing signs that meet the changing needs of all local authorities on behalf of the people they serve, at a time when there is pressure to meet the ever-increasing demand as more people seek to use the roads.

That brings me on to the most important issue when considering the consequences—no doubt unintended—of the Bill: road safety. Given the shift of boundaries over the centuries, putting in place additional signs to illustrate superseded county, town and village boundaries might be confusing to drivers. It would also contribute yet more towards unfortunate and unnecessary street and sign clutter.

Traffic signs can be distractions in themselves, so we must minimise their number and keep their message short. The information that they convey must be concise and consistent for all road users and presented in a manner that can be assimilated quickly. For example, it is prescribed that a county boundary sign shall contain a maximum of eight words, not including the place name. We also require that direction signs should not show more than five destinations, or six at most, because even six destinations take up to four seconds to read. Clearly, a car driver speeding at the maximum limit of 70 mph should not be distracted any more than is absolutely necessary. Every moment spent reading a traffic sign is a moment spent without the driver's undivided attention on the road ahead. It goes without saying that the potential hazards for other vehicles and people on the road are almost endless.

Let me offer the hon. Member for Romford some comfort. I am sure that he has noted that the Local Government and Public Involvement in Health Bill is continuing its parliamentary passage in another place. The Bill will allow local authorities to change the names of electoral areas following consultation. I hope that he will ensure that his party gives the Bill its full support, because it might help to address the point that he is putting forward on behalf of his constituents.

The hon. Gentleman's Bill is based on sentiment—although I regret having to describe it in such a way. It has been drafted without any consideration of the consequences of what it would achieve. An attempt to represent the plethora of historical county, town and village boundaries in one hit on Ordnance Survey mapping could not be achieved and would only confuse the reader. Further to our discussion about battle sites, let me make it clear that they are shown when they are relevant in a tourism context. There are thus restrictions on the appearance even of battle sites on Ordnance Survey mapping. There would be no benefit in attempting the cartographic feat suggested by the hon. Gentleman, especially given that historical mapping can be obtained easily and at relatively little cost.

Following consultation on the development of the Traffic Signs Regulations and General Directions 2002, we took the decision that only existing boundaries should be marked by traffic signs, not those that have been superseded. I still believe that that was the right decision. Traffic signs should be provided solely for the purposes of road safety and effective traffic management, and should convey clear, concise and consistent information to all road users.

Regrettably, the Bill fails to acknowledge the financial implications for stretched local government budgets of putting in place additional traffic signs. Providing in legislation a requirement for local authorities to place signs indicating the location of what some might regard as obsolete boundaries would be disproportionate and burdensome.

We appreciate and respect the fact that many people, including the hon. Member for Romford, hold their heritage very dear—rightly so. We do not want to take that away from them. However, it is clear that the open road is not the place to conduct a history lesson. I hope that the House will agree that the Bill should be opposed.

1.14 pm

Andrew Rosindell: I thank the hon. Members who took part in today's debate, which has been useful and interesting. It has highlighted many issues, and it shows that there is common concern about the issue across the parties, and across the country. That is why I am very disappointed by the Minister's conclusion. I think that she may have missed the real point of what I am proposing. It appears that she has concluded that if my Bill became law, there would be many more traffic signs posted all around the country—that there would be more clutter, and greater expense. That is not the intention behind my Bill.

The intention is to ensure that our signs accurately reflect the counties, towns and villages that truly exist. To make a point that was ably emphasised by the hon. Member for Somerton and Frome (Mr. Heath), if what I am proposing is unnecessary, surely the signs that currently exist are also unnecessary. I propose that they gradually be replaced over time, when they need to be. There will not be a huge expense at one go, but a gradual evolution from signs that show the name of a council, to signs that show the name of the town. We also want signs that show the name of the county not to be far away from the traditional boundary that most people accept.

Gillian Merron: I do not doubt the hon. Gentleman's intention. However, the Bill would do something rather different from what he intends: it would impose a requirement on traffic authorities. That is the point that I sought to make.

Andrew Rosindell: I re-emphasise the fact that the change does not need to happen in one go. It can take place gradually over a long period. There is no need to replace every sign overnight with a brand new one. New signs can be erected as and when they are needed. If the Minister visits my borough, the London borough of Havering, as I hope she will, she will see a sign saying "Welcome to Havering" as she enters Romford. Havering is a London borough; it is a construction for administrative purposes. The sign should really say, "Welcome to Romford". It should show the Romford crest, not the borough logo, which holds no meaning or sense of identity for anybody.

The measure is not too complicated. A number of hon. Members have said that the provisions are rather difficult, and that the changes are not easy to make, but I do not accept that. With the political will, and with an understanding of what is needed, the changes can be made very easily over a period of time, and the benefits will be enormous.

Mr. Heald: The Minister, and voices from all parts of the House, mentioned the importance of history, and said that the matters before us are important, but expressed concerns about the detail. Does my hon. Friend agree that surely what should happen next is that amendments should be discussed in Committee? Surely there is no real excuse for voting against the Bill.

Andrew Rosindell: I thank my hon. Friend for his remarks. He is, of course, absolutely correct. It would be a great pity if the Bill did not go to Committee, where we could properly analyse and look into the points that have been made. The Minister acknowledged that there is merit in much of what I propose. Members of all parties have spoken passionately today, and have highlighted many local anomalies and confusions that have resulted from the current situation. To ignore them and let them continue would be completely irresponsible. We have an opportunity today. The hon. Member for Cleethorpes (Shona McIsaac) made an important point; I believe that she is from the same county as the Minister—Lincolnshire, I think.

Shona McIsaac: Not administratively.

Andrew Rosindell: Okay. There is confusion across the country, and although I was aware of the confusion in Lincolnshire, Humberside, and Yorkshire, I did not have detailed knowledge of it. However, I do have detailed knowledge of the ridiculous confusions within Essex and London, and of the loss of identity that has resulted from the current situation.

The hon. Member for Somerton and Frome (Mr. Heath) referred to Lord Heseltine's administrative changes, and said that much of the problem was to do with mistakes made then. He may have a point, but there is cross-party concern about the issue, which we

[Andrew Rosindell]

all understand from experience of our locality and the constituencies that we represent. I merely introduced the Bill in the hope that we can make progress and look at the issue properly. Of course, we can make changes in Committee if things prove impractical, as the Minister suggested.

Andrew Miller: As I said, I am sympathetic to the Bill's aims. I would be grateful, however, if the hon. Gentleman told the House what assessment he has made of its regulatory impact on local authorities and agencies such as Ordnance Survey. We in Parliament have a duty to look at the regulatory impact of anything that we propose.

Andrew Rosindell: Ordnance Survey is a private company—*[Interruption.]* As far as I am aware, it is an independently operated company, and we have no ultimate power to tell it what to do. At the end of the day, we have to ensure that accuracy is available. At the moment, it is not. Local authorities do one thing, and Ordnance Survey does something else. People have a clear idea about where their identity lies, and that cannot be ignored. The Government, however, appear to have decided that they want to kill the opportunity to take the Bill one stage further and look at it in greater detail—I accept that flexibility is required—so that it is practical, and does not create burdens and expenditure that no one wants.

There is a valid case for the Bill, which is popular and necessary. The British people feel strongly about their identity; we all do, and I certainly do. I hope that we will be given one further chance to look at the matter in greater detail to ensure that the idea is not killed stone dead today. I hope that the Minister understands that unless we address that today, future generations will not have any knowledge of it. All that could be lost, and things would fall into history. Today, we have a chance to restore them and put them back together without undoing the existing system of local government or creating huge extra expenditure or necessarily causing extra signs to be put up—which, as the Minister pointed out, could create clutter and have other implications. I therefore hope that my Bill is allowed to go into Committee. I hope that hon. Members will give it one more chance to go forward, and on that basis I commend it to the House.

Question put, That the Bill be now read a Second Time:—

The House divided: Ayes 19, Noes 1.

Division No. 168] **[1.23 pm**

AYES

Carswell, Mr. Douglas
Dismore, Mr. Andrew
Gauke, Mr. David
Grayling, Chris
Greening, Justine
Heald, Mr. Oliver
Heath, Mr. David
Hollobone, Mr. Philip
Hurd, Mr. Nick
Jenkin, Mr. Bernard
McIsaac, Shona
McLoughlin, rh Mr. Patrick
Mitchell, Mr. Andrew
Newmark, Mr. Brooks
Osborne, Mr. George
Pugh, Dr. John
Randall, Mr. John
Rosindell, Andrew
Williams, Hywel

Tellers for the Ayes:
Mr. Mark Lancaster and Mr. Robert Goodwill

NOES

Mackinlay, Andrew

Tellers for the Noes:
Mr. Frank Roy and Jonathan Shaw

It appearing on the report of the Division that fewer than 40 Members having taken part in the Division, MR. DEPUTY SPEAKER *declared that the business under consideration stood over until the next sitting of the House.*

Government Spending (Website) Bill *[Lords]*

Order for Second Reading read.

1.34 pm

Mr. David Gauke (South-West Hertfordshire) (Con): I beg to move, That the Bill be now read a Second time.

I am speaking in place of my hon. Friend the Member for Rayleigh (Mr. Francois), who originally put down his name for this Bill, which originated in the House of Lords. Given his concentration on foreign affairs, however, I have agreed to step into his place.

The Bill would establish a publicly searchable website containing information about expenditure by all Departments and Executive agencies. The idea is not entirely original: the Federal Funding Accountability and Transparency Act was passed in the US in 2006 with bipartisan support, including that of Senator Barack Obama and other leading notables. In the US, any federal expenditure over the value of $25,000 must be recorded and the details must be made available on a website that is accessible by anybody.

The first reason I want to introduce such a website into the UK involves transparency. Where money is spent in the name of the public, it is right in principle that the public should be able to discover what that money has been spent on. That is an entirely sensible principle that should always stand. We should also be aware of evolving public expectations. Debate has raged in this House on recent Fridays about exemptions to freedom of information legislation for matters relating to this House. I have no intention of getting into that particular debate, but I have been struck by the way in which that issue has excited the public imagination. Strong feelings have been provoked, because the public increasingly have high expectations about what information should be available to them. There is a concern about secrecy and concealment, and there is a higher expectation that information will be provided.

Our media are evolving, and they are no longer concentrated in the hands of the few—in some respects, they are in the hands of the many—because of the development of the internet. We have seen the rise of bloggers. At the last US presidential election, for example, individuals with expertise in particular areas were able to participate—who would have thought that knowledge of typewriters used in 1970s army bases would be significant? Amateurs—I do not use the term in a pejorative sense—can engage through new technology in important public debates, but in order to do so they need information.

What better way of providing information is there than putting the details of public expenditure on to a single website, where people can study it and follow the money to see how Government spending is done? That is important not only in terms of transparency, but for the practical reason that we can use the public as a whole to scrutinise public expenditure. The National Audit Office and the Public Accounts Committee do a splendid job, but we can in a sense conscript the general public to hold the Government to account by scrutinising expenditure on a website.

The second reason the Bill should be allowed to progress is that it could enable us to achieve greater value for money. At this point, I am tempted to read out a whole list of areas of Government expenditure that seem absurd—a bumper book of Government waste. Although I could do that, I do not want to introduce a partisan point, because such waste will apply to any Government. There is always a way in which public money could be spent more wisely. The more we can scrutinise that, the better, and the less likely we are to have waste. I would argue that there is perhaps more waste at the moment than there should be, but I would rather not get into that; I would prefer to say that the more we scrutinise, the more we can achieve value for money for the taxpayer. The Government spend an enormous amount of money on our behalf—more than £500 billion last year, and it is continuing to rise. It has risen in absolute terms and has risen considerably as a percentage of gross domestic product. The need to scrutinise the value for money that our Government achieve becomes greater as time goes on. The Bill would give the general public, as well as journalists and politicians—it would certainly be useful for MPs—the tools with which to do that.

Let me briefly outline the Bill's provisions. Clause 1 goes to the heart of the matter—it would require the Treasury to create a Government expenditure website. Clause 2 would give the Government the power to extend that to other public sector bodies, not only Government agencies but any other element within the public sector that receives funds directly or indirectly from a Government Department or Executive agency. Clause 3 would give the Treasury powers to determine content and availability. It would not be appropriate for the Bill to deal with every single detail; it is helpful to set up the framework and then let the details be dealt with by statutory instrument.

Clause 4 provides some important and practical exemptions. Clearly, we would not want to detail expenditure in areas where it would in any way damage national security, the effectiveness of our armed forces, or relations with other states or with international organisations or courts. Clause 5 deals with another practical difficulty with regard to data protection. It provides an exemption in view of the fact that some information would infringe other people's data rights. Clause 6 would give the Information Commissioner the power to examine the Government's compliance with the objectives set out in the Bill.

Andrew Miller (Ellesmere Port and Neston) (Lab): On clause 5, will the hon. Gentleman confirm that it is his intention to exempt, for example, any payments that might be made to a person in for an industrial injury, which would not necessarily be an appropriate thing to put into the public domain? Indeed, as he no doubt knows, it sometimes enhances the capacity of the two parties—employer and employee—to reach a solution if the matter is kept private.

Mr. Gauke: I am grateful to the hon. Gentleman, who makes an excellent point. I entirely concur. Clause 5 is intended precisely for that kind of circumstance. He provides a useful example that illustrates my point; I am sure that we could come up with others.

[Mr. Gauke]

Clause 7 would require the Government to provide an annual report to both Houses of Parliament. Clause 8 ensures that any statutory instruments follow the affirmative resolution procedure.

Let me tackle the practical concerns that may arise and perhaps anticipate the remarks of the hon. Member for Lincoln (Gillian Merron)—I join other hon. Members in congratulating on her new post. I do not know whether this morning was a foretaste of things to come—for her sake, I hope not. However, we see the breadth of her expertise today.

Cost will be a practical concern. An obvious remark is that implementing the Bill will be expensive. However, the evidence from the United States suggests that that is not the case. The US estimate for the trial period, from 2007-11, of the cost of the new website is $15 million. Of course, the US is a much bigger economy than ours, but the figure relates to federal, not state expenditure. None the less, if it costs as little there, we should not be too alarmed about incurring substantial costs in the UK. Indeed, there may be potential savings. For example, if matters are routinely put on the website, savings could be made through a reduction in the number of parliamentary questions.

Andrew Miller: Let me try to help put the US comparison into perspective. The hon. Gentleman said that the federal Administration, not the state Administrations, incurred the cost. Does he know roughly how many transactions are involved in the $15 million expenditure?

Mr. Gauke: I cannot answer that. The website is being introduced now, in the course of this year. I cannot therefore tell the hon. Gentleman the number of transactions. We should explore the matter in greater detail in Committee, but I stress that it is not expensive. Of course, it is difficult to imagine that greater transparency and throwing light on Government expenditure will not identify considerably greater savings when the information is in the public domain.

Another practical point that may be made is that much information is already in the public domain, for example, on the Treasury website, in the Red Book and so on. However, there is nothing as comprehensive or easily accessible in the UK when compared with the US. We all know, as Members of Parliament, that there are times when it can be difficult to go from one source to another, from one Department to another and so on when searching for information. Although various publications exist, we do not have one specific source. Members of Parliament have the privilege of asking parliamentary questions. Again, I could provide a long list, but it would not be a good use of time, of occasions when information about Government expenditure is requested but the answer is that it could be provided only at disproportionate cost. If we build into the system the provision of information on a website, the problem goes away.

Mr. Robert Goodwill (Scarborough and Whitby) (Con): Is my hon. Friend aware that large-scale trawls have taken place when a request has been made under the Freedom of Information Act 2000 and that, for example, health trusts had to provide much information, which proved expensive and distracted them from their work?

Mr. Gauke: My hon. Friend makes an important point. We can ask parliamentary questions and make FOI requests. The general public can do the latter, too. However, that can be time consuming for those seeking and those providing the information. It would be better if that process were more systematic. Let me revert to the US example, which may be of interest to the hon. Member for Ellesmere Port and Neston (Andrew Miller).

In the US, there is a de minimis requirement that the information is provided if the transaction is greater than $25,000. The Bill would permit a similar provision, which would rule out some of the silly and trivial matters that would cause disproportionate difficulties, while allowing the larger ones to be addressed.

Concern has been expressed about revealing improper information. There are provisions in the Bill to protect personal data and to ensure that national security, our armed forces and our relations with overseas Governments and institutions are protected. That is only right. Given that this is an enabling Bill, there is scope for greater provision for the Treasury to identify particular areas of concern.

This is an important Bill that deserves further consideration. We are living in a time when the public expect to have information and to be able to scrutinise what the Government, of whatever party, are doing. We are living in a world of greater openness and transparency in which more people can participate in the public debate because of the evolution of technology, which is to be welcomed. We are also living in a world in which Government expenditure is considerable. If we wish to enable the public to participate in debates on value for money, and if we want greater scrutiny and greater value for money in public expenditure, the Bill would provide a useful tool for ourselves and the public. It would benefit this country for the Government to have a website setting out their expenditure.

1.52 pm

Andrew Miller (Ellesmere Port and Neston) (Lab): The hon. Member for South-West Hertfordshire (Mr. Gauke) is presenting an intriguing idea, and I can certainly see the merits of some aspects of his argument. He is right to say that the nature of the media and of the world that we live in is changing. We now live in a world of blogs and of instant camera shots from so-called newsworthy scenes.

A few months ago, I was privileged to participate in a seminar at St. George's house at Windsor castle, under the chairmanship of Sir David Brown, the chairman of Motorola, entitled "The media in a seamless, mobile age". Some of the issues that we discussed impinge on what the hon. Gentleman has been saying. The nature of the relationship between the media and the Government, and between the media and the people, has changed. The media have become an immensely more powerful tool. Individuals, through blogs, have become their own publishing houses and can portray information in any way that they choose, and it is sometimes a misleading and inaccurate way. Some of us might accuse *The Mail on Sunday* of doing that on a regular basis.

There is an argument that the more transparent the Government machinery becomes, the more difficult it is for misinformation to be the order of the day. I

accept that point. I have some difficulty, however, with the hon. Gentleman's evidence about the cost of the provision. I was trying to do some mental arithmetic on the number of transactions in the Government and their agencies that would be in excess of a certain figure. If we use the American de minimis provision of $25,000 and round it up and call it £15,000, for the sake of argument, that would result in a huge number of transactions. I suspect—I am open to correction when my hon. Friend the Minister replies—that that is not comparing apples with apples. The federal Administration in the United States undertake a lot of detailed expenditure in areas of direct federal responsibility, such as defence. That would involve a huge number of figures, but a lot of that would be outwith the scope of the Bill.

If we analyse the number of direct transactions for which the House takes responsibility, because of our different structure I suspect we will find that the hon. Gentleman's comparison with the United States is not reasonable. For $15 million, we will not get the kind of tool that he wants. The big cost is not the establishment of the tool but the data flows into it. That could only be made feasible through a great deal more integration between operating systems in Government Departments, whereby information from different systems could be integrated at the press of a button.

That would take a leap of faith on the part of Opposition parties, all of which have expressed concern, reservations and opposition to the centralising of data as envisaged in the transformational government White Paper. When the concepts described in the transformational government White Paper bear fruit, the kind of change that the hon. Gentleman suggests would be feasible, and would have a lower impact on the public purse. If, however, somebody offered him a choice between spending £10 million in his constituency or spending it on setting up a central Government website, I know that, as I would, he would regard a brand new hospital, new schools, new roads or more policeman for his constituency as a higher priority.

If the Opposition are serious about helping such transparency to come about, we need them to come on board with the philosophy behind the transformational government White Paper, so that sensible data sharing can take place, with the kind of protections that he rightly describes. In that regard, the role of the Information Commissioner is mission-critical. He may have seen some articles I wrote about that in *The House Magazine* some months ago. It is possible to create the kind of mechanisms in which the public would have confidence, which would allow data sharing, and which would in turn make his approach perfectly feasible. But I caution the House about leaping into that as a separate, one-off project in isolation. In practice, the cost would be considerably more than £15 million.

I am a fan of transparency—I have always said that if people want to see my office accounts, they are welcome to do so. I have even said that to candidates who have stood against me. We, as public servants, ought to be transparent, and Government Departments should also be transparent. There is nothing wrong in principle with what the hon. Gentleman is saying. However, he should persuade his colleagues to take a more forward-looking approach to those things that are fundamental to the changes that reflect the world in which we live—a world that has to deal with instant responses in blogs and so on.

People expect Governments to change accordingly. Like me, the hon. Gentleman will no doubt receive dozens of e-mails from constituents who think that because they can press a button and send a message instantly, we have the capacity to reciprocate instantly. I am sure that, as a matter of course, he prioritises his responses based on his constituents' needs rather than their ability to communicate rapidly.

We must think the proposal through carefully. I would support the hon. Gentleman in keeping pressure on Her Majesty's Government to improve transparency, but I urge the Opposition to think about my remarks. The hon. Gentleman set out a powerful case for why, if we are to have better governance and more transparency, there is a need to use IT sensibly so that costs are driven down. We do not want a separate system bolted on the end because that would drive costs up, and by considerably more than £15 million in my judgment.

2.1 pm

Mr. David Heath (Somerton and Frome) (LD): I am pleased that the hon. Member for South-West Hertfordshire (Mr. Gauke) was here to move the Second Reading of the Bill. I understand why the hon. Member for Rayleigh (Mr. Francois) was unable to be present.

The hon. Member for South-West Hertfordshire espoused the important principle of transparency, which would make the affairs of the Government and information on the use of public money more available to the taxpayer. The Bill builds on a strong feeling that many of us have, which is that the House is not at all good at scrutinising Government expenditure. The apparatus of the House almost militates against it. We have a myth called estimates day. It is a myth because it is supposed to be the day when we look at what the Government are spending, but we do nothing of the kind. We use it as an excuse for a useful debate on a subject of choice, but we do not examine Government expenditure in any realistic way. The level of scrutiny right through the system is riddled with inconsistencies. There is a lack of information, which is what the Bill is about, and a lack of rigour in applying scrutiny.

We have the National Audit Office, and it does an excellent job, as does the Public Accounts Committee. In many ways, however, our colleagues on the PAC merely scratch the surface of Government expenditure. They look at specific topics that have come to the notice or interest of the Comptroller and Auditor General and the NAO, which they scrutinise in depth and produce interesting points for discussion and lessons to be learned by the Government. The great merit of the Bill is that it would open up that information to anyone who wished to access it so that they could ask the relevant question and do the relevant sums. It is not the Government's money; it is our money, because it derives from the taxpayer. People should be able to ask why it is being used in a particular way.

When I was involved in local government, one of the great arguments was whether we could have zero-based budgeting and whether it would be a good idea to build up a budget each year from zero, rather than making

[Mr. David Heath]

incremental changes. There is obvious merit in zero-based budgeting, but it is also extraordinarily difficult and, in terms of national expenditure, probably impossible. One of the substitutes is complete transparency about what is being done.

I see the Bill as one of a series of potential reforms, some of which would be of this House. As I have said, I would like to see estimates days and our scrutiny of the comprehensive spending review much better organised and more focused. We should have specialist resources available to Members and those outside—it has been described as the "Office of the Taxpayer"—so that similar resources are available to those scrutinising the Treasury as there are to the Treasury itself. That would enable better scrutiny of the figures on the proposed website, so that Members could better do the job that our constituents assume we do in scrutinising Government expenditure. If we had such a resource to advise individual Members and Select Committees, they could do their job that much better.

Other simple procedural changes could see evidence-taking sessions on the Finance Bill, as other public Bills now have, with the benefit—if this Bill goes through—of serious information about Government expenditure. We would then be able to ask the questions that should be asked in the context of the Government's expenditure and taxation plans.

There is a raft of reform that would greatly improve our scrutiny of Government spending. The Bill would be a starting point by putting information that is, obviously, known to the Government in the public domain in a much more effective way. However, I have some concerns about the Bill. For example, I am worried about some of the categories of exempt information. I especially note that information could be exempt if it were likely to prejudice relations between the United Kingdom and any other state, international organisation or international court, because we have heard that one before. If we had a Department of State, say the Ministry of Defence, paying large amounts of money to a dignitary of another state, say a Foreign or Defence Minister of a state in the middle east, it would be wise to put the spotlight of publicity on it, so that we could assess whether it was corrupt behaviour or not.

Andrew Miller: The hon. Gentleman makes a good point, but I should point out that such behaviour has been illegal since 2002.

Mr. Heath: That is an interesting point. Let us not be distracted into a debate on that point, but I think that we will find that the Ministry of Defence is still making payments that look very similar to the payments that were made illegal under the 2002 legislation. It alarms many of us that investigations into what could be a breach of the law have been discontinued, but that is a matter for another day. All I am saying is that transparency produces trust because it allows proper scrutiny. Transparency means that the Government cannot do things that they should not be allowed to do. That is the benefit of arrangements such as those in the Bill, and that is why I will certainly support it if the opportunity arises later this afternoon.

2.9 pm

Mr. Robert Goodwill (Scarborough and Whitby) (Con): I shall be as brief as I can, because I know that the Minister does not want the passage of this important Bill to be held up. I note that she volunteered to be Minister for Fridays because she enjoys them so much.

I congratulate my hon. Friend the Member for South-West Hertfordshire (Mr. Gauke) on the cogent and logical way in which he presented the case for the Bill. There can be no doubt that the people of our country cherish the freedom of information that they have been given already—we need only consider the outrage that was felt when it was suggested that Members of Parliament might withdraw information that had previously been available. The hon. Member for Ellesmere Port and Neston (Andrew Miller) referred to his office expenses, but surely knowing what is being spent in our education system and health service is every bit as important as knowing how many paperclips the hon. Gentleman has bought for his office. That is why the Bill is so important.

One of the problems we face is that the Freedom of Information Act is so often honoured in the breach rather than in the observance. The UK is a big company, and companies present accounts to their shareholders in great detail. UK plc turns over £523.4 billion, so people have a right to know what the money is spent on. It is difficult for members of the public and Members of Parliament to operate within the FOA because they do not always know which questions to ask—as Donald Rumsfeld said, there are known unknowns and unknown unknowns. I am sure the Department of Health and the Treasury hope that many questions will not be asked because the answers might be embarrassing. If we had known beforehand which questions to ask about the release of foreign prisoners, for example, we could have put information about the problems into the public domain.

How often are we told in answer to a parliamentary question that the cost of supplying the requested information is prohibitive? If the Government put the information on the web, we or journalists could do the hard work.

Andrew Miller: The hon. Gentleman is right—or he will be when there is better integration of datasets across the Government. Is he saying that the Opposition now support the principles set out in the transforming government White Paper?

Mr. Goodwill: The Opposition are aware that the Treasury must have some knowledge of what is going on in the accounts of UK plc, and we should like more of that information to be available to the general public.

Getting information from the internet is difficult and costly, but the cost should be borne by the people who need the information rather than by the Government who are searching for it. It has often been said that getting information from the internet is like getting a glass of water from a waterfall, but if the Government put information into the public domain, citizens will do the hard work of finding out what they want to know.

The Bill is infinitely sensible. It would provide a free website so that members of the public and others could find information about Government expenditure going back five years. However, there are some details that we shall need to explore if the Bill goes into Committee, as I hope it will. Data protection has been mentioned and there are provisions on national security, but we should consider the de minimis level for expenditure and a sensible definition of commercially sensitive information. I have often asked for information—for example, on a pharmacy in East Ayton—only to be told that it is commercially sensitive. There could be savings in providing such information on a website, because civil servants would not need to search for it to provide answers to parliamentary questions.

We support the Bill in its aim to make freedom of information a reality rather than just a concept that can in practice be fraught with difficulty and prevarication. As my hon. Friend the shadow Chancellor said when he unveiled his "follow the money" campaign in November:

"By allowing the public to follow the money, we would improve accountability for government spending, and increase pressure on the government to justify what it spends."

Many people reasonably ask where the extra tax they have paid has been spent and how much has been wasted. The Bill would empower each of Her Majesty's subjects who has access to the web. If the Prime Minister is so proud of his record at No. 11, why should he fear the Bill? I commend the Bill to the House; it is a no-brainer.

2.13 pm

The Parliamentary Under-Secretary, Cabinet Office (Gillian Merron): I thank the hon. Member for South-West Hertfordshire (Mr. Gauke) for his courteous and kind words about my new position, and for standing in for his colleague, the hon. Member for Rayleigh (Mr. Francois). I am sure the hon. Gentleman is most appreciative. I, too, am standing in for a colleague who is well respected in the House and who will do a tremendous job in this role—whoever they are.

The Government have made great strides in openness and transparency in many areas, as we have in promoting value for money, especially in respect of public expenditure. The Government do not support the Bill, not because we have any objections to its apparent aims, but because it is unnecessary and because the burden and costs that it would impose have not been adequately considered. I will elaborate on those points.

The Bill is unnecessary because a huge amount of public spending data are already made publicly available. For example, the Treasury's public website already contains a great deal of information on public spending. There are copies of the central Government supply estimates for a five-year period, which contain detailed departmental spending plans for particular financial years. There are copies of public expenditure statistical analyses going back to 1999-2000, in which the data are broken down in a variety of ways, including by departmental groups, central and local government, public corporations, country and region, and function. There are copies of the Budget and pre-Budget reports going back to 1998. There is detailed information on Treasury spending controls, including past and forthcoming spending reviews that set budgetary limits on spending by Departments, and there is a public sector finances databank, which is updated monthly and contains runs of data for various aspects of expenditure and finance. That list of available information is quite weighty, but it is by no means exhaustive. It simply gives a flavour of the large amount of public expenditure information that is already available on the Treasury's public website.

In addition, the websites of other Departments provide a variety of financial information, whether in the form of departmental reports, audited departmental accounts or spending information relating to non-departmental public bodies or Executive agencies. Audited resource accounts for Departments provide the most comprehensive and accurate information on actual expenditure outturn. The Government have made strides to speed up the provision of such information. The faster closing of resource accounts requires those accounts to be presented to Parliament before the summer recess, which I hope the House will welcome. Importantly, departmental reports also provide information regarding public service agreements, to show not only how much we spend, but what we are achieving with the resources. Most public spending data currently made available relate to full financial years—whether outturn or plans.

What is most important is that detailed, accurate and independently audited information about public spending is made available as soon as it is reasonable to do so. Work is already under way in the Treasury to expand further the quantity of expenditure information on the public website, as well as to restructure the information to make it easier to navigate and search. That means that the public website will also hold detailed background and guidance material relating to public spending issues. I hope that hon. Members welcome that development.

A great deal of public spending data, broken down in many ways, is already freely available, but the Bill is unnecessary for a second reason, which is that any interested parties are able, if necessary, to seek further information under the Freedom of Information Act, which the Government introduced in 2000. The Act is part of the Government's drive towards more open and accountable government. It creates a statutory right of access to Government information, subject of course to the necessary exemptions and safeguards, which strike an appropriate balance between openness and the ability of public bodies to conduct their business efficiently and effectively. The Act is an important and powerful tool and any public expenditure information not already published—a considerable amount is published—could be sought under its provisions. Any refusals of such requests must be properly justified and are subject to scrutiny by the Information Commissioner.

A further concern about the Bill relates to the potential for relatively poor-quality data to appear under the planned process. When the issue was discussed in another place it was stated:

"If information is captured within 30 days of expenditure, it should be capable of being accessed via a website. It does not need to be intermediated through some Treasury information system".—[*Official Report, House of Lords*, 26 January 2007; Vol. 688, c. 1402.]

[Gillian Merron]

That is all well and good, but the quality of data is vital, not least to a consistent approach. Financial information that has been audited, or scrutinised and validated centrally by the Treasury, is surely of greater value in the long term.

As I have said, the burden of cost that the Bill would impose has not been adequately considered. When the matter was discussed in another place, it was stated that the expected cost of the Bill would be £2 million in the first year and £7.5 million over four years. It was acknowledged that such costs were based on estimates produced by the US Congressional Budget Office of the cost of implementing not dissimilar legislation in the US by 2008. The US estimate suggested that it would cost $15 million to set up and maintain such a website over the first five years.

Mr. Goodwill: Does the Minister have any estimate of the savings that could be made under the Bill? For example, civil servants would not have to spend time looking for information to respond to parliamentary questions and other freedom of information searches.

Gillian Merron: May I respectfully suggest that that might be a question for the Bill's promoter? My job today is to assure the House of the steps that the Government take to provide the fullest information in the most accessible form to the widest number of people.

Several factors undermine the validity of such a broad-brush approach. The Congressional Budget Office report acknowledged:

"The federal government has many databases to monitor and report on federal spending."

It also stated that according to the Office of Management and Budget,

"the government currently collects all the information needed to create a comprehensive database on federal spending."

The US costings make it clear that existing US databases covering such things as federal assistance awards and applications for federal grants would mean that compliance costs would be reduced because the required information was already available. In addition, the US Congressional Budget Office report did not attempt to measure likely compliance costs for those who would have to input the data on the new website. As the report states:

"The bill would require state, local, and tribal governments to provide OMB with information on how they spend money received from the federal government. Such requirements could be costly to intergovernmental entities, but any costs would result from complying with conditions for federal assistance."

I believe that before making such a legislative change in this country, it would be sensible and prudent to have a clear idea of the extent of the burden and cost that would be imposed.

The central requirement of the Bill is the creation of a new website specifically for spending data, but that could be seen as contrary to the recommendations that arose from Sir David Varney's review of public service delivery, "Service transformation: A better service for citizens and businesses, a better deal for the taxpayer"—I hope that we can all unite around that principle. The review was published on 6 December 2006. It is available on the Treasury public website and recommends

"a freeze on the development of new websites providing citizen or business e-services created by departments, agencies and non departmental public bodies".

As hon. Members will be aware, the pre-Budget report noted that the Government strongly welcomed the report and had agreed to take forward its recommendations.

I urge hon. Members to consider the points that I have made and to join me in concluding that detailed Government spending information is made freely and publicly available and that the costs associated with the Bill have not been properly considered. I ask hon. Members to join me in opposing the Bill.

2.23 pm

Mr. Gauke: Let me address two points that the Minister made. She suggested that all the information is already out there. However, surely having one website on which all information—more than is available at present—could be found would bring about greater transparency.

I noted the Minister's comments about costs. However, as my hon. Friend the Member for Scarborough and Whitby (Mr. Goodwill) pointed out, I have no doubt that the Bill would lead to savings owing to its effects on freedom of information requests and parliamentary questions. More substantially, given the greater scrutiny for which the Bill provides, we would get better value for money. Some of the most egregious examples of Government waste would be reduced because of the pressure that transparency would bring to bear on the Government and the civil service. I am afraid that I am not persuaded by the arguments presented by the Minister. I believe that the House should give the Bill a Second Reading.

Question put, That the Bill be now read a Second Time:—

The House divided: Ayes 15, Noes 2.

Division No. 169] **[2.25pm**

AYES

Carswell, Mr. Douglas	Mackinlay, Andrew
Davies, Philip	Mitchell, Mr. Andrew
Gauke, Mr. David	Newmark, Mr. Brooks
Goodwill, Mr. Robert	Osborne, Mr. George
Greening, Justine	Steen, Mr. Anthony
Heath, Mr. David	Williams, Hywel
Hollobone, Mr. Philip	
Howarth, David	**Tellers for the Ayes:**
Hurd, Mr. Nick	**Mr. John Randall and**
Kennedy, rh Mr. Charles	**Mr. Mark Lancaster**

NOES

Dismore, Mr. Andrew	**Andrew Miller and**
McIsaac, Shona	**Jonathan Shaw**

Tellers for the Noes:

It appearing on the report of the Division that 40 Members were not present, MR. DEPUTY SPEAKER *declared that the Question was not decided, and the business under consideration stood over until the next sitting of the House.*

Remaining Private Members' Bills

TELECOMMUNICATIONS MASTS (PLANNING CONTROL) BILL

Order for Second Reading read.

Hon. Members: Object.

To be read a Second time on Friday 19 October.

PEDLARS (STREET TRADING REGULATION) BILL

Order for Second Reading read.

Hon. Members: Object.

To be read a Second time on Friday 19 October.

BILINGUAL JURIES (WALES) BILL

Order for Second Reading read.

Hon. Members: Object.

To be read a Second time on Friday 19 October.

ACCESS TO INLAND WATERWAYS BILL

Order for Second Reading read.

Hon. Members: Object.

To be read a Second time on Friday 19 October.

PROTECTION OF ADULTS IN CARE (PREVENTION OF HARM AND EXPLOITATION) BILL

Order for Second Reading read.

Hon. Members: Object.

To be read a Second time on Friday 19 October.

CORRUPTION BILL [*LORDS*]

Order for Second Reading read.

Hon. Members: Object.

To be read a Second time on Friday 19 October.

HUMAN RIGHTS ACT 1998 (MEANING OF PUBLIC AUTHORITY) BILL

Order read for resuming adjourned debate on Question [15 June], That the Bill be now read a Second time.

Hon. Members: Object.

To be read a Second time on Friday 6 July.

RETAIL PACKAGING RECYCLING BILL

Order for Second Reading read.

Hon. Members: Object.

To be read a Second time on Friday 19 October.

FREEDOM OF INFORMATION (AMENDMENT) (NO. 2) BILL

Order for Second Reading read.

Hon. Members: Object.

To be read a Second time on Friday 19 October.

CITIZENS' CONVENTION BILL

Order for Second Reading read.

Hon. Members: Object.

To be read a Second time on Friday 19 October.

Racism (Universities)

Motion made, and Question proposed, That this House do now adjourn.—*[Jonathan Shaw.]*

2.31 pm

Mr. Brooks Newmark (Braintree) (Con): I am pleased to have secured an Adjournment debate on the important subject of tackling racism in universities, in particular on the proposed University and College Union's boycott of Israeli academics, although I am disappointed that in this day and age the issue should need to be debated at all. There is no place for racism anywhere in British society, but it is a particular affront to that society that any racism should persist in our universities.

This subject is hedged in by considerable complexity, not least caused by the need to protect academic freedoms from the clunking fist of Government. Nevertheless, the volume of legislation available to prevent racism on university campuses is considerable. The Race Relations Act 1976 obliges higher education institutions to promote race equality and good relations between different racial groups. The Public Order Act 1986 made incitement to racial hatred a crime, and that provision was buttressed in 2001, and again by the Racial and Religious Hatred Act 2006. To those we can add the Crime and Disorder Act 1998, which introduced racially aggravated offences, and the Equality Act 2006, to outlaw discrimination on the grounds of religion and belief. If I have missed out any law, I hope that the Minister will correct my omission when he replies.

However, I question whether that superabundance of legislation has borne any fruit. In fact, it may well be something of a hindrance to universities seeking to form policies to tackle racism. From prodigal law it is an easy step to profligate guidance. In November, for example, the Minister issued guidance on how universities should promote good campus relations and tackle violent Islamic extremism. I hope that when he replies, he will be able to update the House on the reception of that guidance by the academic community and outline any further steps that he proposes to take with regard to monitoring the growth of Islamic extremism on our campuses.

Islamic extremism is just one facet of the threat that racism poses to university life. Another, and one that has captured the headlines in recent weeks, as well as providing the catalyst for this debate, is anti-Semitism in British universities. I feel obliged to say that it has captured the headlines for all the wrong reasons. At the end of March the Government responded to the report of the all-party parliamentary group on anti-Semitism. I pay tribute to all the members of the group that produced that report. They have focused attention on an increasingly worrying issue.

Unfortunately, there have been few if any headlines that focus on the report's concern that police forces are not comprehensively and consistently tackling anti-Semitic incidents; that the Crown Prosecution Service undertakes few prosecutions for racially motivated offences; or that the Home Office does not seem to have conducted dedicated research into the prevalence of anti-Semitism. The headlines have instead focused on the decision by the University and College Union to

[Mr. Brooks Newmark]

allow its members to discuss proposals for a boycott of Israeli academics. That shift in focus is unfortunate, because the all-party parliamentary group's report devoted an entire chapter to the rise of anti-Semitism on university campuses. Anti-Semitism is a serious and growing concern for Jewish students.

As the Union of Jewish Students told the all-party parliamentary group's inquiry:

"Jewish students have become increasingly alarmed by virulent and unbalanced attacks on the state of Israel, and the failure of student bodies and organisations to clearly and forcefully condemn anti-Semitism when it occurs."

The UCU's stance on a potential boycott of Israeli academics is the crowning failure of responsible leadership. I agree with the principle that university governance is, rightly, independent of the Government, but there is also the principle that academic freedom rests on a compact in which society chooses not to intrude on universities, and universities in turn do not seek to carry out a foreign policy. The proposed UCU boycott undermines that very principle. Tony Blair went as far as he could while he was still Prime Minister to register his disapproval of the decision that the UCU had taken.

I pay tribute to the Minister for his commitment to countering the harm done by the UCU to the image of British academia abroad during his recent visit to Israel. I am also grateful for his steadfast reiteration of the Government's position at yesterday's Education and Skills questions. I was particularly struck by his observation that

"Education must be a bridge between different peoples, and not a subject of conflict."—[*Official Report*, 28 June 2007; Vol. 462, c. 454.]

When he replies, I hope that he will spend a little time developing his idea to hold a seminar in London involving Palestinian, Israeli and British academics. That would be a powerful symbol, and I welcome the idea.

I hope that the Minister also agrees that independence from Government imposes responsibilities on both universities and any organisations that purport to speak for either students or lecturers. If lecturers, in particular, cannot lead by example, then all the guidance and legislation in the world will not make a jot of difference to campus racism. Indeed, as one professor wrote to me recently:

"there should in my view be much more condemnation of academic leaders for failing to assail this movement—Dante on the hottest places in hell being reserved for those who maintain their neutrality in time of great moral crisis comes to mind."

The boycott of Israeli academics has a long and sordid history. Harvard law professor Allan Dershowitz wrote in an article for *The Times* that

"the academic boycott resonates with earlier boycotts of Jews. The history of anti-Semitism is in part the history of boycotts of Jews."

Both the Association of University Teachers and NATFHE have previously proposed a boycott of Israeli academics. The NATFHE motion two years ago called for a boycott of Israeli academics who did not

"distance themselves from their government",

although how they were supposed to do that without the revival of the Zionist equivalent of the Test Acts was, to the best of my knowledge, left unexplained.

I want to contrast the laudable motion 193 passed at the NATFHE conference in 2005, which suggested inter alia that the union should

"develop programmes with the Commission for Racial Equality and The Board of Deputies of British Jews to educate academics and students about the dangers of anti-Semitism",

with the myopic, morally repugnant and intellectually bankrupt motion 30 from the UCU's most recent annual conference. That motion

"condemns the complicity of Israeli academia in the occupation"

of the Palestinian territories but fancifully supposes that

"criticism of Israel cannot be construed as anti-Semitic".

Those claims are extraordinary, and they are both lazy and dangerous.

As a member of the alumni board of Harvard university, I am acutely aware that the issue has also raised its head on the other side of the Atlantic. In 2002, Larry Summers, the president of Harvard university, deplored the fact that by arguing that Israel should be the target of boycott and divestment policies

"serious and thoughtful people are advocating and taking actions that are anti-Semitic in their effect, if not their intent."

It is just a little too easy and glib to say that anti-Zionism is not anti-Semitism, because the odd terminological inexactitude will swiftly turn one into the other.

I pay tribute to representatives from my other alma mater, Oxford university, for attempting to expunge some of the historical rhetoric with an amendment to the motion, but the fact remains that the whole enterprise was never anything more than an example of gesture politics writ large. It wrongly imposes collective responsibility on academics, it is replete with double standards, and it has the ironic impact of silencing legitimate criticism from within the Israeli academic community. As another Newmark, who is the chief executive of the Jewish Leadership Council, but no relation of mine, has said:

"this is a full-frontal assault on academic freedom"

and it

"damages the credibility of British academia as a whole."

I would add to that sentiment the observation of my own rabbi, Thomas Salamon, who wrote to me:

"boycotts are like book burnings, which indicate the will and force to stifle all debate and thought. Boycotts of this nature endanger democracy and lead to hegemony and suppression of freedoms, only recently thrown off in Eastern Europe. To bunch all Israeli academics together is both against reason and common sense."

As an advocate of wider engagement throughout the middle east, it pains me that an influential group of people should be seriously advocating disengagement with Israel. When the AUT last proposed a boycott of Israeli academics, the philosophical objection was summed up by the 21 Noble laureates who signed a joint letter that averred:

"academic freedom has never been the property of a few and must not be manipulated by them...mixing science with politics, and limiting academic freedom by boycotts is wrong."

I wonder how many Nobel laureates voted in favour of the UCU's motion. That motion is all the more dangerous because it establishes such a poor moral tone for UK academia. When it comes to discouraging racism, intolerance and prejudice in British universities, students have a right to expect strong leadership and high moral tone from their lecturers and their own representatives, as well as from Government.

The proposed boycott by UCU members has cast a long shadow and points to a grave weakness in the architecture for dealing with the difficult interface between legitimate expression and religious discrimination that exists today in UK universities. It has also exposed a failure of leadership which cannot help but strike at the heart of any policy aimed at tackling racism. My hon. Friend the Member for Henley (Mr. Johnson) recently characterised the quality of that leadership, in his usual forthright manner, as

"the vapourings of 158 overgrown student politicians."

He is right. He joined the unequivocal condemnation by my right hon. Friend the Member for Witney (Mr. Cameron) and my hon. Friend the Member for Havant (Mr. Willetts).

Universities UK, through the equality challenge unit, is committed to the challenge of stamping out racism in all its many forms. I hope that the Minister will be able to reaffirm the Government's commitment to supporting it in that task. Although the unit takes no official position on the UCU boycott debate, it is clearly crucial to the fight against racism and anti-Semitism in our universities. When the question of university anti-Semitism was debated in another place earlier this month, the chief executive of Universities UK, Baroness Warwick, gave a commitment that the unit would publish updated guidance to universities that focused on religion-related hate crimes. I very much hope that that guidance will prove decisive in addressing aspects of racism such as anti-Semitism, which are so often out of the limelight because they are harder to identify and, perhaps, easier to overlook.

The last thing that universities need is more interference from Government. However, does the Minister believe that there is any scope for the new Department responsible for higher education and skills to consolidate the guidance, if not the legislation, that applies to campus racism? On the one hand we have guidance coming from the Government on how to deal with Islamic extremism; on the other, we have forthcoming guidance from the equality challenge unit on religious hate crimes. My concern is that university vice-chancellors are already bewildered by their responsibilities and their powers to combat racism, and that continuing to address the issue piecemeal will do little to improve the situation for students. Perhaps the Minister could also confirm what is being done to bolster the enforcement of existing legislation in order to crack down on campus racism.

As Baroness Deech said in another place during the debate on anti-Semitism,

"Universities are like the canary in the mine when it comes to bad indications."—[*Official Report, House of Lords*, 12 June 2007; Vol. 692, c. 1661.]

I encourage colleagues on both sides of the House to signal their support for academic freedom and contempt for anti-Semitism, in all its guises, by signing early-day motion 1603. I also hope that students and lecturers will act decisively to bury this sordid subject once and for all by supporting the "Stop the Boycott" campaign through the website www.stoptheboycott.org.

It appears that there is still something of a bad smell caused by prejudice and racism in British universities, but I hope for a breath of fresh air from the UCU, so that the canary will live to see the light of day.

2.55 pm

The Minister for Higher Education and Lifelong Learning (Bill Rammell): I genuinely congratulate the hon. Member for Braintree (Mr. Newmark) on securing the debate on an extremely important issue. Given recent events, which he mentioned in his speech, we have a timely opportunity to debate the matter.

I have made it clear in the House and elsewhere that the Government are strongly committed to academic freedom. In that context, we are firmly against the motion for academic boycotts of Israel or Israeli academics.

Although I respect the University and College Union's independence, I was disappointed—as I made clear—when it passed a motion that encourages its members to consider boycotting Israeli academics and education institutions. I know that the UCU is still debating the matter. However, it is ironic that the UCU debate may ultimately result in stifling valuable and important dialogue in the future if a boycott is instituted. I profoundly believe that such a boycott would do nothing to promote the middle east peace process. Indeed, I believe that it would do the reverse. That is the fundamental problem.

As the hon. Gentleman said, I recently visited Israel and East Jerusalem, which is part of the occupied Palestinian territories. During my visit, I talked to members of the Israeli Government, including the Deputy Prime Minister and Foreign Minister, Mrs. Livni and the Minister of Education, Yuli Tamir.

I also met academics and students at the Hebrew university of Jerusalem and senior Palestinian academics at Al-Quds university. My strong message—that our Government, universities and academics are dedicated to ensuring that communication channels between our countries are kept open—was well received. I was also able to present, on several occasions, my strongly held view that there are progressives and reactionaries in Israel and the Palestinian occupied territories, and that the problem with boycotts is that they make the job of the progressives much harder and reinforce the position of those who wish to take a hard line.

I profoundly believe that education, rather than being a tool to divide us, should help people understand and genuinely connect with each other. It relies on open dialogue. Although discussion and partnership alone will not resolve conflicts in the middle east, there is little hope without them. Education as a means of dialogue is crucial.

Academic boycotts are an anathema to the spirit of collaboration that runs through higher education, especially at a time when higher education is becoming a truly global activity. Across the world, universities are building transnational research links. They are enabling the flow of students and staff between institutions and

[Bill Rammell]

countries. That is fundamentally a force for good, which expands human knowledge, helps us tackle the great challenges of our time, such as terrorism and climate change, enables millions of people to fulfil their potential, renews communities and builds prosperity.

The Government will therefore continue to explore contacts and engagements with Israeli and Palestinian academics now and in the future. Yesterday, I said during Question Time that, while I was in Israel and the occupied territories, I floated the idea, which we are taking forward, of a conference in London involving Israeli, Palestinian and British academics about the concept of the globalisation of higher education. I do not want to overstate the importance of that initiative but I hope that, symbolically, it can demonstrate the way in which education can and should bring people together.

I welcome the opposition to an academic boycott from across the higher education sector in this country, whether from individual academics or higher education representative groups such as Universities UK, the Russell group, the 1994 group and also—importantly—the National Union of Students. During my visit to Israel and the occupied territories, I was pleased to be accompanied by Professor Drummond Bone, the vice-chancellor of Liverpool university and the president of Universities UK, who, alongside me, was sending out a strong message against the concept of an academic boycott.

It is argued that the UCU boycott move is not motivated by anti-Semitism. However, such specific targeting of Israel can often have a worryingly negative effect on all Jewish people. Many Israelis feel that they are being singled out in a way that other regimes that are not democracies and that have significantly poor human rights records are not. That is one of the problems with the notion of the boycott.

The broader issues that the hon. Gentleman raises are very important to the Government. We deplore all acts of racial or religious intolerance in British society and throughout our higher education system. We are committed to tackling racism, including anti-Semitism. I wholly agree with him when he states that there is no place for racism in our society. It is vital that we continue to engage in open, challenging discussions about racism in our society, and most importantly that we do what we can to eliminate it.

While it is right that people should have the ability to criticise Israeli foreign policy—or, indeed, the foreign policy of any country—it causes me grave concern to hear about instances of anti-Semitism on university campuses. We expect our universities to take the lead in progressive thinking and behaviour. We welcome challenging debate, diverse opinions and disagreements, but not the toxic stirring up of hatred or the deplorable harassment of individuals or groups based on their race, ethnicity, religion, gender or sexuality.

It is right that we have a strong legislative framework in place. As well as ensuring due protection to individuals from harm and harassment, it also provides a framework for positive action. It is also right that higher education institutions, as autonomous bodies, are independently answerable to the law and responsible for fulfilling their legal duties with regard to equality and diversity. The law helps us, and I disagree with the hon. Gentleman when he says that it can be a hindrance to enforcing efforts to tackle racism.

The Race Relations (Amendment) Act 2000, which amended the Race Relations Act 1976, was a catalyst in the higher education sector. It ensured that the sector took active responsibility for these matters and that higher education institutions developed a more open and transparent approach to eliminating discrimination. The Act contains practical specifications for implementing change in its duties. The Act also places a positive general duty on all higher education institutions to promote race equality. Those institutions, in all their identified relevant functions, must have due regard to the need to eliminate unlawful racial discrimination, to promote equality of opportunity and to support good race relations between people of different racial groups. All such institutions must have a race equality policy and an action plan outlining how they are to meet the duty and where further work is required. Having such a framework is genuinely helpful.

Mr. Newmark: Does the Minister honestly believe that Hizb ut-Tahrir promotes racial harmony on university campuses?

Bill Rammell: The hon. Gentleman knows that, across government, we keep the issue of Hizb ut-Tahrir under review; that is the right thing to do. There is certainly a responsibility on university institutions to act in accordance with the law and to tackle racism.

The Act to which I was referring has also committed all public authorities to a proactive approach. In higher education, this has helped to overturn the attitude that racism did not exist in the sector. The Act requires all higher education institutions thoroughly to examine their policies and activity and to assess their impact on different groups, highlighting areas where action is needed. That is an ongoing process for higher education institutions, which must continue to address emerging issues. That includes taking on board the recommendations of the all-party inquiry into tackling anti-Semitism, as part of holistic work on addressing racism and discrimination.

The Government will continue working on the issues of equality and diversity. We are committed to undertaking a review of discrimination law, and our aim is to consolidate and simplify existing legislation, and extend its operation as appropriate into a single equality Bill.

I wholeheartedly support the work of the Equality Challenge Unit. It provides vital advice and guidance to higher education institutions in their mission to promote equality and diversity. It has helped those institutions take forward their duties under the Race Relations (Amendment) Act 2000. It establishes dialogue groups for staff and students on race equality, religion and belief issues, which will help the sector further. Importantly, the Union of Jewish Students, the Federation of Student Islamic Societies and the Board of Deputies of British Jews have been invited to participate in those groups.

The guidance provided by both the Department and from within the sector has helped higher education institutions both to understand and to act on the legislative requirements and the complex issues relating

to equality and diversity. The Equality Challenge Unit is also in the process of updating the good campus relations guidance, which will be published in July. Again, I do not agree with the hon. Gentleman: I think that there is consistency between that piece of work and the guidance issued by the Government. The ECU guidance specifically refers to anti-Semitism and Islamophobia and will provide examples of activity undertaken by universities to address some of the issues raised by the all-party inquiry. Today, Universities UK and the Association of Managers of Student Services in Higher Education are hosting a conference that will explore the issue of tackling discrimination on campus.

The hon. Gentleman asked me specifically about the Department's guidance to institutions on tackling extremism in the name of Islam. It is fair to say that that received a mixed reception, with a lot of support, but also some concerns arising out of a misperception—mainly due to media misrepresentation—that it was an attempt to curtail freedom of expression. Let me make it abundantly clear that our intention was never to inhibit anyone's ability to criticise Government policy, either domestic or international. The aim of the guidance was rather to tackle the very small minority of individuals who advocate violent extremism. Universities and academics now recognise that. We consulted widely, and regularly with Universities UK, while we developed that guidance. We will continue to work with sector organisations to develop further guidance where appropriate.

On the prevalence of extremism on campus, to which the hon. Gentleman referred, it is important to make clear that the risk of such activity is serious, but it is not, in my view, widespread. My officials are working with a range of university, faith, student and Government organisations to develop new projects and links to existing work on promoting good inter-faith and community relations on campus.

I genuinely believe that the debate has been, and continues to be, extremely important. There are concerns, but the idea that the middle east peace process can be enhanced in any way through an academic boycott is, in my judgment, foolhardy in the extreme, counter-productive, and will do nothing to achieve the ends that, on the face of it, are put forward.

Question put and agreed to.

Adjourned accordingly at eight minutes past Three o'clock.

House of Commons

Monday 2 July 2007

The House met at half-past Two o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

Oral Answers to Questions

WORK AND PENSIONS

The Secretary of State was asked—

Pension Credit (North-West Leicestershire)

1. **David Taylor** (North-West Leicestershire) (Lab/Co-op): How many pensioners in North-West Leicestershire (a) qualify for and (b) receive pension credit. [146344]

The Secretary of State for Work and Pensions (Mr. Peter Hain): In February 2007, an estimated 3,650 households—4,470 individuals—in North-West Leicestershire were receiving pension credit, but the numbers eligible are not available at constituency level.

David Taylor: I am delighted that my right hon. Friend survived the shuffle and did not have to register with what has proved to be his new Department.

The recent report of the Public Accounts Committee into the DWP's progress in tackling pensioner poverty highlighted a wide variation in benefit take-up rates around Great Britain, with the lowest rates in pockets of deprivation located in rural and otherwise prosperous areas. Can the Secretary of State tell the House what initiatives are planned to provide funding for community, voluntary and not-for-profit organisations in such settings to increase take-up among vulnerable and other hard to reach groups?

Mr. Hain: I am grateful for what my hon. Friend said at the beginning, and for his message of support. We constantly look at initiatives and opportunities, including the use of the voluntary sector, which can often play an absolutely vital part, especially in assisting senior citizens. Over recent years, we have visited 1 million households to try to push the pension credit out further. We are constantly phoning people, because it is now easy to take up pension credit over the telephone rather than having to fill out a form. I urge everybody concerned—those who may be watching the debate and colleagues throughout the House—to make sure that every pensioner in their constituency who may be entitled to pension credit is put in touch so that they can claim it.

Mr. David Laws (Yeovil) (LD): I welcome the Secretary of State and his new team to the Treasury Bench, along with a couple of older faces—*[Interruption.]* Experienced faces.

The Secretary of State will be aware that many people who have lost their occupational pension over the past 10 years are concerned about ending up on means-tested benefits. As the new Administration are supposed to be listening and learning and changing policy, how does he intend to respond to the almost universal condemnation of the financial assistance scheme, and will he be able to respond positively when the Pensions Bill comes back amended from another place?

Mr. Hain: I thank the hon. Gentleman for his welcome. I think he accepted the correction that an experienced team has joined the newcomers like me.

It has clearly been a scandal that people lost their pension as a result of their company going bust and taking the pension fund down with it. That is a scandal, but we have put £8 billion into providing assistance for people in that position and we shall continue to support them in a way that was never done before. We shall obviously consider the House of Lords amendments when the Bill returns to this place, but whatever issues need to be worked through we should recognise the big picture: £8 billion has been put in to rescue people from the plight they would otherwise suffer.

Mr. David Anderson (Blaydon) (Lab): I, too, welcome my right hon. Friend. Although he did not get the job I wanted him to have, I am glad that he has a job that is so important for this country.

Whether in North-West Leicestershire or any other part of the country, it is clear that we must listen to people who represent pensioners in taking forward important cases, so I urge my right hon. Friend to sit down as soon as possible with representatives of the National Pensioners Convention, to get them on side in the work we are trying to do to make things better for all our people.

Mr. Hain: I am grateful to my hon. Friend. The National Pensioners Convention plays an absolutely vital role in championing the interests of senior citizens. I was concerned to hear that apparently there was no Labour party representative at the last conference, which I think was in Blackpool. We shall have to put that right in future, because we want to work with the convention and other representatives from pensioners organisations to make sure that the policies deliver what is intended—justice for pensioners.

Employment (Disabled People)

2. **Julie Morgan** (Cardiff, North) (Lab): What steps he is taking to provide more opportunities for people with disabilities to work. [146345]

The Parliamentary Under-Secretary of State for Work and Pensions (Mrs. Anne McGuire): We have a number of programmes designed to provide help to disabled people, and in the year to April 2007 those programmes supported more than 50,000 people both to get into and retain employment. We are currently reviewing our employment services for disabled people and intend to consult on our proposals later in the year.

Julie Morgan: I thank my hon. Friend for that reply. I am pleased that she is still in the same position as she speaks up very well for disabled people.

Has my hon. Friend made any assessment of the effectiveness of the pathways work-focused interviews for incapacity benefit claimants? Many of them are enthusiastic and keen to work but are understandably anxious because they feel the nature of their condition may not be fully understood. Recent DWP research seems to indicate that, too, so does my hon. Friend think that the carrot may be more important than the stick?

Mrs. McGuire: I thank my hon. Friend for raising that question. As she will be aware, one of the changes that we will implement—linked to the successful implementation of our pathways to work pilot—relates to the welfare reform proposals. Linked to that are the changes in the personal capability assessment, which will reflect far more accurately some of the issues that disabled people—particularly those who have a mental health condition—and their organisations have raised with us. Organisations and individuals told us, over a consistent period, that they did not feel that the personal capability assessment quite reflected the fluctuating nature of mental health conditions, and we worked with those organisations over a number of months to ensure that the new personal capability assessment recognises the issues that are particular to those with fluctuating conditions.

Hywel Williams (Caernarfon) (PC): May I, through the Minister, welcome the Secretary of State to his new work? I hope that he is able to fit his new duties in around his job as Secretary of State for Wales.

What would the Minister say to Liberal Democrat Assembly Member Peter Black, who said this morning in the *Western Mail*

"benefits and disability payments discourage claimants from seeking work"?

Does she agree with him?

Mrs. McGuire: No, I do not. My apologies for not having read the *Western Mail* this morning; I was busy reading *The Scotsman* and the Glasgow *Herald*. May I correct a discourtesy? I did not thank my hon. Friend the Member for Cardiff, North (Julie Morgan) for the kind words at the beginning of her question.

I hope that the hon. Gentleman agrees that we want disability benefits to be used to support people who have indicated that they want to move into work. That is why the new welfare reform proposals are so crucial. We recognise that many people who are on incapacity benefit, for example, want to get into work. The issue is not their express desire to get into work; the real difficulty is breaking down the barriers involved in their getting into work. Some of those barriers are created by attitudinal issues relating to employers and those in the community who look continually at what people cannot do, not at what they can do. The issue is about changing that perception and that reality.

Mr. John Heppell (Nottingham, East) (Lab): I, too, congratulate the Minister on keeping her job and continuing her role as a champion for people with disabilities. I think that everybody in the House would agree that, where possible, it is more important to get people into mainstream employment than into sheltered employment, but what guarantees have we got, in the context of the changes that are coming to Remploy, that some of the vulnerable people in sheltered employment will not be forced into compulsory redundancy?

Mrs. McGuire: I thank my hon. Friend, not just for his question but for the sterling work that he did to support the Department for Work and Pensions team as a DWP Whip. I am delighted that he has not lost his voice. Having been in the Whips Office myself for an extended period of time, I know how difficult it is. Members who have been Whips sometimes feel as though they have actually lost the ability to speak in the House. He has clearly not lost either that ability, or his incisive style of questioning. I can reassure him that, first, the Remploy proposals are just that—they are proposals. Secondly, we have always been clear that we want to ensure that disabled people have a choice. Thirdly, we still see a role for supported factories. Finally, both the previous Secretary of State, the current Secretary of State and I have stated that there will be no compulsory redundancies for disabled people who are currently employed by Remploy. They will have protected terms and conditions, including a final salary pension, through to their normal retirement age. The proposals, however, are the subject of discussion between management and the trade unions at this time.

Mr. Philip Hammond (Runnymede and Weybridge) (Con): I, too, welcome the new Secretary of State to his post and congratulate him and his team of Ministers on their appointments. We look forward to a constructive engagement with them on the many important issues in his in-tray. The Freud report sets out a funding model for extending the reach of welfare-to-work programmes to include hundreds of thousands of people trapped on inactive long-term benefits—not least people with disabilities—by engaging the private and voluntary sectors. Can the Minister tell the House where the new Government stand on the implementation of the Freud report?

Mrs. McGuire: "The new Government" is a bit of embroidery; we are the same Labour Government who came in with the intention of tackling unemployment, reducing the barriers that many disabled people and those on long-term benefits had to put up with for many years, and turning round the situation in which the number of people put on incapacity benefit tripled during 18 years of the Conservative Government. Our intentions regarding the Freud report will be made entirely clear to both the House and the hon. Gentleman when we issue our response to it.

Mr. Hammond: I appreciate the hon. Lady's difficulty because she is serving a Prime Minister who has made it clear that he expects unswerving loyalty to the party line, yet the party line on this issue is not clear. The Prime Minister harangued David Freud in his office before the report was published. He then sat on a platform with David Freud and implicitly endorsed the report, after which his Chief Secretary wrote to the then Secretary of State to make it clear that he would not fund the implementation or piloting of the proposals in the report. After 10 years of Labour promises on welfare reform, may we please have a straight answer: when will we be told whether the Government will back Freud, or block him?

Mrs. McGuire: May I say, with the greatest courtesy to the hon. Gentleman, that he should at least give the Government true recognition for aiming to tackle some of the legacy that we inherited of people being placed

on incapacity benefit and abandoned? The number of such people tripled under the previous Government. I would be interested to know which particular fly he was on the wall as he seems to be giving us chapter and verse on what happened during a conversation that was private to those who participated in it. Let me reassure the hon. Gentleman that he will find out our comments on the Freud report and the way forward when we issue our Green Paper on it.

Mr. Hammond: When?

Mrs. McGuire: The hon. Gentleman will find that out when we issue the Green Paper. I will not be held to a timetable by him.

Ms Dari Taylor (Stockton, South) (Lab): I am delighted that my hon. Friend is still in her post as Minister for the disabled.

The Minister knows that 66 per cent. of the blind and partially sighted want to be in work, but remain outside work. Visage, Action for Blind People's employment programme, and access to work, the Government's employment programme, are excellent. What is she doing to encourage employers to take on board both those programmes and to persuade them that blind and other disabled people should be looked at never for their disablement, but for their ability?

Mrs. McGuire: I thank my hon. Friend for the kind comments at the beginning of her question. She has done an enormous amount to highlight the difficulties that those with visual impairment and blindness find when trying to move into work. I am delighted that she highlights the access to work programme. The Government have quadrupled the value of that programme since we took office in 1997, and some £60 million is spent on supporting people to move into work and retain employment.

My hon. Friend highlights the important point that there is under-employment among those with a visual impairment and blindness. We need to change employers' attitudes—this links with the answer that I gave the hon. Member for Caernarfon (Hywel Williams)—so that they start to appreciate that disabled people bring skills and experience to the work force. We continue to do that through our general work, and later this year we will launch the "Employ Ability" initiative, which will focus on employers looking at people for what they can do, not what they cannot do.

3. **Mr. Alan Beith** (Berwick-upon-Tweed) (LD): What recent assessment he has made of the prospects of employment in Northumberland for people with disabilities. [146346]

The Parliamentary Under-Secretary of State for Work and Pensions (Mrs. Anne McGuire): Opportunities for disabled people both to get into and retain employment are better than ever in Northumberland and elsewhere. We have a substantial range of programmes to help disabled people to get into work and to help those in work to stay in work. As always, we are looking to improve our services so that people who want to work can work.

Mr. Beith: Is the Minister aware that even now Northumberland remains a difficult place for jobs, especially for disabled people? My constituents who work at the Remploy factory in Ashington are worried not only about their positions, but those of the people who might come after them. In an area where employment is not so readily available, should not the Remploy factory have a continuing role in some kind of training capacity to enable disabled people to go into employment?

Mrs. McGuire: I thank the right hon. Gentleman for asking that question, and in that context. He is right to identify the issue of a continuing role for Remploy, but I remind the House that Remploy is not just about the supported factory network; there is also an employment services element. He might be interested to know that in the north-east Remploy factories, some 463 people are in the supported factory network, but there are nearly 300 in the employment services element of the Remploy operation. Remploy management are obviously negotiating on the proposals. I am not sure whether the right hon. Gentleman has taken up an offer to meet the chief executive of Remploy, but if he has not done so, I hope that he will.

Incapacity Benefits

4. **Dr. Ashok Kumar** (Middlesbrough, South and East Cleveland) (Lab): What progress has been made in reducing the number of people on incapacity benefits. [146347]

The Secretary of State for Work and Pensions (Mr. Hain): Claimant numbers more than trebled between the late 1970s and mid-1990s. We have reversed that trend, and the position is very different now. New incapacity benefit claims have dropped by more than a third, and in the year to November 2006 the number of people on incapacity benefit was down by 38,000.

Dr. Kumar: I welcome the Secretary of State to his new post and wish him well for the future. In my constituency, a large number of diagnoses made by GPs to determine eligibility for incapacity benefits are now going to appeal. What measures are taken to ensure that such diagnoses are accurate?

Mr. Hain: Obviously, we need continuously to monitor the situation, but the personal capability assessment remains the most robust system that we have devised for assessing incapacity at work. A number of cases—I think around half—succeed on appeal if they have been initially rejected under that process of assessment because there is then more information available than there was at the time when the assessment was made. We need to ensure that the system works fairly, that all the doctors involved are fully trained in applying the terms of personal capability assessment and that their reports are regularly monitored.

Mr. John Gummer (Suffolk, Coastal) (Con): Will the right hon. Gentleman use the opportunity of his new arrival at the Department to look again at the way in which those who lose an arm and therefore do not have the use of a hand are treated compared to those who lose a leg? At the moment those who lose an arm are very much less generously treated and sometimes have great difficulty finding work.

Mr. Hain: I would be grateful to the right hon. Gentleman if he could provide me with any details, especially of his constituents and others whom he knows to be affected in that way. The situation will depend on the individual assessment, but we do not want to treat anyone unfairly. If he has any information that would enable us to deal with his question, I would be glad to receive it.

Sarah McCarthy-Fry (Portsmouth, North) (Lab/Co-op): I welcome my right hon. Friend to his new position. We are doing a great deal of work to help those people who have only recently come on to incapacity benefit. What plans does my right hon. Friend have for people who have been on incapacity benefit for a great number of years, and who are not very confident about going back to work?

Mr. Hain: I am grateful for my hon. Friend's welcome. As she knows, we are rolling out the pathways to work programme nationally over the coming period. In the Rhondda valley in south Wales, near my constituency, it has been hugely successful in getting people on incapacity benefit back into work. My hon. Friend is also right to draw attention to another matter, which is that the longer people are on incapacity benefit, the more likely it is that they will never come off it. That is one of the reasons we are addressing the issue of reform in the arrangements for welfare to work, especially in respect of disabled people, so that they have the opportunity to work, and so that we can encourage them to do so.

Mark Pritchard (The Wrekin) (Con): The Secretary of State will know that many people claiming incapacity benefit suffer from back pain and stress. Although those conditions are serious, does he agree that there is a small fraudulent element claiming that benefit, which needs to be investigated more? How robust will he be with people who are making fraudulent claims?

Mr. Hain: Obviously, anyone making a fraudulent claim should be identified and that should be exposed and dealt with robustly. As the Under-Secretary of State for Work and Pensions, my hon. Friend the Member for Warwick and Leamington (Mr. Plaskitt), has just reminded me, the number of fraudulent claims is down significantly, perhaps as much as two thirds. That shows that we are being tough on fraudulent claims, but we must also make sure that people are treated fairly.

Natascha Engel (North-East Derbyshire) (Lab): I welcome my right hon. Friend to his new position. I am very pleased that he is at the Department for Work and Pensions. May I invite him up to North-East Derbyshire, where part of the first pathways to work pilot in Derbyshire took place, which was also the first in England, and the most successful in the country, obviously? We have a project in Staveley where the welfare rights organisations are working closely with Jobcentre Plus to identify the skills needs and the jobs that will be available in the next 10 years, which is one of the key elements in getting people off incapacity benefit and into work. If my right hon. Friend would like to come and visit the project, we will make him a cup of tea.

Mr. Hain: I thank my hon. Friend. As she voted for me for the deputy leadership, the answer to her invitation must be yes. I congratulate her on her wisdom and good judgment in that vote, by the way. She has identified an extremely important issue, and I will gladly look at the project when I come to her constituency.

Benefits (Disabled People)

6. **Richard Ottaway** (Croydon, South) (Con): What measures he has introduced to simplify the assessment process of benefits for people with disabilities. [146349]

The Parliamentary Under-Secretary of State for Work and Pensions (Mrs. Anne McGuire): For people with health problems and disabilities, we will be introducing the new employment and support allowance, which will be a single benefit combining earnings replacement and the income-related elements. We are also committed to simplifying the claiming process for disability living allowance and attendance allowance customers, and have already made substantial improvements.

Richard Ottaway: I am pleased to hear that. Is the Minister aware that disabled people have to answer 1,351 questions across 412 pages to get up to 10 benefits? Is she aware that less than 20 per cent. of those questions are unique, 40 per cent. of them are repeated at least three times, and 16 per cent. are repeated at least twice? She must agree that that is inefficient duplication. Will she please explain what she intends to do about it?

Mrs. McGuire: I thank the hon. Gentleman for his question, and I want colleagues to know that I discern a split in the Conservative ranks on the matter. The shadow Minister for Disabled People, the hon. Member for South-West Surrey (Mr. Hunt), said that there were 1,200 questions over 352 pages, which sits at odds with the statistics that we have just heard. We in the Government know that we must simplify benefit application forms, but we should not give the impression that every disabled person applying for a benefit has to answer all the questions that the hon. Gentleman highlighted.

We can play around with statistics, but the danger is that such a numerical approach may create a fear among disabled people that it is almost impossible to get through the benefits system. In fact, 2.8 million people in Britain claim disability living allowance. We try to make it as easy and as straightforward as possible. We work with organisations that will assist and support individuals claiming the benefit. We offer a form-filling service through the disability and carers service, and we offer a very supportive helpline. Yes, we need to look at simplification, but no, we should not—

Mr. Speaker: Order.

Barry Gardiner (Brent, North) (Lab): I thank my hon. Friend for the way that she has supported the disabled people at Carlyon Print Service in my constituency, 23 of whom are out of work owing to the lack of foresight on the part of the local Liberal Democrat and Conservative council. Will my hon. Friend condemn that short-sighted move by the council, and ensure that when those people are making the transition from work in those sheltered surroundings back to unemployment, their benefits transition is facilitated as much as possible?

May I invite her to the reception that I will be hosting for those individuals later this month in the House of Commons?

Mrs. McGuire: I thank my hon. Friend for his question. I know that he has made a commitment to the Carlyon print factory in the face of the local council's decision. I would, of course, be delighted to attend the reception. Jobcentre Plus and the DWP will do all they can sensitively to support his constituents' transition from work to benefits and, we hope, back into work.

Sir John Butterfill (Bournemouth, West) (Con): In the course of reviewing that assessment, will the Minister re-examine the anomalous treatment of those who are physically disabled and are perhaps in wheelchairs and those who are totally blind or severely visually impaired? At the moment, those who are visually impaired or blind do not qualify for the higher rate of mobility allowance. The Minister will no doubt have noted that more than half the Back Benchers in this House have signed my early-day motion on the subject, and I wonder whether she will reconsider the matter.

Mrs. McGuire: The hon. Gentleman and I spoke at the lobby of Parliament undertaken by the Royal National Institute of the Blind. We are engaging in discussions with the RNIB to consider the issues and to decide whether we can develop criteria that meet some of the RNIB's demands in relation to people who are totally blind. I will, of course, keep the House apprised of the outcome of those discussions.

Mr. Russell Brown (Dumfries and Galloway) (Lab): Although simplification of the assessment process for benefits, and especially for the disability living allowance, is important, the length of time that that assessment takes is equally important. The Princess Royal Trust for Carers in my constituency has told me that the process takes far too long. I appreciate that my hon. Friend may not have the figures to hand—I would therefore appreciate it if she were to write to me—but will she disclose the average time it takes to process a DLA claim? If she believes that the process takes too long, what does she intend to do to speed it up?

Mrs. McGuire: I thank my hon. Friend for that question. I do in fact have the figures to hand: the average clearance time for DLA claims under the normal rules is 36.8 days, and many claims are handled much more quickly than that. The average clearance time for attendance allowance claims is 16.6 days, which is just over two weeks. Those who apply under the special rules procedure—those who have a terminal illness or condition—have their claim turned around in five days.

Mr. Jeremy Hunt (South-West Surrey) (Con): I, too, welcome the Minister back to her post. Her length of service may soon rival the length of the forms filled in by disabled people. My hon. Friend the Member for Croydon, South (Richard Ottaway) has referred to the complexity of the disability benefit system. The matter involves not only the frustration felt by disabled people in having to fill out those forms, but the barriers to work that those forms create. What would the Minister say to a young man in his 20s from Northern Ireland who has cerebral palsy and whose father told me at the weekend that his son wants nothing more than to be able to work? Because of the complex rules covering how much work that young man can do, he knows that if he works for more than four hours a week, his benefit will be docked.

Mrs. McGuire: Of course we recognise that the benefit system must support people who want to move into work, which is one of the reasons we have moved to the new employment support allowance. We use all sorts of means to get the message across to disabled people that there are opportunities in the labour market. I do not know the specifics in Northern Ireland, because, as the hon. Gentleman knows or should know, social security in Northern Ireland is managed discretely from social security in Great Britain. The matter is not as straightforward as he likes to make it out to be, and it involves more than simply reducing the number of questions, because many benefits need to be tailored to the needs and demands of the individual. We need the information to make the right judgment at the right time to get the right benefit to the right person as soon as possible.

Lost Working Days

7. **Ben Chapman** (Wirral, South) (Lab): What steps he is taking to reduce the number of work days lost through sickness. [146350]

The Parliamentary Under-Secretary of State for Work and Pensions (Mr. James Plaskitt): The Revitalising Health and Safety strategy was set in place in 2000. It adopted a target to reduce the number of working days lost from work-related injury and ill health by 30 per cent. by 2010. The strategy is working. Taking ill health and injuries together, the number of working days lost per worker has fallen from 1.8 days in 2002-03 to 1.3 days in 2005-06. Over the past decade, total working days lost have fallen from 40 million to 30 million.

Ben Chapman: While that progress is very much to be welcomed, the absolute figures remain staggeringly large. Wirral, for example, has a relatively poor record in terms of getting people who have been sick and injured back into employment. Does my hon. Friend accept that getting back to work is the final step to full rehabilitation, but that to achieve that one must have employer, individual and Government working together? What more is to be done in that regard?

Mr. Plaskitt: My hon. Friend is absolutely right about the fact that this involves everybody. Of course, we want to help people who have suffered injury or illness to get back to work. There is clearly a part for Government, which is why we have the strategy in place. There is a part for employers—small and medium, as well as large—with whom we work on the delivery of that strategy. In respect of helping individuals, training, advice and awareness campaigns are important. That is why we do a lot to promote the prevention of these things in the first place, and why the occupational health service regularly visits employers to help to promote best practice, such as the better backs campaign, which in itself has led to a reduction of 1.5 million in the number of working days lost as a result of back injury.

Mr. David Ruffley (Bury St. Edmunds) (Con): I shall not congratulate the hon. Gentleman on keeping his job, because more importantly I want to pay tribute to the hon. Member for Nottingham, East (Mr. Heppell) for being a constructive and terrific Whip on the Welfare Reform Bill, and to the hon. Member for East Renfrewshire (Mr. Murphy), who is not in his place, but who was an extremely thoughtful Minister for Employment and Welfare Reform.

The issue of sick notes is a big one, because it condemns too many of our fellow citizens to benefit dependency. Too often, sick notes are signed off too easily by some GPs. In January 2006, the Government's Green Paper rightly said that the sick note culture needs to be tackled, and they proposed incentives to GPs to help people back into work through a reformed primary care trust contract and the use of employment advisers in surgeries. I wonder why those policies have not been implemented—

Mr. Speaker: Order. That could have been said at the beginning and we would not have had the speech.

Mr. Plaskitt: We got there eventually, Mr. Speaker. I thank the hon. Gentleman for his generous comments about my colleagues at the start of his question.

All the statistics show that the measures that we are taking are helping more people who have been the victims of sickness or injury at work to get back into work more quickly than before. In the past five years alone, the number of working days lost as a result of workplace injury has declined by 2 million, and those as a result of ill health at work by 7 million, so a total of 9 million extra days have been added to the economy. The measures that we are taking, in conjunction with the health service, are helping to reduce lost working days and to help more people back into work more quickly.

Mr. Terry Rooney (Bradford, North) (Lab): My hon. Friend is right to point to the fall in numbers, but that still equates to 100,000 full-time employees having a year off. Has he studied the system in Holland, where it is incumbent on employers, through legislation, to engage in rehabilitating employees who have fallen sick or ill? Getting greater involvement of employers, especially with occupational therapies, could have a major impact on the figures.

Mr. Plaskitt: My hon. Friend is right that rehabilitation is important. It forms part of many of our discussions with employers and other organisations to help ensure that the services are available and that advice is given. He is right to identify rehabilitation as a significant factor in helping us do even better.

Employment Services

8. **Mr. Philip Dunne** (Ludlow) (Con): What recent representations his Department has received on the use of the private and voluntary sectors in the provision of employment services for benefit recipients. [146351]

The Minister of State, Department for Work and Pensions (Caroline Flint): The use of the private and voluntary sectors, alongside Jobcentre Plus, has provided our customers with access to innovative approaches to helping people back to work. Ministers and officials regularly meet representatives of the private and voluntary sectors. For example, the Provision Forum meets quarterly to share information, intelligence and ideas about the delivery of our successful labour market programmes.

Mr. Dunne: May I congratulate the Minister on her new appointment? As she works with her right hon. Friend the Prime Minister to encourage him into one of the first U-turns of his premiership to support the Freud report conclusions, does she intend to follow the example of Holland, where private and voluntary sector agencies told the Select Committee when we visited a year ago that they succeed most in returning people with disabilities to work the earlier they intervene? In this country, people are not eligible for disability living allowance until they have been out of work for six weeks.

Caroline Flint: Well, DLA is not an out-of-work benefit for a start. I thank the hon. Gentleman for his kind remarks but emphasise that, in the past 10 years, the private and voluntary sectors have been more engaged in supporting people back to work, especially in areas where people have particular challenges, such as disability and child care problems. I have been in the job for only a few days and I am examining the Freud report. He makes interesting points about the way in which we can increase the capacity of the private and voluntary sectors and consider different methods of bearing down on some areas where we can do better. Clearly, we have done well: 900,000 people are off benefits and more people than ever are in work. However, challenges remain and we are up for the task.

Andrew Miller (Ellesmere Port and Neston) (Lab): The private and voluntary sectors that work at the coal face do a tremendous job in helping shape new futures for people with disabilities. Would it not be a good idea for them to liaise with our friends who work with the DLA, examine the business process of delivering it and conduct the assessment at the coal face, working with the voluntary sector and the business community?

Caroline Flint: The Under-Secretary of State for Work and Pensions, my hon. Friend the Member for Stirling (Mrs. McGuire), reminds me that two different benefits are operating. However, I have heard the comments of my hon. Friend the Member for Ellesmere Port and Neston (Andrew Miller). I am only a few days into the job and I shall examine several matters to ascertain how we can perform better. I am sure that he agrees that some fantastic work is already happening throughout the country to support people with or without disabilities to get back into the workplace.

Tom Levitt (High Peak) (Lab): I, too, welcome my hon. Friend to her new position. She knows as well as anyone that the voluntary sector has much to offer in employment services and many other aspects of the Department's work. Although I acknowledge that it contributes much in cost efficiency, innovation and new and appropriate methods of tailoring services to individual needs, does she acknowledge that the large players in the voluntary sector should not have the game entirely to themselves? There is scope for local commissioning with smaller organisations in the voluntary sector when delivering services.

Caroline Flint: My hon. Friend makes a good point. Clearly there are issues about capacity and value for money. We must also recognise that many smaller organisations already provide the sort of niche services that are so essential to helping some people in the community who want to get back to work and need special support. I hope that, in the months and years ahead, we can combine the best of the large organisations, but ensure, through different means, including sub-contracting, that the niche services are fully supported. We are listening to concerns—the Department is very much in listening mode.

Financial Assistance Scheme

9. **Mr. Henry Bellingham** (North-West Norfolk) (Con): When he next expects to meet representatives of private pension schemes to discuss the financial assistance scheme. [146352]

The Minister of State, Department for Work and Pensions (Mr. Mike O'Brien): I have no appointments as yet to meet private sector pension providers, but I hope to do so in due course. In the meantime, my officials are in contact with the various private sector providers.

Mr. Bellingham: I too welcome the hon. and learned Member to his new ministerial post. Is he aware that I represent a large number of constituents who are members of the Albert Fisher pension scheme and that, even after the Government's changes, they are not going to receive their full pension entitlement? In other words, they will still be short-changed in their retirement. They blame the former Chancellor for the devastation caused to private pensions. Are they right to do so?

Mr. O'Brien: They are certainly not right to do so. The previous Government set in place a whole series of changes to pension laws, which caused all sorts of problems for the pensions industry. Before laying blame on the Government, the hon. Gentleman should take the mote out of his own eye.

Mr. David Crausby (Bolton, North-East) (Lab): Should my hon. and learned Friend meet representatives of private pension schemes, will he tell them that if they had not spent so much time on contributions holidays, there would not be the same need for a financial assistance scheme? Will he remind them that it is thanks to the efforts of the present Government that thousands and thousands of pensioners will now be able to claim compensation rather than die in poverty?

Mr. O'Brien: My hon. Friend is right. Contribution holidays, which were encouraged by some of the policies put in place by a previous Chancellor—now Lord Lamont—were part of the problem. This Government had to tackle the pensions mis-selling crisis that was also created by the previous Government. We created the Pension Protection Fund to deal with the problems of occupational pensions, we have put in place a new pensions regulator and we are helping 125,000 people through the financial assistance scheme. We will continue to put in place policies through the Pensions Bill to ensure that we remedy the various problems that were indeed caused by the previous Government.

Miss Julie Kirkbride (Bromsgrove) (Con): I have two sets of constituents who have lost their pensions: people who worked for MG Rover and those who worked for United Engineering Forgings. Those who lost their pension from MG Rover receive the protection of the Pension Protection Fund, while those in UEF secure only the financial assistance scheme, which offers considerably less compensation. Will the Minister now put my constituents out of their misery by finally accepting the lifeboat proposal championed by Conservative Members that would provide equality of compensation to my two equal sets of constituents?

Mr. O'Brien: Perhaps the hon. Lady should listen to her own shadow Chancellor who said at a meeting of *The Independent* newspaper that at the Conservative conference,

"lots of Conservatives... come up to me and say we've really got to put more money into pensions"

He continued by saying that

"part of the test of whether we are ready for government is whether we can resist those additional draws on public expenditure".

This Government have put forward a set of proposals in pensions legislation that will deal with many of the issues relating to people who have lost pensions. Also, the proposals in the financial assistance scheme create the right balance between the taxpayer helping some of those who are affected and ensuring that pensions get a reasonable deal. The basic minimum that we are guaranteeing is 80 per cent. If they are covered by the Pension Protection Fund, they will be able to receive 90 per cent., but we should remember that people covered by that scheme have to make a contribution—it is more like an insurance policy—while no contribution was made by people under the FAS.

Derek Wyatt (Sittingbourne and Sheppey) (Lab): I should like to welcome my hon. and learned Friend to his position. Can he tell me—or, if not, will he write to me—whether primary legislation will be necessary in order for people to access private pension schemes in the City?

Mr. O'Brien: As my hon. Friend knows, Andrew Young is undertaking a review. We hope to get an interim report by the end of July and then a final report towards the end of this year. We then hope to be able to identify what we can access in respect of available funds. One of the concerns about the lifeboat proposal is that it is really an unfunded commitment. The Conservatives are quite happy to make such commitments, but we are the Government and we have to deal with these issues responsibly. Whatever we propose has to be properly funded.

Occupational Health

10. **Ms Sally Keeble** (Northampton, North) (Lab): What recent discussions he has had with the Health and Safety Executive on European Union legislation on occupational health. [146353]

The Parliamentary Under-Secretary of State for Work and Pensions (Mr. James Plaskitt): Most recently, we have discussed the new European Community strategy on health and safety at work. This is a wide-ranging

strategy for the next five years and we welcome it. The ideas that it contains fit well with our own existing policies and programmes.

Ms Keeble: I am grateful to my hon. Friend for that reply. Will he ensure that, in those talks, proper attention is given to workplace-related violence, particularly as it affects health workers, shop workers and transport workers, so that they can get proper protection and recognition of the injuries that they suffer at work?

Mr. Plaskitt: My hon. Friend raises an extremely important point. I can confirm that, through the Health and Safety Executive, we issue sector-specific guidance to each of the sectors that she has just mentioned. Happily, that is helping to reduce the incidence of violence at work. Over the past 10 years, the number of incidents has fallen from 1.3 million a year to 600,000. Even that level is completely unacceptable, however, and that kind of violence cannot be tolerated. I recommend the freedom from fear campaign being mounted by the Union of Shop, Distributive and Allied Workers, which is aimed at countering violence in the retail trade. On 11 July, USDAW is holding a respect for shop workers day, which I hope that all hon. Members will support in their constituencies.

Leader of the House

The Leader of the House was asked—

Public Engagement (Debates)

18. **Julie Morgan** (Cardiff, North) (Lab): What plans she has to make debate on the Floor of the House more engaging for the general public. [146363]

The Leader of the House of Commons (Ms Harriet Harman): The Modernisation Committee published its report last week on revitalising the Chamber. The Committee made a number of recommendations which would make the business of the House more engaging for the general public by promoting greater topicality and greater clarity.

Julie Morgan: I thank my right hon. Friend for her reply and congratulate her on her appointments. I am very pleased to be able to put the first question to her in her new role. In order to make debates on the Floor of the House more engaging to the public, would she consider a greater role for public petitions? They are enormously important to our constituents, and often signed by thousands of people, yet they are usually presented late at night when hon. Members are rushing from the Chamber. Will she look at what happens in Wales and Scotland and perhaps take similar measures forward here?

Ms Harman: I thank my hon. Friend for her warm wishes. She raised a point about petitions, and I will certainly look at that. I understand that the Procedure Committee has already looked into what happens in Scotland and Wales, and I will look at that too. The Procedure Committee has considered the question of petitions and produced a substantive report, to which the Government will respond. I should like to reaffirm the point behind my hon. Friend's question. Petitions are an important link between individual constituents and their Member of Parliament, and between the people and the Government. They are also important for members of the public and for this House.

Sir Patrick Cormack (South Staffordshire) (Con): In congratulating the right hon. Lady on her appointment, may I ask her whether she will find time for a whole-day debate on the Modernisation Committee report, either shortly before or shortly after the forthcoming recess?

Ms Harman: I hear the hon. Gentleman's suggestion, and I know that the House will want to have enough time to debate these important topics. The House will be aware that the Prime Minister has also flagged up this important issue, and we will look at the hon. Gentleman's request sympathetically.

Fiona Mactaggart (Slough) (Lab): I warmly welcome my right hon. Friend to her new post; it is great to see a moderniser in this role. One of the barriers to public engagement with this place is our Order of Business. It is obscure, to put it politely. In her new role, will she try to create a plain English, simple version of what happens here, so that citizens can know what we are talking about and seek to influence it?

Ms Harman: I thank my hon. Friend for her kind welcome to me in my new position. I very much agree with her comments about the Order Paper. However, it is not just members of the public who find our procedures and the Order Paper baffling; some Members of Parliament—even quite long-standing Members of Parliament—could be forgiven for not understanding them. We have to move to plain English, which is why, when publishing the draft Bill on reform of the coroners system, I made sure that we had the legalese on one side of the page and plain English on the other, and we can make progress on a number of documents in that way. It is not only the public who do not understand; many of us do not either.

Sir Nicholas Winterton (Macclesfield) (Con): While fully supporting the request made by the hon. Member for Cardiff, North (Julie Morgan) about the debating of petitions, may I say that the House would more adequately engage with the public if more Back Benchers were called to speak in important debates? Does the right hon. Lady not feel, therefore, that considerable thought should be given to reducing the time taken by Front Benchers?

Ms Harman: I know that this is something that the Modernisation Committee, of which the hon. Gentleman is one of the longest-standing and most respected members, has looked into, and it has made a proposal. The previous Leader of the House said that there were many proposals in that Select Committee's report that the Government would be likely to back, and we will, therefore, issue our response shortly.

Andrew Mackinlay (Thurrock) (Lab): May I invite the Leader of the House to discuss with the Chief Whip the notice given to Back Benchers of Statutory Instrument Committees? Often, Members are given

only 48 hours' notice or less that they will serve on a Committee, which means that scrutiny is reduced to a charade. There is no earthly reason why most Government Departments could not flag up statutory instruments with two weeks' notice so that people could volunteer who were interested in the subject and in providing scrutiny. That would be one of the great innovations of—

Mr. Speaker: Order.

Ms Harman: This is something that my hon. Friend has raised before, and I am happy to engage in discussion, including with the Chief Whip, who, although he gave no sign of it, was listening acutely to what my hon. Friend said.

Mrs. Theresa May (Maidenhead) (Con): May I also welcome the right hon. and learned Lady to her new position? I am sure that, like me, she will find it an enjoyable and satisfying role, and I look forward to working with her to protect the interests of the House and of all hon. Members.

It is, of course, important for our democracy that the public find debates in Parliament more engaging, but does the right hon. and learned Lady agree that the public will be more engaged with parliamentary debate if they think that they can trust politicians? For example, during the Labour deputy leadership campaign, the new part-time Leader of the House said "I agree" that the Government should apologise for the Iraq war. Now she says:

"I've never said the government should apologise"

over the Iraq war. Does she agree that examples such as that merely increase public cynicism and disengage people from Parliament?

Ms Harman: If the right hon. Lady has something that has me quoted as saying that, she can send it to me. It is a pity, when we need to work closely together in the interests of the House, which is important for both sides and for democracy, that she should make that point. I would welcome her sending me any quote that said that. None the less, I look forward to working with her and with Opposition Members to make sure that the House works better. We need strong government, but strong government works better when it is held to account by a strong Parliament, and that is what I aim to achieve.

HOUSE OF COMMONS COMMISSION

The hon. Member for North Devon, representing the House of Commons Commission was asked—

Freedom of Information (Amendment) Bill

19. **Norman Baker** (Lewes) (LD): What assessment the Commission has made of the implications of the terms of the Freedom of Information (Amendment) Bill for the exercise of its responsibilities; and if he will make a statement. [146364]

Nick Harvey (North Devon): The Commission has not made any such assessment. However, the Members Estimate Committee, as its minutes published on the internet show, decided on 29 January that the publication scheme for information about Members' allowances that has operated for the past three years would continue, notwithstanding any change in the law that might arise from the Bill. On 21 May, the Committee reaffirmed its commitment to making sure that the public are properly informed about Parliament, not least through the publication scheme.

Norman Baker: My hon. Friend will know that the information tribunal recently upheld a request that I made for information that the Commission had fought tooth and nail. As part of that process, it became apparent that the House of Commons Commission had resisted almost every request for embarrassing information. Does he agree that it is time for the Commission to examine its answering practices to ensure that it is compliant with the Freedom of Information Act 2000?

Nick Harvey: The Commission is not the body responsible for determining responses to such cases. My hon. Friend is mistaken in saying that we have not been replying: more than a third of such applications have been granted immediately. I understand that a tribunal judgment is awaited in one pending case and that options in relation to another will be considered as soon as possible.

LEADER OF THE HOUSE

The Leader of the House was asked—

Oral Statements

20. **Mr. Peter Bone** (Wellingborough) (Con): If she will bring forward proposals to prevent Ministers briefing the media on the contents of oral statements before making those statements in the House. [146366]

The Leader of the House of Commons (Ms Harriet Harman): The ministerial code makes it clear that

"when Parliament is in session, the most important announcements of Government policy should be made, in the first instance, in Parliament."

I strongly support that principle. As the Prime Minister said at the weekend, Parliament should hear the contents of statements before the media do.

Mr. Bone: I welcome the Leader of the House's comments, but is she aware that two statements that are to be made this week—one tomorrow by the Prime Minister on the constitution, and another on Wednesday on health—have been leaked to the press in advance of Members of this House hearing them?

Ms Harman: I do not think that the contents of the statements have been given to the press in advance—and I say to Members that it is important that they attend the Chamber to hear the contents of statements. In my view, whether it is announced outside the House that there will be a statement is of less importance than

some other issues. The public should be made aware that there will be a statement, but the contents of the statement must be made to the House first, because the Executive is accountable to Members of this House and they should be the first people to ask questions of Ministers, rather than journalists and broadcasters.

Mr. David Heath (Somerton and Frome) (LD): I welcome the right hon. and learned Lady to her new post. Her predecessor was firm about Ministers abiding by the ministerial code of conduct, but is there not now a strong case for strengthening the code, for stopping it being under the sole jurisdiction of the Prime Minister, and for introducing in addition a code for Cabinet Government that respects the role of Cabinet Ministers within Cabinet?

Ms Harman: The issues that I as Leader of the House must address include ensuring the following: that there is the right relationship between Ministers and this House; that Members have an opportunity generally to raise issues of concern to their constituents; and that Ministers with responsibility for matters come to this House and give an account of themselves. The other issues raised are, perhaps, not ones for me to address.

Counter-terrorism

3.32 pm

The Secretary of State for the Home Department (Jacqui Smith): With permission, Mr. Speaker, I would like to make a statement on the weekend's events. First and foremost, I am sure that all Members agree that our top priority must be the success of the investigation and any subsequent prosecution. For that reason, we will all want to avoid speculating about the details of what is still a fast-moving investigation.

The facts as they have been reported to me by the police and other agencies are as follows. In the early hours of 29 June, an ambulance crew reported a suspicious Mercedes vehicle outside a nightclub in the Haymarket in central London. The vehicle contained significant amounts of petrol, gas cylinders and nails. Explosives officers from the Metropolitan police counter terrorism command were called and manually disabled the means of detonation. During the course of their investigation on Friday, police learned of a second Mercedes vehicle that was issued with a parking ticket at about 2.30 am on 29 June. The car was parked in Cockspur street, London, close to the location of the first vehicle. The second vehicle was taken to a pound in Hyde Park at about 3.30 am that day. The vehicle contained similar materials to those found in the first, including a significant amount of fuel, gas canisters and a quantity of nails. As with the first device, the vehicle was swiftly made safe by explosives officers. Police soon confirmed that the vehicles were linked. Further examination will reveal additional detail about the damage that the devices might have caused if detonated, but at this stage police believe they were potentially viable devices that could have caused significant injury or loss of life.

At 3.15 pm on 30 June, a Jeep Cherokee drove into a front door at the check-in area of the terminal building at Glasgow airport and caught fire on impact. One member of the public sustained minor injuries in the immediate aftermath of the incident. Police have confirmed that the incident at the airport was linked to the vehicles discovered in London. Investigations into these incidents have involved police forces across the United Kingdom. To date, six individuals have been arrested in connection with the events: one at Glasgow airport, a further two in Glasgow, two in Staffordshire—north of junction 16 on the M6—and one in Liverpool. One further individual of interest remains in a critical condition in hospital. Searches have already been carried out in at least 19 locations, but as I have already said, this is a fast-moving investigation.

I am sure that the House will want to join me in thanking all those involved in the response to these incidents: the ambulance crew, whose vigilance potentially averted an attack; the police, particularly the explosives officers who manually disabled the device in the Haymarket; and the Security Service. In addition, the response from the public and the business community, including staff at airports, has been excellent in support of the police and other emergency services. I would also like to thank colleagues in Scotland and, internationally, in the United States and in Europe for their messages and offers of support.

Since Friday morning, the Government have held four meetings of Cobra, which were chaired by the Prime Minister and me and attended by ministerial colleagues from key Government Departments, and the police and intelligence agencies. Our priority has been to co-ordinate the necessary responses to protect the public.

Turning now to that response under way across the country, the police have substantially stepped up protective security measures, including: high-visibility patrols, including armed response vehicles; the increased use of stop-and-search powers for vehicles and pedestrians; and increased physical protection around airport terminal buildings, including tighter controls on access roads and the installation of new barriers, in conjunction with airport operators and the Department for Transport. As ever, these measures are designed to maximise public safety while minimising disruption to normal life. This action supplements the substantial programme of work already under way to protect high-risk locations. Police counter-terrorism security advisers have already advised a range of crowded places in recent months, including over 450 major sporting venues and around 400 shopping centres.

As the House will be aware, the UK national threat level was raised from severe to critical on Saturday 30 June by the joint terrorism analysis centre. JTAC sets threat levels based on a comprehensive analysis of all intelligence relating to international terrorism.

Terrorism is a serious threat to us all. We must ensure that our resources, capability and legislation support our common endeavour to defend the shared values of this country from terror. To that end, we have doubled expenditure on counter-terrorism since September 2001. Work as part of the current comprehensive spending review will further assess the expenditure necessary. We have started a full consultative review of counter-terrorism legislation, with a view to a Bill later this year. This process will continue. We have refocused the Home Office, developed the Office for Security and Counter-Terrorism and established a weekly security board, which I chair, to co-ordinate the efforts of key Departments and agencies. Across Government, Ministers will work together to oversee the delivery of this complex package of measures.

Let us be clear: terrorists are criminals whose victims come from all walks of life, communities and religious backgrounds. Terrorists attack the values that are shared by all law-abiding citizens. As a Government, as communities and as individuals we need to ensure that the message of the terrorists is rejected. I very much welcome the strong messages of condemnation that we have heard throughout the weekend from community leaders across the country. It is through our unity that the terrorists will eventually be defeated.

In closing my statement, I would also like to express my admiration and thanks to members of the public in this country, in all our communities, for their patience and measured response to these events. My aim as Home Secretary is to allow the British public to live their lives as they would wish, within the law. The fact that people have been prepared to go about those lives as normally as possible this weekend sends the strongest message to those who wish to destroy our way of life and our freedoms that we will not be intimidated by terror.

David Davis (Haltemprice and Howden) (Con): May I start by welcoming the Home Secretary to her new post, especially in these uniquely difficult circumstances? She has handled this entire affair to date with a calmness and dignity on which I congratulate her.

I join the Home Secretary and offer the thanks and congratulations of the Opposition to our emergency and security services for their actions in stopping these evil acts, which were planned with the clear aim of taking possibly hundreds of innocent lives. Without the keenly observant eye of one ambulance crew and the rapid response of our police force and bomb disposal crews, we could have been discussing a major tragedy today.

I wish to single out for praise the civilians who intervened to support the police at Glasgow airport. Without their action in helping to subdue a subject, in circumstances of violence and extreme risk, there might have been a much worse tragedy. In these days, when the word "hero" is bandied around for the most minor of achievements, a real hero is someone who runs towards danger while others run away, and who puts their life at risk to help others. These people did that, and I formally ask the Government to consider recognising their action appropriately.

All that being said, we have been very, very lucky: only the actions of a few people, fortuitously in the right place at the right time, prevented us from facing more than one major loss of life in the past three days. Today is a day for unity, not for criticism, so I have only two questions—of which I gave the Home Secretary notice over the weekend.

On 22 April, a newspaper carried a report produced by JTAC that predicted a high risk of an attack at the handover from the previous Prime Minister to the current one. Despite that, the threat level was not raised above severe, which is the level at which it stands most of the time. Why was that, and what were the implications for the police forces and security agencies of that lower level?

Once alerted to the threat, it is clear that the agencies responded remarkably quickly. Although numerous threats have been foiled, on which they deserve our heartfelt congratulations, we must face the fact that three attempted atrocities have occurred without warning. That means that the Home Secretary will have the difficult task of reviewing the strategy and resourcing of the entire counter-terrorist effort. If that leads to a significant increase in the size of the single intelligence budget, and associated police budgets, in the current comprehensive spending review, that decision will have the Opposition's clear support.

Over the weekend, the Prime Minister said:

"The message that's got to come out from the British people is that as one we will not yield, not be intimidated. And we will not allow anyone to undermine our British way of life".

We agree. But we should remember that the liberty of the subject is the defining characteristic of the British way of life. So we should not give it up without very good cause indeed.

I am very pleased that the current Prime Minister and the current Home Secretary have not reacted to this very real threat with hasty or knee-jerk responses. Handling this enemy will take very cool judgment, very careful analysis, and very thorough planning if we are to defeat them without giving up what we all hold dear. This will take a long time, and will need co-operation between the Government and Opposition—a process that has already started.

Let me conclude by repeating what I said on 7 July 2005. It was true then, and it is true now, and I see the Prime Minister nodding. Whatever the origin and whatever the motive of the terrorism that walks our streets,

"our response will be the same—the British people will not be cowed and the terrorists will not win."—[*Official Report*, 7 July 2005; Vol. 436, c. 466.]

Jacqui Smith: I thank the right hon. Gentleman for his words of welcome and support. I very much appreciated, too, the support he showed me as I briefed him over the weekend. I strongly agree about the bravery of members of the public, alongside members of the emergency services, and I shall certainly look carefully at his suggestion about how we can recognise that bravery.

The right hon. Gentleman raised a particular point about press reports of JTAC analysis. Just as we must avoid speculation about individual details of this operation, so too must we resist the temptation to draw conclusions from leaks of individual bits of intelligence analysis. It is JTAC's job to look at all available intelligence from home and abroad over a period of time to assess the threat level. The fact that the threat level for the past year has been severe is a symbol or representation of the serious level of threat that the intelligence suggested we face.

I would have a small disagreement with the right hon. Gentleman about it being a routine threat level—it is not; it represents a sustained level of threat and police and other activity has been commensurate with that.

I am glad that the right hon. Gentleman expressed support for increased funding. The doubling of such expenditure since 9/11 has of course enabled us to double the number of agents in the security services and to provide important support for counter-terrorism work in the police force, too.

Once again, I thank the right hon. Gentleman for his words; it is most certainly my intention to continue this important work in co-operation not only with Opposition Members but with everybody else in the country who can help us to tackle the threat of terrorism.

Mr. Nick Clegg (Sheffield, Hallam) (LD): I am grateful to the Home Secretary for advance sight of her statement and for the updates she provided over the past few days as events unfolded. I welcome her to her new position and recognise that she had to deal with some early challenges within hours of taking it up.

I wholeheartedly join the right hon. Lady in recognising the vigilance of the public and the intelligence services, and the valour of members of the public, emergency services and police. That vigilance and valour, combined with an almost uncanny stroke of good luck, appear to have helped to avert the worst this time. Naturally, I, too, am delighted that neither she nor the Prime Minister appears, at the moment at least, to be invoking the events of recent days as a reason to argue immediately for new legislation. Does she agree that legislation is

only ever a small part of our collective response and that excessive or ill-considered legislation can increase feelings of alienation and resentment, within precisely the communities we need on our side?

I strongly agree with the Home Secretary that unity is essential, not only to thwart criminal extremists themselves but to help to enhance a feeling of solidarity between and within our various communities. Does she agree that the long-term dilemma facing us all is how we can deal with the grievances of terrorist extremists without in any way legitimising them? Although there is never any excuse for such violence, does she agree that we need a calm, candid approach to our policies at home and abroad, to work out how best to bolster moderate Muslim opinion and successfully isolate the views of the criminal extremists, as the Prime Minister suggested this weekend?

Finally, in the light of the attack at Glasgow airport, will the Home Secretary confirm that pilot studies are under way for installing new vehicle access barriers at Victoria and Waterloo railway stations? In February, I asked what steps were being taken to roll out those pilots at other stations and airports and was told that a report would be completed in April, but I do not think it has yet been published. Can the Home Secretary confirm that the report is now complete and that it will be acted on with redoubled urgency?

Jacqui Smith: I thank the hon. Gentleman for his comments and the support he showed during our conversations over the weekend for the response of the emergency services.

I made it clear in my statement that I certainly do not see legislation as being the sole way in which we will tackle the threat of terrorism. Nevertheless, it is a very important way to address terrorism. That is why, as I suggested in my statement, I will take forward my predecessor's proposals with respect to the counter-terrorism Bill that we hope to introduce later this year.

On the hon. Gentleman's comments about the way in which we deal with extremism, I supported his second point, but I did not support the argument that it seemed that he was nearly making—that somehow or other a grievance, real or otherwise, could ever justify a murderous activity. If he was arguing—as I think he was in the second part of his remarks—that the task for us all, in all communities, is to isolate the extremists who propagate and carry out terrorism, I strongly agree with him. That is why work has already started in the Department for Communities and Local Government. Working with my right hon. Friends the Secretary of State for Communities and Local Government and the Foreign Secretary, I want to renew and bolster that work, which will be crucial in addressing the threat of terrorism.

There is not a single solution to terrorism. That is why I emphasised the need for resources, capability and legislation and the need to win the battle of ideas in order to tackle terrorism. On the specific point about security in train stations, some additional protective security measures, especially high-visibility policing, are being taken in some of our major transport hubs. I will certainly go back to the report that the hon. Gentleman mentions, pursue it, and perhaps contact him on the issue.

Jim Sheridan (Paisley and Renfrewshire, North) (Lab): Twenty-three hours and 59 minutes after the horrific attack on Saturday, Glasgow airport was fully operational. No doubt that is down to the hard work of the staff, the management and the emergency services, but it is also down to the general public, who were extremely tolerant and understanding. Many of them will be denied compensation for the loss of their holidays, so will my right hon. Friend use her good offices to encourage the insurance companies and the travel agents to look sympathetically at any claims that may come from those people?

Finally, I travelled through Glasgow airport today and the public and the staff there had a clear message for the people of the UK and beyond. It was a simple request: "Will you all come back again?"

Jacqui Smith: I completely agree with the points that my hon. Friend makes about the considerable hard work and stoicism shown by the staff and others at Glasgow airport, and I join him in congratulating them on that. I have no doubt that both the travel and insurance companies will have heard the plea that he makes on behalf of his constituents and others and I am sure that they will bear that carefully in mind. His point about returning to Scotland is important. I know that Visit Scotland is working hard to demonstrate that Scotland is open for business as usual. Given what a very beautiful country it is, I am sure that many people will want to take the opportunity to visit it as soon as possible.

Mr. Mark Field (Cities of London and Westminster) (Con): May I associate myself with the comments of my right hon. Friend the Member for Haltemprice and Howden (David Davis) in relation to the Home Secretary? It must be a tumultuous time to be taking over the post. For my part, I think that she and the Prime Minister have spoken constructively, with a firm eye to the future—we obviously need to look at these things in an entirely different light, given some of the mistakes that have been made over the past five or six years on community matters.

Both the Haymarket and Cockspur street lie in my constituency, which also contains many of the country's highest profile terrorist targets, and we must not forget that many residents live cheek by jowl with the embassies and other establishments in central London that are possible targets for car bombers. I appreciate that it is still very early days, but is the Home Secretary giving serious consideration to setting up a ring of steel to protect residents and businesses in the west end similar to that which has operated in the City of London over the past decade and a half?

Jacqui Smith: I thank the hon. Gentleman for his comments. I commend his constituents who live and work in that area of London for the way in which they responded to this weekend's events. Of course, I would be happy to listen to any of his or his constituents' ideas about how we can ensure their security. Immediately following Friday morning's events, the police increased what they call protective security with high-visibility policing in the area. On threat levels, we will need to keep what is appropriate under review. High-visibility

[Jacqui Smith]

policing, the sort of measures that are already in place and vigilance, which is an important role for those who live and work in the area, are the most appropriate ways to address the threat.

Mr. George Howarth (Knowsley, North and Sefton, East) (Lab): I, too, welcome my right hon. Friend to her new and awesome responsibilities and congratulate her on the calm and effective way in which she has carried them out over the past few days. I also welcome the fact that she continues to review counter-terrorism legislation. May I express the hope that should it prove necessary to extend the time for which a suspect may be held for questioning, she will bring measures forward without any hesitation?

Jacqui Smith: I thank my right hon. Friend. As my predecessor made clear at the beginning of June, we want to take forward proposals for the counter-terrorism Bill on the basis of consultation. He and my right hon. Friend the Prime Minister made it clear that there might well be a case for examining the amount of time for which we are able to detain people pre-charge so that we ensure that there is the very best opportunity to bring successful convictions. However, if we were to go down that route, we would do so on the basis of consultation, a careful examination of the evidence, and ensuring that there was appropriate scrutiny.

Mr. James Clappison (Hertsmere) (Con): Whatever the circumstances of present events, is the Home Secretary aware that in serious criminal cases involving terrorism that have recently concluded, there has been a strong connection between serious offences and the influence and transmission of extreme ideological religious views? Will she make countering that baleful influence a priority?

Jacqui Smith: I agree that, in some cases, the transmission of what I would call extreme views—full stop—has led to at least part of the ongoing terror threat. As I suggested earlier, it is the responsibility of not only the Government but community leaders and others to isolate those extreme violent views, wherever they occur, and to ensure that we bolster the vast majority of all our communities who share British values, a respect for law in this country and all our concerns about countering terror.

Dr. Tony Wright (Cannock Chase) (Lab): If an important part of being British is agreeing about how we disagree, does the Home Secretary agree that we must ask the British Muslim community to condemn this barbarism without any equivocation or caveat—without any ifs and buts—because it is our only real ally against it?

Jacqui Smith: I think that the support from our communities has actually been very positive. Whoever was involved in these attacks—of course, we do not know who that was—I acknowledge that those in our Muslims communities may feel that they are under the spotlight. In fact I was encouraged by the reaction from the Muslim community over the weekend. For example, Khurshid Ahmed, the chair of the British Muslim Forum, expressed

"support to the Government in raising the threat level",

and

"pledged full support and co-operation...in tackling this menace".

Haras Rafiq, the chair of the Sufi Muslim Council, called for communities to

"make a concerted effort to root out the dregs of society who commit such horrific actions, whose aim is nothing but to terrorise innocent human beings",

and asserted that

"such actions have nothing to do with Islam."

Those are strong positive messages and we need to work with members of the Muslim community who express views like that to isolate the very small minorities in any community who want to propagate hate and terror.

Derek Conway (Old Bexley and Sidcup) (Con): Is the Home Secretary aware that extremist fundamentalists have described the attack on the "Tiger Tiger" nightclub as an attack on slags? My daughter was there that night at a party of 18-year-old girls from a convent school who were celebrating the end of A-levels and an 18-year-old girl's birthday. Dealing with a mindset that describes people enjoying themselves in London in such a way shows the challenge that this remarkably steady Home Secretary has to face. Does she share my utter gratitude and that of the parents of all the girls from St. Mary's school, Ascot, whose daughters would not be with them today if it were not for the outstanding bravery of the bomb disposal officer who manually tackled the bomb? It is difficult to comprehend that bravery and it is even more difficult to express our thanks properly.

Jacqui Smith: The hon. Gentleman does a very good job of expressing our thanks and the concerns and fears of those who had family, or knew of other people, involved in any of these incidents. He rightly identifies the need for us to be able to continue whatever we want to do in our everyday life, whether that involves attending nightclubs or going on holiday, free from the fear of terrorism and refusing to be intimidated by it.

Mr. Khalid Mahmood (Birmingham, Perry Barr) (Lab): I congratulate my right hon. Friend on her new post and on all the steadfast work that she has done over the past few days. She will know that yesterday the Secretary of State for Communities and Local Government, my right hon. Friend the Member for Salford (Hazel Blears), and I were in Birmingham, where 5,000 people from more than 250 mosques have congregated over the past two days. At that meeting, all of them unreservedly condemned this absolutely barbaric attack. Does she agree that that is the attitude of the majority of the Muslim community, that any policy grievances that anybody might have are not an excuse to carry out such an attack, and that we must tackle those people who continue to say otherwise?

Jacqui Smith: My hon. Friend is absolutely right. I understand that it was a very good event that the Secretary of State for Communities and Local Government and my hon. Friend attended. That is precisely the sort

of positive work between and within communities that is an effective way to tackle terrorism, and I thank my hon. Friend for his comments today.

Mr. Paul Goodman (Wycombe) (Con): I represent the largest number of Muslim voters of any official Opposition Member of Parliament. Following the point just made, the Islamic religious institutions in my constituency condemn terrorism absolutely. Does the Home Secretary agree that the main driver of the threat that faces us is not foreign policy, as some have intimated, but the perversion of a great religion into a separatist political ideology? Does she also agree that that ideology must be challenged, confronted and rooted out in all our communities if the challenge to our way of life is to be defeated?

Jacqui Smith: The hon. Gentleman makes a very important point from what is obviously a position of knowledge. I welcome the points that he makes about the strong message from the Muslim community; he is precisely right. Any attempt to identify a murderous ideology with a great faith such as Islam is wrong, and needs to be denied. That approach needs to be supported by all right-thinking people in the community—Muslim and otherwise.

Paul Farrelly (Newcastle-under-Lyme) (Lab): May I also congratulate the police on the speed of their response? In my area that includes Staffordshire police, who have been working with the west midlands counter-terrorism unit and the Metropolitan police. I visited Chesterton in my constituency this morning, where two of those arrested rented a property. I spoke to the police yesterday and again today, and I know that Staffordshire police are holding various meetings with the local community throughout north Staffordshire tomorrow. My understanding is that none of those suspected originate from our local communities. May I urge my right hon. Friend to ensure that at this difficult time the police and all agencies continue the balanced approach, firm but not alarmist, in the interests of community cohesion in north Staffordshire and everywhere else in the United Kingdom?

Jacqui Smith: It is, of course, not possible at present for us to know the origins or details of those who have been arrested, but I strongly agree with my hon. Friend in the approach that he identified. If there is anything that I or my right hon. Friend the Secretary of State for Communities and Local Government can do to support communities in his constituency at this difficult time, I would be happy to do it.

Angus Robertson (Moray) (SNP): At this difficult time, may I commend the Home Secretary and the Prime Minister on their new responsibilities and for the excellent co-operation between the UK Government and the Scottish Government? Since the attack in Glasgow and the attempted attacks in London, nobody should be in any doubt that terrorism is completely unjustified. The Scottish National party and Plaid Cymru join all other parties in condemning the attempts to kill or maim innocent people and undermine our democratic values. In recognising the integral, important and positive role played by the Muslim community in modern Scotland, does the Home Secretary share my appreciation of the strong condemnation across society as a whole of the latest outrages?

Jacqui Smith: Yes; I join the hon. Gentleman in thanking the Scottish Executive and other officials in Scotland for the co-operation that there has been on what is clearly a pan-UK incident, which we need to work together to tackle. My conversations with the Justice Minister and the First Minister have been important in developing that understanding, and I entirely agree with the point that the hon. Gentleman makes about the strong condemnation from the community, and welcome it very much.

Sandra Osborne (Ayr, Carrick and Cumnock) (Lab): May I add my appreciation to the Muslim community in Scotland and its representatives for their immediate and unequivocal condemnation of the terrorist attack on Glasgow airport? I welcome the doubling of resources for counter-terrorism since 2001. What resources specifically have been allocated to Scotland, and have there been resources in addition to the block grant through the Barnett formula?

Jacqui Smith: The responsibility for counter-terrorism is not devolved, so the doubling of those resources, particularly through the resources that have gone to the security service will, rightly, have benefited my hon. Friend's constituents and those throughout Scotland.

Mr. William Cash (Stone) (Con): The Home Secretary rightly said that there must be compliance with the law, but the question is: which law? I am sure she will understand that the root trouble in many cases—for example, with control orders, with seven terror suspects having disappeared under what are described as ineffective control orders—has led to a position in which the judiciary is making basic and fundamental public security decisions and has effectively taken those away from the Home Secretary on behalf of the Government. Will the Home Secretary, in her consultation and possibly earlier, please legislate to make certain that human life comes before human rights in this context, and that we legislate at Westminster, irrespective of the Human Rights Act, in order to ensure that we put the public safety first?

Jacqui Smith: I very much look forward to the hon. Gentleman's contribution to the consultation on anti-terrorism legislation. It is a full and open consultation and all views will be welcomed. The hon. Gentleman is, I think, referring to the European convention and he is, of course, aware, because I have heard it described from the Dispatch Box relatively recently, of the action that the Government are taking in the context of some cases currently being pursued, to make the case that it is possible both to fulfil the conditions of article 3, and alongside that, to recognise the need for national security and public safety, as he put it.

Dr. Gavin Strang (Edinburgh, East) (Lab): Does my right hon. Friend agree that because even a primitive car bomb can inflict colossal carnage, and because those responsible are clearly going for centres where there are large numbers of people, there are major implications for how we organise, manage and design major airports and railway stations in the future?

Jacqui Smith: My right hon. Friend is right that we need carefully to consider the design of major transport hubs and other crowded places in both the

[Jacqui Smith]

short term and the longer term. The need to think about protective security is why the police have already begun to offer advice not only to large transport hubs, but as I have suggested, to sports stadiums, shopping centres and other places where there are likely to be large numbers of people. He is undoubtedly right that as methods of terror evolve, so must the means by which we protect our people against them.

Dr. Julian Lewis (New Forest, East) (Con): In his major speech on terrorism last October and again over the weekend, the Prime Minister drew a justified comparison between the successful efforts to isolate and undermine the ideas of militant communism during the cold war and the effort that needs to be made now in respect of the doctrines that motivate such attacks. Will the Home Secretary tell us whether the research, information and communications unit, which it was announced in March would be set up for such purposes in the Office for Security and Counter-Terrorism, is in fact up and running, and whether the new Minister with responsibility for home security, Sir Alan West, whose appointment I warmly welcome, will have a role in connection with that unit?

Jacqui Smith: I can confirm that the RICU, to which the hon. Gentleman has referred, has been set up. It is in its early days, but it has been set up within the Office for Security and Counter-Terrorism. My hon. Friend the Minister for Security, Counter Terrorism and Police, Admiral Sir Alan West, and I will take responsibility for security and counter-terrorism. We will push forward on the need to counter the destructive ideology which the hon. Gentleman has rightly mentioned, and on all other elements of our counter-terror work, too.

Mr. Eric Illsley (Barnsley, Central) (Lab): A few months ago, I tabled questions in support of moves by the British Compressed Gases Association to try to restrict illegal sales of gas cylinders, which are usually second-hand sales, particularly on auction sites such as eBay. Unfortunately, such sales are not policed, and the association wanted to tighten the regulations surrounding such sales for a number of reasons, including the prevention of the use of such cylinders in terrorist attacks. Will the Home Secretary meet me, any colleagues whom she feels are appropriate and the chief executive of the association to try to move that issue forward?

Jacqui Smith: My hon. Friend has made an important point. As I have suggested, once the immediate investigation of the incidents is successfully concluded, it will be important to examine in detail the lessons that we can learn, and my right hon. Friend the Secretary of State for Business, Enterprise and Regulatory Reform and I will want carefully to consider my hon. Friend's point.

Sir John Butterfill (Bournemouth, West) (Con): The Home Secretary is probably aware that some press reports have indicated that at least one of the people involved in those attempted atrocities was subject to a control order and that they are one of several people in that category who have absconded. Does she share the view of my constituents and many hon. Members that it is puzzling that the British judiciary tends to interpret the Human Rights Act 1998 in a different way from its counterparts elsewhere in Europe, particularly the French? Even when there is the prospect of deporting people to a jurisdiction that is prepared to guarantee that those people will not be subject to torture, the death sentence or anything like that, it is still not carried out. Does there not need to be consistency in how such multinational legislation is interpreted, and should not the Government take steps to ensure consistency of interpretation across signatories to the European convention on human rights?

Jacqui Smith: I started my statement by emphasising the need not to speculate at this time on the nature of those involved in the incidents. I shall stick by that self-denying ordinance, which I think is correct, but no doubt there will be ample opportunity during my time at the Dispatch Box for us to discuss control orders and a whole range of other issues.

Mr. David Marshall (Glasgow, East) (Lab): My right hon. Friend is no doubt aware that hundreds of passengers at Glasgow airport were confined aboard aircraft on taxiways and runways for up to seven or eight hours. According to reports, they included children from a school for those with special needs, elderly and disabled people and very young children. While recognising the demands of security, will she consider what more can be done to alleviate the distress caused to such passengers in any similar situation in the future?

Jacqui Smith: Although I am very sympathetic about what must have been a very difficult situation for those passengers, the authorities were absolutely right, certainly in those very early stages, to put the security of people travelling into and out of Glasgow airport at the heart of their response.

Mr. Bernard Jenkin (North Essex) (Con): I thank the Home Secretary for her statement. Will she enlarge on the timetable for future legislation? Would that be a Bill in the new Session, and would it leave time for draft legislation to be presented to the House, perhaps even before the rising of the House this month? May I reinforce the point made by my right hon. Friend the Member for Haltemprice and Howden (David Davis)—that we do not want to finish up in opposing Lobbies on measures of such importance, but that that depends on a proper understanding of what the Government are seeking to achieve, a proper understanding of the threat, and proper legal coherence in the legislation presented to the House?

Jacqui Smith: I am recently enough a business manager not to upset my erstwhile colleagues by making rash statements about when legislation will or will not be introduced. I repeat that it is my intention—as my predecessor as Home Secretary, my right hon. Friend the Member for Airdrie and Shotts (John Reid), announced at the beginning of June—to introduce counter-terrorism legislation later this year, but that will be after a process of consultation and after the Select Committee on Home Affairs and the Joint Committee on Human Rights have had an opportunity to examine our proposals. That will include an ability to share the detail of those proposals with Opposition parties and others. I certainly intend to continue with that commitment made by my predecessor.

Emily Thornberry (Islington, South and Finsbury) (Lab): I warmly welcome my right hon. Friend to her new post. Is she aware that, despite the shrill voices to the contrary, her resolute approach to the possibility of introducing new counter-terrorism legislation and to ensuring that that is done in a thoughtful and careful manner is also warmly welcomed?

Jacqui Smith: I thank my hon. Friend for those words. It is certainly my aim, as it was having re-read the statement that my right hon. Friend made on 7 June, to carry forward plans for new counter-terrorism legislation on the basis of building consensus, as far as possible, and consulting as widely as possible on that.

Mr. Julian Brazier (Canterbury) (Con): I, too, congratulate the Home Secretary and all those involved in dealing with all three incidents. I wish to raise a narrow issue of airport security, on which I have had a series of exchanges with BAA. Queues of people waiting for security apparatus are choice targets in Iraq and a number of other areas. With the holiday season almost upon us, may I urge the Home Secretary to tell airport operators that allowing large queues to develop at security apparatus represents a huge threat to public safety?

Jacqui Smith: I am sure that airport operators will have heard the hon. Gentleman's point. As we have introduced increased security around airports in this short period, it has been important to work closely with my right hon. Friend the Secretary of State for Transport. Work is also under way, alongside the Department for Transport, to examine the details of our implementation of security arrangements in airports. I shall bear the hon. Gentleman's comments in mind as we take that forward.

Mr. Robert N. Wareing (Liverpool, West Derby) (Lab): May I first congratulate my right hon. Friend on her appointment? I lived through the terror of the Blitz during the second world war and I remember the stalwart courage of the British people in defying the Nazis. They went about their lives as normally as possible. The current generation of Britons will defy the present terrorists, just as their forebears defied the Luftwaffe's terrorism. The message that the House must convey, primarily to those who are our enemies now, is that we will not tolerate the sort of activities in which they are involved and that we are as one, irrespective of our politics, in opposing them. We will support our people's indomitable spirit in opposing terrorism.

Jacqui Smith: My hon. Friend and I did not always see eye to eye in my previous job, but I wholeheartedly agree with his sentiments today.

Mr. Shailesh Vara (North-West Cambridgeshire) (Con): I congratulate the Home Secretary on her appointment and wish her well, especially given the enormous task before her. Given the international perspective of the terror attacks, has she had any contact with overseas countries in the past three or four days? If so, which ones?

Jacqui Smith: Yes, I have had the opportunity to speak twice to my United States counterpart, Secretary Chertoff. I have also spoken to the deputy commissioner of the European Union and my Spanish counterpart. I have plans to speak to other European representatives later today and early this week. In all those conversations, the consistent messages of support and the absolute commitment to working together throughout the international community to tackle terrorism have been very encouraging.

Mr. Don Touhig (Islwyn) (Lab/Co-op): May I echo the comments of hon. Members throughout the Chamber to my right hon. Friend, and say that the calm and confident way in which she appeared on television has reassured the British people throughout our land? Everywhere I have been over the weekend, people have praised that. In her statement, she said that expenditure on counter-terrorism had doubled since 2001. Some of us believe that there should be a substantial increase in expenditure on counter-terrorism preparations. She will have much support from hon. Members of all parties in her discussions on the comprehensive spending review to secure that necessary funding.

Jacqui Smith: I thank my right hon. Friend. The increase in resources that the Government have already put in place for counter-terrorism is symbolic of the priority that we give that work. I am sure that that will continue as we go through the next comprehensive spending review.

Mr. David Jones (Clwyd, West) (Con): The attack on Glasgow airport suggests that ports and airports throughout the country are likely to continue to be terrorist targets. In the circumstances, does the Home Secretary agree that it is essential that police forces throughout the country should be able to maintain full complements of dedicated security posts? Will she work closely with police forces and police authorities to ensure that the funding regime is in place to secure that?

Jacqui Smith: Yes, I can give that commitment. It is obviously important that chief constables can make appropriate operational decisions for their areas. However, given the increased investment and reviews that are already going on, I think that I can give the hon. Gentleman that commitment.

Mr. David Winnick (Walsall, North) (Lab): I, too, congratulate my right hon. Friend on the manner in which she has reacted in her first few days in office. Does she agree that we all have the responsibility to remain united—as united as we are today—against these murderous psychopaths who want to bring death and destruction to our country? Will she reject once again any idea whatever that these fanatics have any genuine grievance whatever to justify inflicting such terror on our people?

Jacqui Smith: I thank my hon. Friend and I wholeheartedly agree with what he said. I am very encouraged by the clear views expressed around the House today that there is no justification for terrorism. That will continue to be my strong view.

Mr. Tobias Ellwood (Bournemouth, East) (Con): What links this event to that of 9/11, Bali, Madrid and indeed 7 July is the very sad fact that all these terrorists were trained on the Pakistani-Afghan border. Does the

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Home Secretary agree that until we eradicate these camps, we will continue to have threats not only from home-grown terrorists but from abroad? If she does agree, what steps is she willing to take to achieve that?

Jacqui Smith: I know that the hon. Gentleman has personal experience relating to this issue. I agree that there will continue to be a need to deal with the elements that fuel terrorist activity—either domestically or internationally. There is a whole range of ways to deal with that problem, from rooting out the radicalisation of people who are likely to commit terrorist acts, through to action that we need to take with our international partners to ensure that the international inspiration for terrorism in this country is also addressed. That is why there is such strong commitment across the Government—including all my ministerial colleagues—to ensuring that we address every cause of terrorism. We are committed to achieving that.

Mr. Frank Field (Birkenhead) (Lab): May I follow up that particular question? Does the Minister recall that during the IRA bombing of this country, the then Government placed restrictions on the freedom of movement of people both ways across the Irish sea? Is she considering similar measures to restrict people from this country going to those countries where there are known terrorist training camps and—even more importantly—to prevent them from returning to these shores?

Jacqui Smith: I can tell my right hon. Friend that we do not have specific plans for putting those sorts of restrictions in place, but it is important to keep all those measures under review. That is part of what we are doing both in reviewing legislation and other work that we are taking forward.

Mr. John Redwood (Wokingham) (Con): Is there a danger that placing restrictions on car access to Heathrow will divert travellers and terrorist attention to the tube, where there are no body or bag searches and where there cannot be restrictions on vehicle proximity to stations?

Jacqui Smith: It is obviously the case that those people who are expert in protective security—I believe that we are very fortunate in this country in having such considerable expertise, particularly in the Metropolitan police—need to keep under review where the immediate threat is most likely to come from and the most appropriate methods for dealing with it. We also have to continue, as I suggested earlier, to adopt the most appropriate and suitably robust approach to protecting the public, while also enabling life to go on and business to be able to carry out its operations.

Mr. Elliot Morley (Scunthorpe) (Lab): I, too, commend the Home Secretary for her response—and, indeed, the response at all levels—to this incident. Does she agree that, apart from the murderous intent to inflict pain and injury on innocent victims, the intention of terrorism is also to disrupt people's everyday lives and to disrupt the economy of our country? In that respect, while there must be a review of security, will she assure the House that it will be proportionate and risk based and that we will send a very clear signal to terrorists that we will not give in to terrorism at any level in this country?

Jacqui Smith: I strongly agree with my right hon. Friend. He is absolutely right that, as I suggested in my statement, the strongest response to the terrorist threat is for the public to be vigilant but to carry on living their lives as law-abiding citizens, which they have the right to do in this country. All the measures that we adopt with respect to protection will take that important balance into account.

Patrick Mercer (Newark) (Con): I should like to take the question asked by my right hon. Friend the Member for Wokingham (Mr. Redwood) a little further. Two years ago, the tube was attacked, and I have no doubt that it remains a vulnerable and desirable target for our enemies. A series of recommendations was made to improve tube safety, not least relating to the ability of the police and emergency workers to communicate between surface and tunnel. That is still not in place two years later. Why not?

Jacqui Smith: I know that the hon. Gentleman has considerable expertise in fighting terrorist activity. I understand that progress has been made, particularly in respect of the Airwave contract and the communications issues that he has identified. Given my relative newness to this post, however, I will write to him with more details, and talk to my right hon. Friend the Secretary of State for Transport about this matter.

Tony Lloyd (Manchester, Central) (Lab): I welcome my right hon. Friend to her new post. Her measured tones, and those of the Prime Minister, over the past few days have been helpful in ensuring that British Muslims know that they are not on trial as a community. That is an important message. She has emphasised that consultation on these matters will, quite rightly, take place across the Floor of the House. Will she ensure that all sectors of the British community are involved in that consultation, to avoid the kind of knee-jerk reactions that can stigmatise whole communities of British Pakistanis, British Muslims and, indeed, anyone else?

Jacqui Smith: My hon. Friend makes an important point. As I said earlier, regardless of who is involved in the individual incidents, I understand that, at a time like this, the Muslim community can feel under pressure as a result of the incident and the publicity around it. My hon. Friend is right to say that that places on us a responsibility to consult as widely as possible as we take forward any action, and particularly as we consider legislative options. I have emphasised the consultation that will happen in the House and in the political sphere, but he is right to say that it also needs to include representatives of all our communities and members of the public. We need to give some thought to how we can ensure that that happens.

Linda Gilroy (Plymouth, Sutton) (Lab/Co-op): I join other hon. Members in welcoming the sure-footed way in which my right hon. Friend is approaching her demanding new role. In the broader review of strategy, will she take a careful look at the advice that has been

given about flights over certain parts of London, including the City of London and this House, and over other symbolic sites in the country, to ensure that it meets the level of threat that is now emerging?

Jacqui Smith: It is obviously important, when considering the level of threat, to look across a whole range of sectors to determine the appropriate response. I am sure that that will be happening in the areas that my hon. Friend has referred to.

Margaret Moran (Luton, South) (Lab): I should like to add my thanks, and those of the Muslim community leaders in my constituency, whom I met yesterday, for the calm and considered way in which the new Home Secretary has dealt with this issue. Will she join me in thanking the staff of London Luton airport and the Bedfordshire police for the speedy and effective way in which they have managed to achieve security and efficiency of flights out of that airport? She might be aware, however, that there has been a dispute over the payment of the policing of Luton airport. Will she look at that—

Mr. Speaker: Order. I must stop the hon. Lady.

Jacqui Smith: I strongly agree with my hon. Friend that the work in all our airports, and all our police forces, has been exemplary. I am sure that the work at Luton airport deserves congratulation. I will undertake to look at the point that she has raised about funding. If she would like to provide me with more information about it, I will look at it in detail.

Barry Gardiner (Brent, North) (Lab): Doubtless, consideration was given on Friday and Saturday as to whether Saturday evening's concert at Wembley organised by their Royal Highnesses in memory of their mother should go ahead or whether it was too much of a target. Absolutely the right decision was taken to ensure that it went ahead. Will my right hon. Friend join me in thanking Chief Inspector Mark Toland and the Wembley police force for their sterling work in ensuring that security was of the highest level while making sure that the inconvenience to my constituents in the local area was kept to a minimum? May I also say to her—

Mr. Speaker: Order. We are running over time as it is.

Jacqui Smith: My hon. Friend is right. One of the tasks, of course, during the incidents was to look carefully at the events that were happening. I agree that the decision to carry on with that event, with the necessary security, was very important. It symbolised the fact that events carried on across the country, undeterred by the threat of terrorism. I was a little busy at the time, but I have the concert recorded at home and I am looking forward to having the opportunity to see it.

Keith Vaz (Leicester, East) (Lab): I join every other Member of the House in congratulating my right hon. Friend on the proper, measured and strong way in which she has dealt with the issue. She rightly said that the Muslim and Asian communities have condemned what has happened. Will she give us an assurance that she will consult them fully before any proposals are brought before the House? In particular, will she ensure that there is no adverse impact on the wider Asian community as a result of anything that she proposes in the future? Could she reiterate that this is a—

Mr. Speaker: Order.

Jacqui Smith: I strongly agree with my right hon. Friend. It will be a priority, as we introduce proposals and develop the legislation, to consult as widely as possible across all the communities of this country. It is precisely to be able to protect those communities that we will introduce this counter-terror legislation.

John Robertson (Glasgow, North-West) (Lab): I join my right hon. Friend and my hon. Friend the Member for Paisley and Renfrewshire, North (Jim Sheridan) in saying how wonderfully our emergency services conducted themselves for the people not only of Glasgow, but of London, Liverpool and Cheshire—it makes me proud to be British. Will my right hon. Friend ensure that when information is given out at such times of crisis, Members of Parliament, particularly when their jurisdiction is involved, are contacted by the relevant services and by the authorities in charge of places such as airports?

Jacqui Smith: I am sure that my hon. Friend will understand that, quite often, events move very quickly, and it is necessary to put measures in place as quickly as possible, but I will certainly undertake when such events happen to do my best to keep informed, and to ask the police to keep informed, civic representatives and particularly MPs.

Floods (England)

4.37 pm

The Secretary of State for Environment, Food and Rural Affairs (Hilary Benn): With permission, I should like to give the House an update on the serious flooding that has affected large parts of England and which will continue to have an impact for some months to come.

The flooding has claimed at least four lives, and the circumstances of three other reported deaths are still being investigated. I am sure the whole House would wish to express its profound sympathy to the families who have lost loved ones.

The Environment Agency currently has in place three severe flood warnings, 25 flood warnings and 55 flood watches in Yorkshire, the midlands, Lincolnshire and elsewhere. All the severe flood warnings are on the River Don in Yorkshire, where flood waters have not yet receded, despite considerable progress as a result of pumping. More than 300 people remain in temporary shelters, although many more have had to leave their homes and are in other temporary accommodation. The Environment Agency believes that it may be some days before the full all-clear can be given in those areas, and I should like to echo its warnings about the dangers of people going into flood waters unnecessarily. Police presence has been stepped up to counter fears about theft from properties, although, thankfully, there have been few actual cases.

Across the country significant efforts have been made by the Environment Agency and emergency services, with military assistance, to avert the risk of flooding to properties. The House will be aware that pumping of water from the Ulley reservoir has been under way for a number of days and has significantly reduced the risk of the dam collapsing. Work continues to shore up a flood bank to protect properties at Bentley, near Doncaster, and to remove water at Toll Bar and in Hull and the surrounding areas. In many areas, the worst of the immediate flooding has passed and clean-up operations are well in hand.

Fortunately, the heavy rainfall at the weekend has not added significantly to the flooding, and the weather forecast for the next few days is consistent with continued falls in river levels. However, further heavy rainfall is predicted for next weekend and I must caution that, with saturated ground and very high groundwater levels in some areas, further flooding might occur. The Environment Agency is working hard to ensure that all flood defence works and control structures are fully operational, including flood forecasting and warnings. Water levels in flood storage areas are being reduced as quickly as possible to allow capacity for any future flood flows. The emergency services are fully prepared to respond to any future emergency, with military support as required. I encourage the public to seek advice and to use the Environment Agency floodline or website.

Most electricity and gas supplies have been restored, although property-by-property checks are needed where there has been flood damage. Some flooded sewerage plants might remain out of action for several weeks, although steps are being taken to minimise pollution. Many schools are reopening, although some will be out of action for some time to come.

The Environment Agency knows of at least 3,500 properties that have been flooded from main rivers in south and west Yorkshire, Humberside, Lincolnshire, Nottinghamshire, Worcestershire, Shropshire and elsewhere. The final figure will be higher. When account is taken of flooding from surface water that has been unable to escape into drains and from groundwater, the total number of properties affected could be over 20,000. The Association of British Insurers estimates that the costs of flood-related claims could run to £1 billion. The costs to local authorities of responding to the flooding will be covered by the long-established Bellwin arrangements. More severely affected homes and businesses will take a considerable time to recover. Experience from the Carlisle flood suggests that some properties will not be fully habitable for many months, and that will mean that those affected will have to be temporarily rehoused.

I am sure that the House will want to pay tribute to the continuing heroic efforts of the many who have responded so magnificently to this exceptional rainfall. They include the staff of the fire, ambulance, police and other rescue services, our armed forces, local authorities, the Environment Agency, the voluntary sector and local communities—neighbour helping neighbour. I appreciate how hard everyone has worked; some people are very tired. I am grateful to them, and for the help they have received from other regions.

As the flood waters recede, we will move into the recovery effort, which will need support from across central, regional and local government, businesses and voluntary organisations. My right hon. Friend the Secretary of State for Communities and Local Government has today agreed that the Minister of State at her Department, my hon. Friend the Member for Wentworth (John Healey), will take the lead on this matter. He will co-ordinate Government support for the local authorities and other agencies which will deal with this major task. Both my right hon. Friend and my hon. Friend will be visiting affected areas later this week and will keep the House fully informed.

There will be lessons to be learned, and we will learn them. However, one thing was already clear before the recent floods occurred: the Government have always recognised the need to spend more on flood defence because of changes in climate, and we have increased spending from £307 million in 1996-97 to more than £600 million this year. I can today inform the House that we will further increase spending across Government on flood-risk management and defences to £800 million in 2010-11. I will, of course, keep the House informed if there are any further significant developments.

Mr. Peter Ainsworth (East Surrey) (Con): Before I welcome the Secretary of State to his new brief—and welcome his team, too—may I join him in offering my sincere condolences to the families and friends of those who, tragically, lost their lives in the floods, and in congratulating the heroic efforts of those in the emergency services, the NHS and local authorities who worked so hard to deal with what was a very difficult situation? Opposition Members also send our heartfelt sympathy to those whose homes have been ruined,

whose businesses have been wrecked and whose lives have been put on hold by these wretched events.

The Secretary of State is most welcome to his new role. He has a reputation as a thoughtful member of the Government and he will need to put on his thinking cap at the Department for Environment, Food and Rural Affairs. As he has already learned, it is one of those Departments where events have a nasty way of leaping up and grabbing the agenda. What has happened is particularly hard for him, as his constituency has been severely affected by the floods.

Where the Secretary of State and his team do the right thing, we will offer our wholehearted support, as there is a lot at stake in respect of the DEFRA agenda—too much for there to be party politics. We will offer our support when they do the right thing but, given what is at stake, we will not hesitate to hold them to account. We are not interested in playing the blame game on flooding—bad things just happen. The most that we can ever hope for is that we minimise the chances of their happening, and respond effectively and efficiently when they do.

Last week, the Chief Fire Officers Association raised a couple of issues. First, it warned that, despite its essential role in managing localised disasters, the fire service currently has no legal duties regarding flooding. This, the association warned, can make it difficult to get things done as quickly as it would like. Do recent events give the Secretary of State cause to rethink that? Does he think that there may be a case for involving the fire service in flood management on a statutory basis?

Secondly, the CFOA suggested that too many agencies were involved in handling the floods, and said that that had caused some confusion and overlap. A flood support centre has now been set up in Worcester to co-ordinate fire and rescue resources nationwide. Is that likely to be a permanent fixture, or is it merely a temporary arrangement?

Although the emergency services have done a sterling job, the damages, as the Secretary of State said, are still huge. The Association of British Insurers puts the cost of flood damage at £1 billion. Last week, the right hon. Gentleman's predecessor promised to inform me of his estimate of the value of uninsured losses. Is the Secretary of State now in a position to tell us what that figure is and how it divides regionally? What support are the Government able to give those who are under-insured or uninsured? How much money has been allocated under the social fund in respect of these events, and how will it be distributed? What qualification criteria will be attached to any grants made? How much money is available to local authorities under the Bellwin scheme? Has the Secretary of State made an application to the EU solidarity fund to help with the restoration of vital infrastructure?

Turning to the question of flood risk and prevention, the Environment Agency has been warning for some years that increases in the amount of cash for flood defences have not kept up with increases in the rate of flooding. Indeed, according to some reports, cash increases have not even kept up with the real world. Reports that the proposed flood schemes in Leeds and York were shelved because of funding constraints are of particular concern. How many flood protection schemes have been shelved or postponed in the past two years because of funding problems?

We know that last year, because of financial difficulties at DEFRA, it slashed £200 million from its agencies' budgets, including £15 million from flood defence work at the Environment Agency. According to the Environment Agency, that move was "tactical and opportunistic". Can the new Secretary of State guarantee that under his management the agency's flood defence work will be accorded a proper priority? I welcome his announcement this afternoon on increasing the budget for flood management in two years' time. Would his Department's funding problems have been so severe if the new Prime Minister, when Chancellor, had not repeatedly dipped into the Treasury's contingency budget?

Does the Secretary of State not think that a good way of minimising damage from flooding might be to avoid building on flood plains in the first place? Half the post-war building in the UK is on flood plains, and a lot of new building is destined to be so built. At present, a quarter of all planning applications opposed by the Environment Agency still go ahead. Does he regard that as acceptable? As the Secretary of State knows, the Environment Agency was given new powers in January to refer such developments to him. Will he do everything in his power to see that the agency's concerns are acted on by the Department for Communities and Local Government?

Finally, although we cannot prove that this year's weather is due to climate change, all the expert advice suggests that climate change will increase the risk of flooding in the United Kingdom—by 20 times, according to the Government's own foresight report. Will the Secretary of State use the forthcoming climate change Bill to commit to an annual report on climate change adaptation measures? As the Stern review has stressed, the costs of dealing with the consequences of climate change will escalate each year, as will the costs of mitigating it. Does the Secretary of State agree that we need a step change in the approach that we take towards flood defences? Is this not a classic case of a stitch in time?

Hilary Benn: I thank the hon. Gentleman for his very kind words about all the people who have worked really hard in response to the emergency, and about my arrival at the Dispatch Box in this new capacity. I look forward to working with him and his colleagues in the spirit that he has offered. I take this opportunity to welcome my new colleagues as part of the DEFRA team, because I look forward to working with them, too.

We are prepared to consider giving the fire and rescue services a flood rescue duty, if and when full equipment and training are in place—but they contribute enormously already, as I saw for myself in Doncaster on Thursday evening, when I talked to firefighters from that area and to some from Herefordshire and Wales who had come with high-volume pumps to help pump the water out.

On the question of too many agencies, I have to say that that is not my experience from the meetings and discussions that I have had every day since I took up post on Thursday. It seems to me that the agencies that need to be there are party to those discussions and,

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more importantly, are taking action. The system appears to have worked pretty well, and has been well co-ordinated, so I do not recognise the problem that was identified by one chief fire officer.

The flood centre has been set up in response to the particular circumstances we are facing. I do not yet have an estimate of uninsured losses. As soon as I do, I will provide it to the hon. Gentleman and to the House. On help for those who are not insured, which is a real problem—in one of the streets in a very poor area that I visited on Thursday, it was estimated that some 50 per cent. of households did not have insurances—leaflets have been produced and distributed. Staff from the job centres have been in the rest centres offering advice. Crisis loans are available for those who have left their houses with literally nothing, and there are community care grants. There is £170 million in funding for the latter and a contingency reserve. They are available for people on jobseeker's allowance, income support and pension credit, but there is—as the hon. Gentleman will know—a capital limit.

The money that will go to local authorities through the Bellwin scheme will depend on the costs that they incur above the threshold, so I cannot give an estimate at this point. On the EU solidarity fund, the rules are that one can apply when the costs exceed either €3 billion or more than 0.8 per cent. of gross national income. I am not aware that we have yet reached that threshold. If we do so, it is something that we would consider.

The hon. Gentleman asks whether there will be a proper priority for planning new flood defence schemes. Well, a new priority will certainly be given, not least because of the increase in funding that I have announced today, which all hon. Members who have constituencies where flooding is a problem—that includes mine, as the hon. Gentleman pointed out—will welcome. On the building of houses on the flood plain and other places where there is a risk of flooding, planning policy statement 25 clearly states that the Environment Agency must be consulted, and it has the power to ask the Government Office to call in applications where its advice is not being taken. I will indeed undertake to look at how that is being applied.

Finally, the hon. Gentleman is right to say that the flooding may be a consequence of the changing climate with which we all have to deal. I will look at the suggestion that has been made about reports on adaptation, because it is something that we are all going to have to learn to live with.

Mr. Elliot Morley (Scunthorpe) (Lab): I warmly welcome my right hon. Friend to his new appointment. He will find that it is never dull in DEFRA. Does he agree that still only very few people are on the Environment Agency flood warning system, and will he raise awareness of it? In relation to the work that is being done by the Environment Agency, people often look for someone to blame in these circumstances. Will he join me in emphasising the huge commitment of those who have worked round the clock to deal with this emergency, some of whom are invisible—such as those who operate the internal drainage board systems, which also contribute to dealing with floods?

Hilary Benn: I very much welcome both my right hon. Friend's points. First, the flood warning system is a good one, as I know from personal experience. I urge everyone to get plugged in to it, because it gives people notice and enables them to take action in such circumstances. Secondly, I agree that, faced with such difficulties, some people do get angry, and it is hard to say about what we saw last week, "This is pretty unprecedented." The current estimate is that such things happen once in every 150 years. The truth is that, with rainfall at that level, even the best defences in the world are likely to be over-topped, and rivers will overflow. We have seen the consequences of that.

As the mood of the House reflected, it is absolutely right that we pay tribute to those who have worked incredibly hard over the past few days. If I may use the expression, they have bust a gut to help people who are distressed because of what has happened to their homes. We should applaud them for their efforts and continue to work with might and main to help those who have suffered.

Chris Huhne (Eastleigh) (LD): On behalf of the Liberal Democrats, may I also join in the praise of those in the emergency and other public services who have struggled with the aftermath of the flooding, and extend our sympathy to all those families who have lost loved ones and whose property has been affected by the flooding? I also extend our best wishes to the new Secretary of State on his appointment to what is an increasingly crucial job of national security as well as environmental aspects.

Does the Secretary of State accept that the cause of the floods in Hull, Doncaster, Sheffield, Leeds, Shropshire and elsewhere was, overwhelmingly, the failure of storm drains and sewerage systems to handle the enormous rainfall? It was therefore surface water, not traditional fluvial or coastal flooding. Will he now review the requirements placed on the private water companies to provide adequate drainage in co-ordination with their regulator Ofwat? Does he recognise that the Government's last statement on the subject, "Making Space for Water", has become substantially outdated since these events? Will he also ensure a mapping of flood risks from surface water, not just fluvial and coastal flooding? Will he publish a list of towns and cities that might be at risk of flooding as a consequence of similar extreme weather events?

The Liberal Democrats welcome the substantial increase in flood defence spending announced by the Secretary of State. Previous announcements of big increases in spending, however, have been substantially delayed, as the chief executive of the Environment Agency testified to the Public Accounts Committee recently. Will the Secretary of State therefore tell us the path of the welcome build-up to £800 million in 2010-11? In particular, what figures has he now agreed for 2008-09 and 2009-10? Does he also agree that the increase highlights how ludicrous it was of his Department to cut flood defence spending by £15 million last year?

Will the Secretary of State confirm that his Department and the Environment Agency were asked by the Treasury, as recently as two weeks ago, to make cuts of £20 million in their budgets for next year, before the floods struck? Is the belated and grudging conversion to the need for more spending just another example of the

new Prime Minister's lamentable failure to understand the significance of climate change? Does not that show a devastating lack of foresight on his part?

Hilary Benn: I thank the hon. Gentleman for the kind words at the beginning of his speech, although it went downhill thereafter. I simply do not agree with what he has just said. When I have come to the House to announce a significant further increase in expenditure on flood defence, it is pretty churlish of him to have a go at the new Prime Minister; I would hope that the House would welcome our determination. Many Members in the Chamber represent areas that have been affected by flooding, and all will welcome the increase in investment.

I accept that the system was overwhelmed; that is true. The hon. Gentleman is right to draw attention to the considerable impact of surface water, as well as river flooding. As I indicated previously, however, even the best defences in the world will sometimes be over-topped and overwhelmed by such concentrated rainfall. The arrangements put in place are therefore not at fault. In the end, the cause is a lot of rain, and the House needs to recognise that.

I have already said that there are other lessons to be learned, and we will do so. I cannot, with respect to the hon. Gentleman, undertake to forecast which places might be likely to flood in the future because that depends on where it rains and what happens, but I accept that further work needs to be done to improve the quality of the information available about where particular properties are at risk.

We will publish the path to the figure of £800 million in 2010-11 later, but I want to correct the hon. Gentleman on one point. We did not cut the capital budget for expenditure on flood defence, and it is important that I make that clear to the House.

Mr. George Mudie (Leeds, East) (Lab): My right hon. Friend the Secretary of State referred to the uninsured and he will know that people can be uninsured either because they are too poor to obtain insurance, or, like some of my constituents and his, because they are facing their third flood in three years so that their premiums have soared and they cannot afford them.

The Minister of State for Communities and Local Government, my hon. Friend the Member for Wentworth (John Healey), sent out a letter today stating:

"The provision of additional help to the uninsured would undermine the incentive for households to take out insurance, but will be considered on an ongoing basis."

Will my right hon. Friend undertake such consideration or reconsideration urgently, and much more sympathetically than just with regard to essential items? Will he assure us that the Department is speaking to the Association of British Insurers to persuade the insurance companies not to raise premiums to such an extent that further people are uninsured?

Hilary Benn: We will certainly give the maximum help that we can under the arrangements that I have outlined through both the crisis loans and the community care grant. There is a real issue, which I am sure my hon. Friend would acknowledge, that if the Government were generally to compensate people who were not insured, people might draw the conclusion that they did not need to insure themselves because in the end they would be bailed out. But he makes a really important point about the cost of premiums, and I undertake to talk to the ABI, both in relation to responding as quickly as possible in providing assistance to those who are insured in regard to the current emergency, but also in relation to what might be done in future to deal with the problem that he has rightly identified.

Mr. Michael Jack (Fylde) (Con): On behalf of myself and the Environment, Food and Rural Affairs Committee, I congratulate the Secretary of State on his appointment. We look forward to our dialogue with him on flooding and other matters.

Sir David King, the Government's chief scientist, produced a foresight report that counselled us to take into account extreme weather events when looking at flooding issues. Most people would say that June's weather has been, to say the least, extreme, so will the Secretary of State think about asking Sir David King to chair an expert group as soon as possible to re-examine our preparedness for extreme weather events and, in particular, the models that exist to enable us to predict the effects in the light of the welcome increase in funding to ensure that it is applied in the most effective way?

Hilary Benn: I thank the right hon. Gentleman, who so ably chairs the Select Committee, for his kind words, and I look forward to working with him and members of his Committee on all the matters for which I now have responsibility. I am happy to go away and think about his suggestion; I said that I wanted to learn the lessons. There are a number of matters on which we will need to reflect and I will add his proposal to the list.

Mrs. Ann Cryer (Keighley) (Lab): When my right hon. Friend talks to the ABI, will he also mention that, in 2002, 200 families in my constituency were rendered homeless by the floods at Stockbridge, and more than anything else that their situation was exacerbated by the attitude of just one major insurance company, which I will not name? However, I threatened to do so at the time, and that was the only thing that led it to exercise its brain to sort the matter out. One elderly lady was out of her house for a year because the insurance firm insisted that she accepted the lowest tender, which meant that cowboys took over and worked only part-time. It was only when I threatened the company that it took action and employed some decent workers. Will my right hon. Friend mention that?

Hilary Benn: I am concerned to hear about that case after the previous flooding in my hon. Friend's constituency. If Members have concerns about the way in which insurance companies or others are responding to the floods, and they think that I can be of assistance, I ask them to get in touch with me, as I shall be happy to raise such issues with the ABI in general, and if necessary in serious cases, with particular companies, too.

Sir Peter Tapsell (Louth and Horncastle) (Con): I congratulate the right hon. Gentleman on his ministerial appointment, although I am sorry that he is leaving the Department for International Development where he has done such a splendid job.

As the right hon. Gentleman indicated, a great majority of the houses I have visited in my Lincolnshire constituency in recent days were uninsured against flood. It is a serious and urgent problem, which is difficult to resolve. People were uninsured not because they were feckless, but because they had repeatedly been refused insurance cover, and the few who thought they could obtain it could not afford the high premiums. In addition to crisis loans, which are welcome but will worry people who do not want to get themselves into debt repaying them, will the Secretary of State hold a meeting with the insurance industry as a whole to see whether there could be some form of Government subsidy for such uninsured flood groups? As the Prime Minister said in another context, the first duty of a Government is to protect their citizens, and that applies to flooding as well as to terrorism.

Hilary Benn: I thank the hon. Gentleman for his kind words. I have moved from dealing with one group of farmers—in the developing world—to another group here in the UK, some of whom I met at the Royal show this morning.

The hon. Gentleman raises an extremely important point. The Government have worked with the ABI over time to ensure that the possibility of insurance is available to most homes, but I know that does not cover all properties so I recognise the dilemma that he raises of people who cannot get insurance. As I said in answer to a previous question, I undertake to add his point to the list of issues that I shall raise with the ABI.

Mr. Denis MacShane (Rotherham) (Lab): Exactly a week ago, my constituency of Rotherham and the wider borough were turned into a maze of lakes, rivers and streams where houses, roads and shops had stood. I pay tribute in particular to the work of Rotherham council in co-ordinating relief help and to the chamber of commerce, which has not been mentioned, but has been out and about helping to dry out business properties. I have three specific questions for my right hon. Friend.

Mr. Deputy Speaker (Sir Michael Lord): Order. May we perhaps just have one?

Mr. MacShane: In that case, I shall write to my right hon. Friend the Secretary of State.

Mr. Deputy Speaker: That is very helpful.

Dr. Richard Taylor (Wyre Forest) (Ind): As vice-chair of the all-party flood prevention group, I welcome the Secretary of State to his new post and I welcome, too, his thoughtful and caring approach. Obviously, I welcome the extra money for flood alleviation. In my area, the problem this time was not the big rivers but surface water, so I should like to suggest just three things for the Environment Agency to—

Mr. Deputy Speaker: Order. I point out to the hon. Gentleman and to the House generally that this is the second statement today. I am anxious to call as many people as I possibly can but I have to protect further business. Unless Members are brief and ask only one question at a time and the Secretary of State gives reasonably brief answers, an awful lot of people will not be called.

Dr. Taylor: Thank you, Mr. Deputy Speaker.

Will the Secretary of State encourage the Environment Agency to carry out camera studies of culverts under new builds and to look at the new type of grids that are more effective and let water through more easily, while holding back extra detritus?

Hilary Benn: I thank the hon. Gentleman for his kind words. I shall willingly raise both issues with the Environment Agency.

Ms Angela C. Smith (Sheffield, Hillsborough) (Lab): I welcome my right hon. Friend to his post. I welcome, too, the support he has offered the people of south Yorkshire. Last Friday, I visited a large number of constituents who were badly traumatised by the flood. That experience persuaded me that I shall have to continue to press my right hon. Friend to ensure that support is delivered as quickly as possible to people who need it. Will he talk to the ABI on the varied experience that is already materialising in relation to insurance claims? Will he ensure that—

Mr. Deputy Speaker: Order. The hon. Lady has made her point.

Hilary Benn: I can certainly assure my hon. Friend that we will continue to provide all the support that we can. I visited one of the rest centres in Doncaster with the Minister for the Cabinet Office, my right hon. Friend the Member for Doncaster, North (Edward Miliband), and the care being provided was frankly outstanding and was an example of the community at its best. If she lets me know the rest of the point that she started to make, I will happily raise it with the ABI.

Mr. Henry Bellingham (North-West Norfolk) (Con): The very future of many parts of my constituency depends on proper sea defences. Can the Secretary of State confirm that the promised increase in expenditure will cover sea defences as well as inshore flood defences?

Hilary Benn: I will need to write to the hon. Gentleman about that, because I am still in the process of understanding exactly how all the bits work. I hope that he will accept that reply.

Paddy Tipping (Sherwood) (Lab): When the present crisis is over, will my right hon. Friend the Secretary of State look at how resources are allocated to rural areas? Villages in Nottinghamshire, such as Lowdham, Lambley and Woodborough, have been badly flooded, but on the present cost-benefit analysis look unlikely ever to receive any protection. Should not people be safe and secure in both urban and rural areas?

Hilary Benn: People certainly should be protected, but in this emergency lots of places have been affected and, in the end, the Environment Agency, with its resources, has to decide on priorities.

I can save the hon. Member for North-West Norfolk (Mr. Bellingham) the cost of a stamp, because the answer to his question is yes. Both coastal defences and inland defences will be covered.

Mr. John Redwood (Wokingham) (Con): Will the Secretary of State tell the Environment Agency that people expect it to maintain its flood defences to a good standard, which it does not, and to improve those defences to stop flooding, rather than putting people's homes on a map of properties at risk, which makes it very dear to insure them?

Hilary Benn: I am sure that the Environment Agency would say that it does its best to make sure not only that new flood defences are provided, but that the existing ones are properly maintained. If the right hon. Gentleman has concerns about particular flood defences where he thinks that that is not the case, will he please draw them to my attention and I will raise them with the Environment Agency?

Colin Burgon (Elmet) (Lab): My right hon. Friend the Secretary of State, as a Leeds MP, will be aware that both the River Aire and the River Wharfe have given us great problems, along with surface water. In the light of recent experiences, what plans are there to improve co-ordination between the Environment Agency, Leeds city council and Yorkshire Water? Many of my constituents are really confused about who is in charge.

Hilary Benn: If my hon. Friend would like me to look at that matter as a response to the flooding that Leeds has recently experienced, I would be happy to do so. I know that the Environment Agency works hard in partnership with a wide range of agencies to ensure that there is clarity of responsibility, but I am happy to take up the point he raised.

Mr. Richard Bacon (South Norfolk) (Con): It is only just over three months ago that we were told that, due to the acute lack of rainfall, no matter what happened later in the year, we would probably face hosepipes bans and standpipes. Presumably that is no longer the case. Can the Secretary of State tell us what plans he has to build more reservoirs so that we can find somewhere to put the rainfall when it comes so that we can use it when we have dry period?

Hilary Benn: The problem that we are dealing with and to which the hon. Gentleman draws attention is that there is not enough rain in some places and far too much in others. In the end, we are going to have to ensure that we have got the right systems in place to cope with both, and I would be happy to come back to him and tell him more about how we might do that.

Mrs. Claire Curtis-Thomas (Crosby) (Lab): My right hon. Friend will know that I represent the constituency of Crosby, which has 15 miles of coastline, a river and thousands of properties that are either below sea level or at sea level. I am particularly concerned about my constituents who live in Hightown. The Environment Agency proposes to extend the ditch-and-dike system there and I thank him for the work that his Department has done to introduce that. However, the local council has just written to the parish council in Hightown to inform it that more than £1 million, which was provided by house builders for coastal works, will have to be returned to the Government because it has not been spent. Will he please do all he can to encourage Sefton council to put forward plans to spend that money quickly, given the level of concern and the demand for measures to address the terrible problem that my constituents face regularly?

Hilary Benn: I will be happy to examine the case that my hon. Friend raises and come back to her.

Mr. Graham Stuart (Beverley and Holderness) (Con): I, too, congratulate the Secretary of State on his new appointment. Hundreds of homes in Beverley and Holderness were flooded last week. Untold misery was caused to residents, despite the heroic efforts of the emergency services and the local community. Residents want to know why pumps were not installed on the Burstwick drain, why the outlets into the Humber appeared not to work fully and properly, and why it appeared that the Environment Agency had not carried out basic maintenance of the drain ways. Will the Secretary of State visit my constituency and hear from local people and drainage boards about the solutions that they feel could be put in place so that devastation of such an extent need not be repeated?

Hilary Benn: I cannot guarantee that I will be able to come to the hon. Gentleman's constituency, but if he would like to give me further details about the issues that he raises, I would be happy to meet him so that I can put the points to the Environment Agency and he can provide an answer for his constituents.

Mary Creagh (Wakefield) (Lab): I congratulate my right hon. Friend and his team on their new appointments.

I am sure that my right hon. Friend will want to join me in paying tribute to the staff at St. Catherine's church in Agbrigg, where 10 streets have been flooded and, sadly, four arrests were made for looting this weekend, and to council staff at the Lightwaves leisure centre. Both places opened crisis centres to deal with people who were temporarily homeless. In the past few days, insurance companies, Yorkshire Water, Yorkshire Forward, the council and the Environment Agency have given me information about what to do in the event of flooding. However, when I went to the East Flanshaw estate on Friday to visit people who had been flooded, they did not seem to have received any of that information directly from the agencies themselves. Is it not time for us to look at how councils can work together, bring information together and send it out, perhaps with council tax bills, to people who are at risk of flooding?

Hilary Benn: I agree completely with my hon. Friend. The most striking aspect of the visit that my right hon. Friend the Minister for the Cabinet Office and I made on Thursday night was the issue of communication. People want to know how they might prepare in advance, and, when such circumstances arise, they want to know what is going on, what efforts are being made and where they can go for assistance. I assure my hon. Friend that we will examine that as part of the lessons-learned

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exercise. There must be clarity about who is responsible for providing such information to local communities. Local authorities should take the lead.

Bob Spink (Castle Point) (Con): The Secretary of State is both a caring and thoughtful Minister. In 1953, 58 people on Canvey Island lost their lives in the floods, so this is a matter of great concern to my constituents. Can he give them a commitment to, and details of, changes to Government policy to give the fire service a statutory role in flood rescue that would make them, and their fire stations, safer?

Hilary Benn: Under the Civil Contingencies Act 2004, fire services and all other statutory agencies have a responsibility to participate in activities when such emergencies arise. We are prepared to examine the specific question of the flood rescue duty—I mentioned that in reply to an earlier question—when the fire service has the necessary equipment in place. I hope that that will satisfy the hon. Gentleman. If he requires anything further, will he please let me know?

Mr. Philip Dunne (Ludlow) (Con): May I commend to the Secretary of State the work that Shropshire's local authority's emergency services have done in Shropshire over the past 10 days or so? If he has not already done so, may I suggest that he reads with his usual diligence the National Audit Office report on flood risk management, which was reviewed last week by the Public Accounts Committee? He will see from the report that last year's funding for flood defence in inland waters was down by £70 million on the previous year. He will also establish that the Bellwin formula does not of course apply to the Environment Agency. Will he discuss with the chief executive of the Environment Agency how much of the additional funding that he has committed today will be available to the agency? The chief executive told the Public Accounts Committee last week that

"we will be talking to Defra about our budget. However, in their current parlous state I find it difficult to believe that we will get much from them, so it may well be we have to seek Treasury funding."

How much of the £800 million will go to the Environment Agency and how much will go to Bellwin?

Hilary Benn: May I echo the hon. Gentleman's praise of everybody in Shropshire for their response to the flooding? I will read the National Audit Office report; I have not had time to do so, because I have been dealing with the practical problems on the ground. The funding that I announced is available to the Environment Agency, but it also supports the local authorities concerned, and later I will announce exactly what the rise will be that will ensure the £800 million figure. I informed the chief executive of the Environment Agency of the figure this afternoon when I was briefing in preparation for my statement to the House, and I think that it will be widely welcomed.

STATISTICS AND REGISTRATION SERVICE BILL (PROGRAMME) (NO. 3)

Motion made, and Question put forthwith, pursuant to Standing Order No.83A(7) (Programme motions),

That the following provisions shall apply to the Statistics and Registration Service Bill for the purpose of supplementing the Orders of 8th January and 13th March 2007 (Statistics and Registration Service Bill (Programme)) and Statistics and Registration Service Bill (Programme) (No.2)):

Consideration of Lords Amendments

1. Proceedings on consideration of Lords Amendments shall (so far as not previously concluded) be brought to a conclusion three hours after their commencement at this day's sitting.

Subsequent stages

2. Any further Message for the Lords may be considered forthwith without any Question being put.

3. The proceedings on any further Message from the Lords shall (so far as not previously concluded) be brought to a conclusion one hour after their commencement.—*[Mr. Watts.]*

Question agreed to.

Orders of the Day

Statistics and Registration Service Bill

Lords amendments considered.

Clause 3

MEMBERS

Lords amendment: No. 1, in page 2, line 3, leave out "Treasury" and insert "Cabinet Office".

5.20 pm

The Exchequer Secretary to the Treasury (Angela Eagle): I beg to move, That this House disagrees with the Lords in the said amendment.

Mr. Deputy Speaker (Sir Michael Lord): With this we may discuss Lords amendments Nos. 2 to 9, 21 to 30, 40 to 64, 66 and the Government motions to disagree thereto, and Government amendments (a) to (qqq) in lieu thereof.

Angela Eagle: The amendments all deal with where residual responsibility for the statistics board should lie. As was said on Report in this House, the Government believe that if the provisions to ensure the independence of the board are effective, the question of who has residual responsibility will become much less significant. As a result, the Government still believe that the board would benefit from having the Treasury as a link with the Government. The Treasury has a strong interest in ensuring that there is a good evidence base, has long experience of working with and understanding statistics, and has a role in co-ordinating performance reporting and monitoring across Government.

We hoped that retaining the link with the Treasury might build further value into the reforms. There has been considerable debate on the issue in both Houses. The Government recognise the strength of feeling on the issue, particularly in the other place. We are therefore prepared to agree to the shift of responsibility in principle. However, for largely technical reasons, we cannot accept the amendments in their current form, so we have tabled some in lieu, which I hope will be accepted in both Houses. The amendments that we tabled are not all strictly consequential on the Lords amendments, so we have tabled a motion to disagree with the Lords amendments. However, I hope that it is clear that we accept the premise of the Lords amendments.

The key difference between the Government amendments offered in lieu and the Lords amendments is that our amendments would confer the responsibility for the board on the Minister for the Cabinet Office throughout the Bill, instead of on the Cabinet Office itself, which is a building, or on the Prime Minister. It is not usual to confer functions on a Department in legislation; the convention is to confer functions on Ministers, rather than Departments. The practice for the Treasury is no different in that respect, because when an Act of Parliament confers functions on the Treasury, it confers them not on the departmental Treasury but on the Commissioners of Her Majesty's Treasury by virtue of the definition in schedule 1 to the Interpretation Act 1978. There is no similar definition of the Cabinet Office, so the functions that are to be discharged in the Cabinet Office must be conferred on the Minister for the Cabinet Office. Accordingly, the Government amendments follow convention in conferring the residual responsibilities for the board on the Minister for the Cabinet Office.

For the sake of administrative efficiency, we are also providing that the Chancellor's current ministerial responsibilities under the Census Act 1920 and section 19 of the Registration Service Act 1953 will transfer from the Treasury to the Cabinet Office. That ensures that the board will have to report to just one Minister in respect of its census and related statistical functions, and avoids any possibility of confusion or overlapping ministerial responsibilities. I commend the motion, and the Government amendments, to the House.

Mr. David Gauke (South-West Hertfordshire) (Con): First, may I congratulate the Exchequer Secretary on her re-appointment to the Front Bench? I had the honour and privilege of serving with the hon. Lady for a number of months on the Treasury Committee and I know that she is a forthright and formidable defender of the Government. Her promotion is well earned and well deserved.

May I also congratulate, not just because he is here, the new Minister of State, Department for Communities and Local Government, the hon. Member for Wentworth (John Healey), who until Friday guided the Bill from its earlier stages with much skill, expertise and courtesy, which those of us who are interested in Treasury matters have come to expect? I wish him well in his new role.

If the Exchequer Secretary will forgive me, I had hoped last week that the hon. Gentleman would continue as Financial Secretary. On the previous two occasions when we debated the Bill, he agreed to amendments, albeit retabled ones, that I proposed. No sooner had I started preparing for this afternoon's debate than I learned that he had again agreed, more or less, to the amendments that I would argue for—the new politics, as the hon. Gentleman suggests from a sedentary position. I do know whether that trend was likely to continue. If it was, that might explain why he has moved. Perhaps we can hope that the Exchequer Secretary will continue in similar vein.

As the hon. Lady pointed out, the amendments relate to the residual authority that exists within the statistics arrangements created by the Bill relating to matters such as the appointment of the statistics board, directions, the power to authorise disclosure of information, use of information, and orders and regulations relating to the Bill. The Opposition welcome the move and will not oppose the Government's amendments.

At every stage the Government's position has been that the Treasury is the right place for those residual powers to rest, and at every stage Opposition Members from all parties have argued that that was inappropriate and that it would be right for the Treasury to surrender the powers. Finally, last week—the amendments were tabled on Thursday—the Treasury surrendered the residual rights to the Cabinet Office.

Hon. Members may speculate about what has changed in the past week and why a Department that has jealously guarded its own powers from other Departments and expanded its own powers into other

[Mr. David Gauke]

Departments has changed course. What events in the past seven days could have meant that powers that previously were ultimately in the hands of the Chancellor of the Exchequer are now in the hands, ultimately, of the Prime Minister? We can speculate whether this is part of a general weakening of the powers of the Treasury, or whether the Prime Minister recognised that the enormous powers that have accrued to the Treasury over the past 10 years are not only unhealthy for other Departments, but perhaps not in the best interests of any Prime Minister.

Perhaps the answer lies in the arguments that were made during the progress of the Bill by many hon. Members. I look back at previous debates and see the contributions in Committee from my hon. Friends the Members for Chipping Barnet (Mrs. Villiers), for Sevenoaks (Mr. Fallon) and for Braintree (Mr. Newmark), myself, the hon. Member for Dundee, East (Stewart Hosie) and, in particular, the hon. Member for Twickenham (Dr. Cable), all of whom argued that residual power should rest with the Cabinet Office.

Most persuasive of all were the speeches by a number of Members of the other place, especially Lord Moser, who speaks with great authority as a former director of the Central Statistical Office, and Lord Turnbull, a former Permanent Secretary to the Cabinet and Permanent Secretary to the Treasury, who is an astute observer of the way in which the Government work. Essentially, the same argument has been made by all parties: the Treasury, as a major consumer of statistics, has a conflict of interest in performing the role. There is concern about not only an actual conflict of interest, but the perception of a conflict of interest. In the debate in the House of Lords, Lord Moser said:

"People will find it harder to accept that we have really gone down the road of independence if a major consumer has responsibility for statistics."—[*Official Report, House of Lords,* 24 April 2007; Vol. 691, c. 594.]

He also pointed out that the Cabinet Office provides a good base for co-ordinating Departments—a judgment that he based on his experience.

5.30 pm

The argument that we have heard throughout—indeed, we heard it again today from the Exchequer Secretary—is that the Treasury has a crucial role in co-ordinating the reporting of Government performance and monitoring across Government, as well as being involved in statistics. The hon. Member for Wentworth referred to that point in the Public Bill Committee, where he highlighted the role of the Treasury

"given the significance of statistics in reporting on departmental performance and understanding the levers for successful reform and the development of public services in which the Treasury has inevitably and increasingly taken an important co-ordinating role."—[*Official Report, Statistics and Registration Service Public Bill Committee,* 16 January 2007; c. 56.]

I do not know whether the Treasury will take less of a co-ordinating role in future, but none the less that argument does not outweigh the argument about conflicts of interest.

The Exchequer Secretary has referred to the strength of feeling in the House of Lords. Whether or not she accepts the argument that the Treasury has a conflict of interest in performing those residual functions, is there any suggestion that as the Treasury has surrendered those residual powers it will play less of a role in co-ordinating other Departments?

Finally, the key residual power in the Bill relates to the appointment of members of the board. We have heard a great deal in recent days about an increased role for Parliament in major public appointments. The hon. Member for Wentworth will remember that I asked him in the Public Bill Committee whether at this late stage there might still be a greater place for Parliament in the appointment process for members of the statistics board. I am grateful to the Exchequer Secretary for explaining that the Government and the Treasury accept the purpose behind the Lords amendment. Their lordships' strength of feeling is clear—this is not the only example where their strength of feeling is clear, and I hope that further concessions will be made—but Conservative Members welcome the Government amendments.

Dr. Vincent Cable (Twickenham) (LD): I extend my congratulations to the Exchequer Secretary. A few weeks ago, I found myself debating with her on television and radio, and perhaps I should have taken that as an early warning of what was to come, but she is welcome in her new role. I also congratulate the hon. Member for Wentworth (John Healey) on guiding the Bill through Committee and on debating it in a way that we all appreciated. Through his intercession, another key difficulty has been removed, and we have only one remaining difficulty with the Government about the Bill as a whole.

In the same spirit of bonhomie, may I make a correction? The last time I spoke in the House, I mistook the hon. Member for Hammersmith and Fulham (Mr. Hands) for Guy Hands, the equity fund entrepreneur. Although the hon. Gentleman was not offended—I think he was amused—he has asked me to read that correction into the record, not least because if he were thought to be a trillionaire, his party fundraisers would be after him.

There is little to say about the Bill. The hon. Member for South-West Hertfordshire (Mr. Gauke) acknowledged that the Government accept the profession's criticism that the role of the superintending Department should properly go to the Cabinet Office. From the outset, the key point has always been—it was made in the Select Committee report—that the Treasury potentially had a conflict of interest in relation to economic statistics and, at the same time, no particular interest or expertise in the hundreds if not thousands of other national statistics produced by Government, and that it was altogether more appropriate to have a Department that on the one hand was less powerful, and on the other hand had a broader remit. The Cabinet Office meets that description. It is a co-ordinating Department, and were there a serious challenge to the authority of the statistics board, the Cabinet Office Minister could invoke the authority of the Prime Minister. This is a good decision. I appreciate the fact that the Government have listened on this key point and I am sure that we can proceed quickly as a result.

Mr. Michael Fallon (Sevenoaks) (Con): On behalf of my constituent, Guy Hands, I thank the hon. Member for Twickenham (Dr. Cable) for putting the record

straight. I am not sure that Guy Hands thought that he was in any serious danger of being confused with my hon. Friend the Member for Hammersmith and Fulham (Mr. Hands), but, if he was, at least the position is now clear.

I congratulate the Exchequer Secretary and the former Financial Secretary on their appointments. Like every other Member who has spoken, I welcome the Government's change of heart on the issue. I do not think that it was ever a huge issue or that there was any great difference; the Treasury Sub-Committee wrestled with this and in the end came down on the side of the Treasury.

The change that has been made, though, will assist public perception in two ways. First, the Cabinet Office is clearly closer to the heart of Government and to the Prime Minister. It is where the Office for National Statistics was and where the new statistics board should be—right at the centre of Government. Secondly, the overriding argument for me, although it was a close decision, is that it is not the Treasury. Changing the ONS from being an office appointed and funded by the Treasury to a statistics board that was also appointed and funded by the Treasury would not have been a change at all. By moving it to the Cabinet Office, the Government are, late in the day, demonstrating that it really will be a newly independent body, so it is a very welcome change.

Like other hon. Members, I am grateful for the support that we have had from their lordships, particularly from Lords Turnbull and Moser—Turnbull and Moser sound rather like outfitters to the Government—in putting the Government straight on this aspect of the Bill. Above all, we should be grateful to the former Financial Secretary. He said at one point in Committee that he did not have a completely closed mind and that he would think about the issue again. If the change is due to his having done so, I hope that he will continue in future weeks to sit on the Treasury Bench when Treasury matters are discussed.

Stewart Hosie (Dundee, East) (SNP): I, too, welcome the Exchequer Secretary to her new role. She may be aware—I am sure that she has been well briefed by the former Financial Secretary—of the debates that we have had previously.

The Government amendments touch on a number of issues, not least the appointment of members to the board. We had deep concerns about the fact that the member from Scotland was to be appointed by the Treasury, that the power of direction in clause 27 was to be given only with the consent of the Chancellor of the Exchequer, and that the powers to disclose to, and from, the board in Scotland also required Treasury consent under clauses 45 and 49. The Government amendments are better than the Lords amendments in one sense. In the other place, there were no amendments on clause 45 as regards disclosure to the board in Scotland; there were amendments only in relation to clause 49 on disclosure by the board in Scotland. At least these proposals are wholly consistent.

Our objection in the first instance was that no power of consent or veto should be given to the Treasury or the Chancellor of the Exchequer in these matters. That was based on the idea that the Treasury, as a key user of economic statistics, was the wrong body to hold those powers in the first place. Although giving the responsibility to a Minister from the Cabinet Office does not remove all our concerns from previous stages, it makes the Bill much cleaner. Most important, it sends a clear message to the general public and other interest groups and organisations that use statistics that they are wholly impartial and no longer in the hands—by veto or powers of consent—of the Treasury, which is the major user, especially of economic statistics. I therefore welcome the Government's amendments.

Angela Eagle: First, I thank all those hon. Members who generously welcomed me to the Front Bench. It is always nice to be appointed to the Front Bench, and a little thrill runs down the spine when realising that one is first up on Monday afternoon. It gave me an interesting weekend of reading all the debates that hon. Members held in Committee and in the other place on the important provisions that we are discussing.

The hon. Member for South-West Hertfordshire (Mr. Gauke) said that he would not oppose the Government amendments and that he welcomed the agreement in principle, which, again, is generous. He asked about the implications of the transfer. I agree with the hon. Member for Sevenoaks (Mr. Fallon), who said that we are considering a reasonably finely balanced issue, which the Treasury Sub-Committee examined and about which it came down originally on the side of the Treasury. The hon. Member for Chipping Barnet (Mrs. Villiers) referred to the moment in the late 1980s when the Conservative Government switched the then Central Statistical Office to the Treasury in the first place. The House has therefore considered many such issues in the past. The hon. Lady also said that determining which Department—the Treasury or the Cabinet Office—should be responsible was a fine judgment. Clearly, the Government share that view.

In reply to the hon. Member for South-West Hertfordshire, I do not believe that accepting the amendments means conceding the existence of a powerful conflict of interest in the residual ministerial responsibilities for the statistics board resting with the Treasury rather than the Cabinet Office. The most important aspect is that the Bill, the main objectives of which have been widely welcomed, creates an independent statistics board, which can then distance statistics from any perception of interference for political reasons.

I hope that the hon. Gentleman does not believe that, because the Government have made the concession, they are somehow admitting that Treasury officials are venal and want conflicts of interest, or that the Treasury cannot be entrusted with statistics. That cannot be said of any Department or any Ministers, from whatever party they happen to be. My experience of ministerial office is that statistics are the last thing that we think about because we are too buried in other matters to interfere directly in the way in which a series of statistics are chosen, or when they are compiled and released. Clearly, under the new arrangements, regardless of where residual ministerial responsibilities lie, the new statistics board will perform those duties.

The hon. Gentleman also asked whether the Treasury would have less of a role in co-ordinating Departments. Removing residual ministerial responsibilities for statistics,

[Angela Eagle]

which is quite narrow, will not have a bearing on the relative powers of a finance Ministry in any Government. I suspect that that will stay the same and my right hon. Friend the Chief Secretary will be doing his best to ensure, particularly as the spending review proceeds, that that remains the case.

5.45 pm

On the third issue, the hon. Member for South-West Hertfordshire asked about board appointments and whether there might be a role for Parliament. Clearly, Parliament will not have an added role and not in respect of the initial board appointments. As the hon. Gentleman knows, the national statistician is a Crown appointment and board appointments will be made by appropriate Ministers—ahead, I believe, of the setting up and going live of the new board in April 2008. A proper appointments process has to be in place for that. It may then be for Parliament to decide—after the non-ministerial department has been established and is up and running—how it wishes to ensure adequate scrutiny of the new department's activities. I know from looking at *Hansard* that there were some interesting debates in both Houses and in Committee about how Parliament might most usefully discharge that duty. That, of course, is a matter for this House rather than for the Government to decide.

The hon. Member for Twickenham (Dr. Cable) was generous in his welcome, for which I thank him. He was supportive in principle, as were the spokesmen for the other two parties. With that, I hope that the House will accept the amendments.

Lords amendment disagreed to.

Lords amendments Nos. 2 to 9 disagreed to.

Clause 8

MONITORING AND REPORTING OF OFFICIAL STATISTICS

Lords amendment: No. 10.

Angela Eagle: I beg to move, That this House disagrees with the Lords in the said amendment.

Mr. Deputy Speaker: With this it will be convenient to take Lords amendments Nos. 12 to 14 and the Government motions to disagree thereto; Lords amendment No. 15 and the Government motion to disagree thereto and amendments (a) and (b) to the words so restored to the Bill; and Lords amendments Nos. 20, 67 to 70 and 72 and the Government motions to disagree thereto.

Angela Eagle: I suspect that, with this grouping of amendments, we have come to the nub of the remaining points at issue. The amendments all relate to the important issue of who under the new system should determine the rules relating to how and when statistics are released and early access to official statistics in their final form prior to publication—the so-called pre-release access points.

There was much discussion of those matters when the Bill was last before the House. I also know from reading the proceedings that a full and robust debate took place in the other place. It is worth noting that, in both Houses and across all parties, there has been an acceptance of the principal case for pre-release access to continue under the new system. Both Houses have recognised that the principal case for pre-release is widely accepted internationally, although I accept that international practice actually varies considerably. All have accepted that Ministers need to account for the implications of policy areas for which they are democratically responsible at the time of release. That is simply the way and it has become expected that Ministers deal with such issues.

We have achieved consensus on the view that Ministers need to be fully informed in order to make accurate judgments as to the need for and form of any mitigating action that might be required in the light of statistical release—for example, to prevent or manage market disturbances and disruption.

That however is as far as our common understanding on the issues appears to go. The Opposition accept that pre-release access must continue, but believe that the board should determine the rules and the circumstances in which it is provided. I do not agree with their reasoning on that. We all accept that Ministers require pre-release access and we all understand why they require it. Surely Ministers themselves are the best placed to judge how much pre-release access they require, and under what conditions they require it in order to be fully informed and in a position to act if required in response to a statistical release.

Mrs. Theresa Villiers (Chipping Barnet) (Con): If the Government are prepared to entrust many other important decisions about statistics and our statistical system to the board, why will they not trust the board to get the answer right on pre-release rules as well?

Angela Eagle: We shall talk about these matters in detail as we consider the difference between the Lords amendments and the Government's wish to overturn them in order to maintain a situation in which pre-release access may be decided by Ministers rather than the board. The fail-safes in the Bill will lead us to a pre-release system that is transparent, consistent and widely understood by those who are interested in using statistics in the political world, the economic world and the world of policy and lobbying. Before the Lords amendments, the Bill provided an extremely robust and clear version for pre-release, which I believe that we should maintain.

The Government's proposals will ensure that Ministers determine by way of order the rules and principles relating to pre-release under the new system. That will not give Ministers a free hand in the matter. In fact, it will put in place for the first time a system aimed at allowing a greater role for Parliament in scrutinising the content of and compliance with the new pre-release arrangements set out in the Bill. Those arrangements will be distinguished from those issues contained in the board's code of practice, which will be backed by statute.

Unlike the content of the broader code of practice, the new pre-release arrangements that we are suggesting will require the consent of Parliament, or the legislatures in the devolved Administrations, before the secondary

legislation comes into force. My predecessor, my hon. Friend the Member for Wentworth (John Healey), suggested on Second Reading that we should have an affirmative resolution statutory instrument to put this system into place in secondary legislation.

Mrs. Villiers: The Exchequer Secretary is generous in giving way again. Would it not be easier to resolve the differences between this House and the other place if the Government were prepared to publish the draft secondary legislation on pre-release? I have been asking for that since Second Reading, but it still has not appeared. Why not?

Angela Eagle: I will deal with this point a little later. I have seen the correspondence that passed between my predecessor and members of the Standing Committee which set out in general the approach that he expected the statutory instrument to take. There is not a draft of it available at the moment, but he has tried to be open about how the system will work. I shall come back to this point shortly, because I want to deal with it logically, but I hope that the hon. Lady will be pleased by what she hears when I get to that point.

Putting new, tighter pre-release arrangements in secondary legislation, rather than in the non-statutory code, would result in a more enforceable, transparent system than the one that operates at present. The board will have a statutory duty to assess compliance with the pre-release arrangements and will be able to remove National Statistics accreditation from any product that it considers not to be in compliance with those arrangements. This amounts to a powerful and public naming and shaming mechanism that has not existed in the past. It will bring more transparency and enforceability to the pre-release arrangements than ever before.

It is not only the board that will be in a position to judge whether the arrangements are being complied with. The arrangements will ensure an important role for Parliament in scrutinising and holding to account all participants in the statistical system. This includes determining whether and how the new pre-release arrangements have been complied with, and how effectively the board has exercised its assessment function. Parliament will also have an important role to play in determining whether the new pre-release rules contained in the secondary legislation will damage, or have damaged, the credibility of the broader statistical system. For that reason, I am announcing today that the Government will consult publicly on the draft secondary legislation before putting it to the House. I hope that that answers the hon. Lady's question, and that we will be able to have a positive consultation process ahead of the statutory instrument being laid.

Following the undertaking by my hon. Friend the Member for Wentworth on Second Reading that we would review the operation of the new pre-release arrangements after 12 months, including assessing whether they were hindering our broader objective of building trust in the statistical system, I believe that this is a welcome arrangement that should reassure those who doubt whether the Government are absolutely committed to ensuring the objectivity and independence of statistics. This reflects the fact that we recognise that the terms of pre-release access have been criticised in the past. Indeed, Opposition Members here and in the other place have been quick to remind us of that in our debates.

Mrs. Villiers: It seems that the Minister herself has been critical of the rules on pre-release arrangements, as she signed up to the report of the Sub-Committee of the Treasury Select Committee that called for a very significant restriction on pre-release rules. In the case of certain data, Ministers would be given only three hours' notice under such restrictions. Does she stand by that report?

Angela Eagle: The hon. Lady has done her homework, but not quite well enough. If she had spoken to the hon. Member for Sevenoaks (Mr. Fallon), he would have told her that I rarely managed to make the Sub-Committee meetings, which was a great cause of regret to me. This was because, unfortunately, they clashed with the Labour party's parliamentary committee meetings and, as vice-chair of the party, I had to go and see the Prime Minister every week. I could therefore not attend the meetings of the hon. Gentleman's esteemed Sub-Committee. Because I never went up to hear the evidence on this area of work, I was more than happy to sign up to the report, but unhappy to table amendments when I had not heard any of the evidence. Yes, it is technically true that I signed up to the report, but I did so simply because I did not want to be disruptive to the work of the Select Committee and the Sub-Committee, which I hold in high esteem. I hope that the hon. Lady will understand that, owing to other commitments, I was never able to—

Mr. Brooks Newmark (Braintree) (Con): Will the Minister give way?

Angela Eagle: Let me finish my explanation—

Mr. Newmark: It is very long winded.

Angela Eagle: Well, I think that it is important to stress that, when one is on the Treasury Committee, if one cannot get to the Sub-Committee meetings, it is disruptive simply not to agree with things, even if one might have disagreements, when one has not heard the evidence—*[Interruption.]* I am explaining to the hon. Lady that, while I was happy to sign up to the Sub-Committee's report as a member of the main Committee, I reserved my position on my view of these things.

Mr. Newmark: On a point of clarification, will the hon. Lady at least admit to the Chamber that she was present at the final meeting, in which we reviewed the report in detail, and that, having reviewed the report in detail, she signed her name to the report?

Angela Eagle: That is absolutely true, but I believe in evidence-based policy making, and as I had, unfortunately, been unable to listen to any of the evidence, I did not feel, even as a full member of the Select Committee, that I wanted to disrupt the important work of the Sub-Committee that had been looking into this matter in great detail. If I am being condemned for being a constructive member of the Treasury Committee, rather than a disruptive member, I fear that I must plead guilty.

Mrs. Villiers: I do not think that there is any attempt to condemn the Minister for trying to be constructive, but we are rather concerned about the fact that she signed up to a document without having read the evidence. That does not instil a great deal of confidence that she is going to run the economy of this country very well.

Angela Eagle: It was not in my job description this morning when I arrived at the Department that I was going to be running the economy of the country, but perhaps that was over the page, in the other bit of my list of responsibilities. I am more than happy to say that I did sign up to the report, simply because reports are better when they are unanimous. The Treasury Committees, like all Select Committees of the House, are more effective if they do not work on party political lines. Given that colleagues on the Treasury Committee from both sides of the House had done a lot of the work, I was more than happy to sign up to the report, rather than do a blocking job and table a load of amendments when I had not personally been there and been able to challenge and question the witnesses. That would have been churlish, wrecking behaviour, and I was not prepared to do that, but if the hon. Lady wishes to point out such inconsistencies, she is entitled to do so—and, indeed, she has done so.

6 pm

Stewart Hosie: The hon. Lady said a few moments ago that she believed in evidence-based policy making, and that is very sensible. I also believe in evidence-based law making, so why can we not have the draft secondary legislation if we are all to share in this new evidence-based approach to policy and law making?

Angela Eagle: If the hon. Gentleman had been listening earlier, he would have heard me announce that we will publish the draft statutory instrument for consultation with the House before laying it before Parliament. That is not a usual procedure, but it certainly concedes his point on this issue. We are trying to reach a workable and reasonable consensus on what has been a point at issue; indeed, this has probably been the only point that has caused any trouble between the two sides of the House as the Bill, which has been widely welcomed, completed the political process in this House and the other place.

Past problems in the area of pre-release turn on the mistaken perception that the provision of pre-release access provides an opportunity for Ministers to interfere with and manipulate statistics before their release. That is not in fact the case, but we clearly need to do more to convince the world of that lack of interference if we are to build trust in statistics. That is why the Government have announced that, under the new system, the pre-release arrangements will be tighter, more enforceable and more transparent than they have ever been.

The length of pre-release access for Ministers and officials will be aligned, as right hon. and hon. Members on both sides of the House know, at 40.5 hours for both market and non-market-sensitive statistics. That will be provided for in secondary legislation, which will also contain rules and principles to guide Departments in restricting the number of people who receive pre-release access and the number of statistical series for which it is granted. Importantly, that is all that will be reserved for Ministers to determine—pre-release, and only as defined narrowly in the Bill.

Mrs. Villiers: I again thank the Exchequer Secretary for giving way; she has been very generous on this point. From what she is saying, it seems that the Government are not contemplating any significant restriction on the length of pre-release access. Will she explain, then, why Ministers in this country need so much longer to react to statistics than Ministers in more or less every country in the developed world?

Angela Eagle: I suspect that these issues have grown to be the way they are because of custom and practice. If the hon. Lady looks at the changes made by my predecessor, my hon. Friend the Member for Wentworth, in aligning market and non-market statistics and bringing the time for pre-release for all statistics down from as much as five days to 40.5 hours, she will see that we have made significant progress. I understand that some people wish there to be no pre-release whatever, while others wish it to be only an hour or a couple of hours. That is an issue of the length of time, and the Government have decided that 40.5 hours is an appropriate length of time in this instance. That is a significant improvement on the current situation, and I hope that the hon. Lady will welcome that.

All other aspects of release practices, including those identified in some of the amendments before us, will be for the board alone to determine, rather than for Ministers. For example, it will be for the board to lay down rules and principles relating to the timing and regularity of statistical releases, the way in which statistics must be released and the persons responsible for issuing that release. The importance of that should not be underestimated. Clearly, the perception of ministerial interference in statistics flows partly from the mistaken belief that Ministers intervene in the timing of releases. Under the new system, the board will be responsible for determining rules in relation to release, timing and practices; those will not be determined by Ministers.

Under the new system, the board will have a statutory duty to assess whether those rules have been complied with. We expect the board, in undertaking that assessment, to examine the conduct and practices of every single person involved in the production and release of any given statistic, and that includes Ministers, press officers, briefing officials and everyone in between. If, in that assessment process, it is found that a Minister or an official had tried to move a scheduled release time, for example, for a political reason, the board would have a duty under the Bill to remove that product's National Statistics accreditation and to report its findings publicly. If that transpired, I expect that the House would also be moved to scrutinise the actions of the Minister or the Department in question. That is transparency, and it would make it almost unimaginable that a Minister would interfere for political reasons, given the consequences that would be likely to follow such interference.

Despite all that added transparency and the enforceability points that go to the board, and despite the fact the

board alone is responsible for determining rules relating to the important issue of release practices, the Government will go further. That is why we have announced that we are committed to the creation of a central publication hub, through which all national statistics will be released under the new system, separating statistical releases from policy commentary. The hub will be an integral part of the overall package of release practice reform, and as with other release practices, the board will be responsible for the development and oversight of the hub and how it works.

To summarise, the Government remain firmly persuaded that our package of reforms in this crucial area is the right way forward. We have provided for pre-release, and only pre-release, to be reserved for Ministers to determine. That reflects the fact that only they can judge the amount of access and the conditions under which it is granted, such that people are fully informed and in a position to act if required following a statistical release. We will reduce the amount of access from up to five days, as now, to 40.5 hours for all statistics. We will provide in secondary legislation for rules to guide Departments in restricting the number of people who receive access and the number of statistics series to which there is access. We will call on the independent board to establish a central publication hub. Those reforms will result in a tighter, more transparent and more enforceable system. I cannot accept the amendments made in the other place, and I urge the House to disagree with the noble Lords on this matter.

Mrs. Villiers: I start by congratulating the Exchequer Secretary on her appointment and by welcoming her to the Front Bench again. Like my hon. Friend the Member for South-West Hertfordshire (Mr. Gauke), the shadow Economic Secretary, I pay tribute to the work done by her predecessor, the hon. Member for Wentworth (John Healey), in minding the Bill. Although in some respects he and I disagreed fundamentally about it, he worked hard on it and tried to improve it as it went through its parliamentary process.

The Opposition are pleased to support the Lords amendments in this group on release and pre-release. I would like to look first at Lords amendment No. 14, which relates to the board's power to set the rules determining the release of Government statistics. Although it is often overlooked in the heated debate on pre-release, ensuring that the principles of objectivity and integrity govern the release of statistics is probably as important as pre-release, if not more so.

Lords amendment No. 14 specifies that the code should cover the location from which the release is made, the time at which it should be made, and the persons responsible for it. It addresses what Professor Tim Holt of the Royal Statistical Society described as

"an impossible tension at the heart of the release process",

whereby the responsibility for explaining the figures and defending departmental performance is vested in the same people.

The spin placed on the data when they are first announced can be critical to the news coverage that they receive. Political influence on the process of release is a significant factor in undermining public trust in official figures. The Opposition therefore believe that it is important that the rules governing release of statistics should provide for a separation of the two functions of announcing statistical work and commenting on it and justifying ministerial performance. The physical separation envisaged by the central hub—announced on Second Reading by the then Financial Secretary, the hon. Member for Wentworth—is welcome. However, we have yet to hear much detail on how that hub will operate in practice and whether the board will have the final say over how it operates. We support amendment No. 14 as it would provide a welcome guarantee that the board could specify the people responsible for the release of data and ensure that they are distinct from the departmental officials providing comment on them.

I shall now turn to my second and more high profile point. As my hon. Friend the Member for Braintree (Mr. Newmark) said in Committee, the Government's proposal to exclude pre-release rules from the code of practice and the remit of the new statistics board leaves a black hole in the middle of the proposed legislation. The Opposition believe that, if this reform is to succeed in rebuilding trust in official figures, the rules on pre-release access to statistics should be in the hands of the statistics board and the new independent framework established by the proposed legislation, and not left in the hands of Ministers.

My hon. Friend the Member for Sevenoaks (Mr. Fallon) has a distinguished record on statistical matters going back a number of years. He stated in Committee that the Government approach in the Bill

"is like giving batsmen the ability to decide whether the leg before wicket rule should apply to them. It is wrong in principle and wrong in practice."—[*Official Report, Statistics and Registration Service Public Bill Committee*, 23 January 2007; c. 170.]

Lord Turnbull said in the other place:

"I am not happy with the rather brusque wording of the Bill in Clause 11, which in effect tells the board to keep its nose out of setting release times and leaving Ministers to help themselves to as much time as they want."—[*Official Report, House of Lords*, 26 March 2007; Vol. 690, c. 1484.]

According to the Government, the thrust of the reform is to put trust in the board to take important decisions on how our statistical system should operate. It is therefore striking that the Government have singled out this element of the rules on statistics as one where Ministers will retain their grip and the political advantages that that gives them.

6.15 pm

The onus is on the Government to show why a special exception needs to be made in the case of pre-release rules when the Bill allows so many other important decisions to be made by the board or the national statistician and not by Ministers. I ask the Exchequer Secretary a simple question: if we can trust the board to take so many important decisions—including on key aspects of how the retail prices index will operate—why cannot we trust it on pre-release as well?

The truth is that certain major Departments are determined to keep control over early access to their sensitive social statistics. They are aware of the value of the in-built advantage they receive from widespread early access to departmental data, sometimes days in advance of publication. That enables them to shape and influence the presentation of figures and engage in a softening-up process. The longer the period allowed for pre-release, the greater the opportunity for political

mischief through spinning and interpreting the data. That gives Ministers an invaluable tool in the process that Professor Roger Jowell of City university described as "discounting bad news" in advance of publication to divert attention from what might be an inconvenient truth. As the hon. Member for Hove (Ms Barlow) memorably let slip in Committee, it enables Ministers to give official statistics the "treatment" that they deem appropriate. That "treatment" generally has more to do with spin than with any urgent policy measures needed to respond to the figures in question. Lax pre-release rules maximise the opportunities for Ministers to spin the figures and push the headline that they want to see in the next day's papers. Even civil servants without party political motivation are not immune in this respect; they might wish to emphasise certain elements in statistics in order to place their Department in the best, or least unfavourable, light.

The Statistics Commission, the Royal Statistical Society, the statistics users forum, the Treasury Committee, almost every respondent to the consultation and almost all the Back Benchers who spoke in the House of Lords on this issue want pre-release rules to be reformed and restricted and the board to be put in the driving seat on what the rules should be. Charles Bean from the Bank of England also noted the advantages of restricting ministerial pre-release in terms of the public's perception of the integrity of the statistical processes. The Labour-dominated Treasury Committee—it includes six former Ministers and the Exchequer Secretary herself—concluded that an advance notice period of three hours was generally sufficient. Even the then Financial Secretary acknowledged when he gave evidence to the Treasury Committee that current pre-release arrangements

"contribute to the perception of interference in statistics."

During the debates in the other place, Lord Moser—because of his unparalleled expertise, his opinion has rightly been prayed in aid repeatedly during the debate on the Bill—said of pre-release:

"I know from my years in charge of official statistics that hardly anything is more important than getting these rules right and making them acceptable."

He said that he viewed pre-release rules as

"central to trust and confidence"

and stated:

"The way in which the Bill is drafted to deal with this issue is astonishing."—[*Official Report, House of Lords*, 2 May 2007; Vol. 691, c. 1074-75.]

He also pointed out, as I did in Committee, that the rules on pre-release have been relaxed and broadened over recent years. That point has been strongly made by Professor Tim Holt, who is a former head of the Government Statistical Service. Like many others, Professor Holt and Lord Moser pointed out that in the UK we give access to data to more people for a longer period and in respect of more data than in almost every other developed country.

Angela Eagle: Does the hon. Lady accept that some of the changes introduced in the Bill—particularly those giving the board extra powers and directing Departments to establish a more coherent process—will lead to fewer officials having access, standardise privilege procedures across Government and lead to a generally improved situation? Even if she does not think that we are going about things in the best possible way, will she not concede that the Government's plans will lead to a great improvement?

Mrs. Villiers: Unfortunately, only the Exchequer Secretary can answer her question, because the number of people who are given access to statistics will be determined by Ministers after the secondary legislation is presented to Parliament. I cannot answer her question. I hope that fewer people will gain access to statistics days in advance of publication, but I am unable to answer whether that will be the case. Her intervention highlights the very point that I am seeking to make.

The fact that there is an unfavourable international comparison has been mentioned, and it was echoed by Lord Moser's fellow Cross Bencher, Lord Turnbull. I hope that the House will pay particular heed to Lord Turnbull's views on this issue, as he clearly has no political axe to grind and his long experience in government gives him great insight into the workings of Government and what Ministers reasonably need in pre-release access. He expressed dismay about how far away we are from international best practice and pronounced the existing arrangements to be unacceptable. The Opposition have accepted the case for the retention of pre-release access, but we are convinced of the need to tighten the rules. Statistics should be allowed to speak for themselves, with the rules strengthened to minimise ministerial interference and pre-emptive spin.

The then Financial Secretary's announcement on Second Reading that the five-day pre-release period for social data would be aligned with the 40.5-hour period for market-sensitive economic data is welcome—and we welcome the confirmation of that by the Exchequer Secretary this evening—but it simply does not go far enough and will be insufficient to restore trust in official figures. Lord Turnbull and others were right to say that a new norm of 40.5 hours is "completely ridiculous." According to the evidence of the Royal Statistical Society to the Treasury Sub-Committee, Austria, Denmark, Finland, Norway and Poland allow no pre-release access at all. France allows one hour and Australia three hours, and in both cases access is restricted to a handful of key economic statistics.

As my hon. Friend the Member for Sevenoaks pointed out, it is remarkably difficult to track down the information on who is entitled to what data under the current pre-release rules. One has to find that by hunting through different departmental websites; no centralised site sets out all the data and there is no standardised format to present them.

Angela Eagle: Will the hon. Lady admit that the current confused pre-release system, which led to the hon. Member for Sevenoaks (Mr. Fallon) trawling websites—probably late one night—trying to find out what the situation was, will be much improved by the standardisation and transparency of the system that the Government propose? Surely she will admit that, even if they are not precisely what she wants, these are real, lasting and welcome improvements to the current confused and patchy pre-release system.

Mrs. Villiers: I am afraid that I can only respond exactly as I did to the Minister's previous intervention.

We simply do not know that, because the board is not to be allowed to set the pre-release rules. We will not know what those rules are until the Minister chooses to submit draft secondary legislation for this House to consider. I hope that we may see a clearer and more transparent way of ascertaining who is entitled to pre-release access, but I am afraid that at present there are no guarantees that that will happen.

This House should also note that allowing the board to decide the rules has the advantage of allowing them to evolve flexibly over time, without the need for new secondary legislation. As I said, it is a concern that the draft secondary legislation has yet to be published. I do hope that it will be forthcoming very soon, if only because it may well assist in resolving any difference of view between this House and the other place.

I turn to three arguments put by the Government in defence of their position during discussion of the Bill. First, they argue that Ministers need a lengthy period of advance notice in order to prepare a policy response. However, neither today nor in previous debates has it ever been satisfactorily explained why Ministers cannot cope with more significant restrictions on pre-release rules, given that their counterparts in many countries get only two or three hours' notice or no early access at all. As the hon. Member for Twickenham (Dr. Cable) pointed out in Committee, our civil servants are supposed to be among the best in the world. Many are recruited from the highest echelons of our education system, and I cannot see why the Minister is not confident that they can respond quickly to statistical data, or why they need so much more time than civil servants in other countries. Whatever the case for extensive pre-release for sensitive economic data that might move markets and require advance planning, in order to prevent general release being greeted with instability and uncertainty, such arguments are much weaker for departmental "social" data, in respect of which many of the problems relating to release practices have arisen.

Secondly, the Government have argued that, because a case can be made for retention of pre-release in principle in order to facilitate the orderly running of the economy and of government, that justifies retention of political control over the rules that regulate pre-release. However, that argument simply does not stand up. I know that many in the statistical community would indeed have liked to see pre-release abolished altogether. However, if we give the board the power to set the rules, it would be highly likely, after consultation and reflection, to put forward proposals to retain pre-release—although with, I hope, a significant tightening of the current rules.

It should also be borne in mind that however tough the rules that the board eventually chose to adopt—were it given that option—it would be likely to retain the flexibility to grant exceptional early access to data in the event of emergencies or exceptional circumstances. That has always been the case in the past in this country, and it is the practice in other countries such as New Zealand. In any event, amendment No. 13 blows a hole in the Government's argument by specifically removing from the board the option to abolish pre-release altogether.

The Government's third argument is that this issue is so important that Parliament must take the decision. Frankly, that is a mere fig leaf. The Minister knows as well as any Member that it is highly unusual for the Government to encounter problems in getting their secondary legislation through the House. What Ministers want in terms of secondary legislation, Ministers generally get.

Angela Eagle: Does the hon. Lady welcome my earlier announcement that we will publish a draft form of the statutory arrangement for consultation with the House?

Mrs. Villiers: I certainly do welcome that, and I hope that publication takes place as soon as possible.

In any event, the underlying thrust of the legislation is to take key decisions on statistics out of the political arena. The Government have never told us what it is about pre-release that is qualitatively different from the rules governing official statistics, and which justifies these rules being treated in a different way. Indeed, their very importance is all the more reason for including them in the new reformed structures, rather than specifically exempting them.

The Opposition do not believe that any political capital should be made from the early release of statistics. We believe that there is a real problem with the Government's deliberate exclusion of pre-release from these arrangements, which are intended to guarantee that official statistics are produced independently and free of political interference. Retaining ministerial control over pre-release is a shot in the arm for those who are suspicious of Government interference in official figures. If the Prime Minister really wants to make this Bill the next major step in reforming the economic governance of the UK, he should include pre-release rules within the overall reform. If he was serious about change—if he was serious about moving to a more open and honest form of government, and about a break with the Blair years—he would not be clinging to the power to determine pre-release rules. The truth is that he simply cannot let go. Just as the Treasury's grip on this issue can be removed only on the new Prime Minister's moving out of that Department, we cannot prise his fingernails off pre-release. He knows the political capital that excessively wide pre-release rules can give, and he simply is not prepared to give it up. That shows that his 10 years of spin and manipulation from No. 11 are likely to be followed by more of the same from No. 10.

Dr. Cable: I very much echo the comments of the hon. Member for Chipping Barnet (Mrs. Villiers). Indeed, we have had a common approach to this crucially important issue, about which we continue to feel strongly, and my colleagues in the other place, particularly Lord Newby, contributed to some of the Lords amendments. This is probably the most important part of the Bill, and the Government's reluctance to give way on this central principle enormously detracts from what is otherwise very good and positive legislation.

The most crucial and substantive of this long string of amendments is No. 15. It deals with clause 11, which deletes any reference to the board's having competence in the area of pre-release. Also crucial is amendment No. 12, which would apply the code of conduct specifically to the conditions and timing of pre-release.

[Dr. Cable]

The arguments have been very well rehearsed and the hon. Member for Chipping Barnet has been through them again, so I need not do so. Rather, I shall simply highlight one or two key points.

The hon. Lady referred to Lord Moser, who is an enormously important and authoritative figure in this field, having established in the 1970s the professional basis for the statistics service in its modern form. He is completely politically impartial and an enormous source of authority on this subject. The hon. Lady touched on some of his comments, and I will quote in a slightly more expanded way his telling comments during the introduction to the debate on amendments tabled in the other place. He said:

"The way in which the Bill is drafted to deal with this issue is astonishing. Given that these matters are so obviously central to trust and confidence, which is what the Bill is all about, one might have expected it to deal with them positively and helpfully by making them a central responsibility of the new board and central to the code. In fact, almost the opposite emerges."

That is a pretty devastating indictment from somebody who approaches this issue professionally and without any political axe to grind.

As the hon. Member for Chipping Barnet said, there are many professionals and other people who approach this issue with the interests of the statistics service and the integrity of government in mind—such as the Statistics Commission, which had oversight of it until very recently—and who have argued for no pre-release at all. Indeed, she cited seven countries to which that applies.

The Minister said in her introduction that we should be pleased that there has been some improvement on the status quo, and it is certainly true that producing some sense of order and reducing at least some of the pre-release to 40 hours is an improvement. However, that should be set against a context in which the quality and standard of pre-release have deteriorated greatly over time. To quote Lord Moser again, he said:

"It is...sadly true that things have slipped a great deal since 2000, when the last reforms were made...Now they are more lax than anywhere else or than they have ever been before, which...is harmful not only to the statistical world but also to the Government as a whole."

That is a scathing indictment of how the system operates.

6.30 pm

In the debates in this place, it is now common ground that there are some arguments for pre-release. It is worth going back to the comments in the other place by Lord Turnbull, who approaches the issue not from an ideological point but from the pragmatic view of someone who operated the system of pre-release. He accepts the principle in limited instances. He said:

"I have defended the principle of pre-release, which I think is consistent with the way we operate ministerial accountability."

That is the Government's case and the former chief civil servant accepted the Government's fundamental principle. Indeed, most of us do not dispute that basic issue of theology. However, Lord Turnbull continued:

"Nevertheless I support the central thrust of this group of amendments—that responsibility for this should be given to the Statistics Board, which should settle these matters after consulting with Ministers."—[*Official Report, House of Lords*, 2 May 2007; Vol. 691, c. 1075-78.]

He is trying to find a way to reconcile the principle of pre-release with the need to avoid abuse.

The core issue is that of timing. Most of us have recognised that there is a distinction between different kinds of Government statistics, and there is a particular problem with market-sensitive data. Let us try to be as helpful as possible to the Government and look at other countries that are close to the British system and could be used as a model: the Canadians are often cited as using pre-release. The Canadians allow pre-release of market-sensitive data to officials at 2 pm the previous day, but Ministers are allowed it only at 5 pm the previous day, after markets have closed. There is a recognition that pre-release of market-sensitive data to Ministers must be done under tight conditions. In France, the pre-release time is one hour, as the hon. Member for Chipping Barnet mentioned.

The key case is the US, because market-sensitive data there have so much more impact on the world economy than anywhere else. There has been a continuing debate about what happens in the US, because the National Statistical Society told us that the US President has only 30 minutes with the data, but the Treasury researched it with the embassy in the US and found that in certain narrow circumstances the President has access the evening before. That is far more restrictive than anything the Government are contemplating in this country. In terms of the amount of time allowed, the Government are being implausibly and unrealistically indulgent.

In the case of other data, we accept the basic principle of ministerial accountability. Ministers have to be able to explain what has happened on their watch, but that is different from giving them an opportunity to spin and dissimulate. The issue is the length of time, and we tabled amendments suggesting four-hour limits and the Select Committee suggested three hours. We could play with numbers, but what is needed is a professional judgment from the statistics board, and the purpose of the Lords amendments was to ensure that that is where the locus of the decision resides.

Mr. John Gummer (Suffolk, Coastal) (Con): Is the hon. Gentleman aware of a single example that the Government have been able to cite which shows that Britain is different from any other European country, or the US or Canada or any other democratic society?

Dr. Cable: No, there is no such example and no attempt has been made to justify the Government's approach in that kind of rational, evidence-based way. It has simply been stated as a matter of principle that Britain should have pre-release, because we have traditions and they should be continued. That strikes me as a weak basis for an argument.

Why are the Government so stubborn on this point, given that they have been so reasonable on so many of the other key issues? It is difficult to fathom and the perfectly reasonable question that the right hon. Member for Suffolk, Coastal (Mr. Gummer) just asked has not been answered. We know that there are intelligent Ministers and officials dealing with this issue in the Treasury, so why cannot they get their heads around this problem?

An interesting theory was advanced in the other place by the Conservative spokesman, who claimed to

have been told that there was a serious division of opinion between the Treasury and the rest of Whitehall, with an unholy coalition of Ministers in other Departments determined to cling on to the existing pre-release arrangements. Apparently, the Treasury is willing to compromise because it can see the logic of the argument, but the other Departments are not. I do not expect the Exchequer Secretary to confirm that, but it provides a possible explanation for what has been going on. We feel that the Lords amendments are reasonable and we shall oppose any attempt by the Government to reject them.

Mr. Fallon: I, too, support the Lords in their amendments, especially Nos. 12 and 15. Like the hon. Member for Twickenham (Dr. Cable), I do not understand why the Government, who have been so flexible and reasonable—they have listened to some of the arguments put forward on other issues, especially moving the oversight of the statistics board from the Treasury to the Cabinet Office—find it impossible to move at all on the issue of pre-release. They are completely out of line with any other international practice, not simply on timing—40 hours advance notice as against three or four hours elsewhere—but on control. What is the point of bringing legislation to the House and making the statistics board properly independent if the one issue that is vital to the public perception of independence is then taken out of the board's control and left in the hands of Ministers, albeit approved by Parliament? Of course, it should be a matter for the board, not simply to supervise, but to regulate, via the code.

If the Minister is wedded to the idea of parliamentary approval, why not give the code some proper parliamentary backing? The present position is nonsense. There are far too many officials involved. If one checks the website, one sees that it has lists of 30 or 40 officials. Many of the lists are out of date, and I would welcome it if they were tidied up. But far more officials, Ministers, private offices and special advisers are given access to such material than in any other country in the world.

The number of hours is also way out of line with international practice. The Government cling to a position that is opposed by everybody else, including the Treasury Committee. We supported tightening up the system, as did former Ministers on the Committee, including the Exchequer Secretary herself. The other place wants it tidied, as do the outfitters to the Government, Lords Turnbull and Moser, who have dealt with such issues before. I cannot see how the Government's position is tenable. It is for the Exchequer Secretary to worry about whether her own position is tenable, having signed up to a report that recommended the reverse of what the Government now propose.

Angela Eagle: Does the hon. Gentleman suggest that I resign as soon as I have arrived?

Mr. Fallon: I do not think that the tenability of the Exchequer Secretary's position is quite as important as the overall issue, which is one of privilege. To have access to the information before the public see it is a matter of privilege, and to leave it to Ministers themselves to decide the extent of that privilege is wholly wrong. I hope that we will support the Lords in their amendments.

Fiona Mactaggart (Slough) (Lab): I wish to speak on this group as it seems the only opportunity to raise an issue that I have consistently raised during the passage of the Bill, which is: on what basis does public confidence in our statistical service rest?

Many Opposition Members who have spoken have suggested that public confidence in our statistical service depends on the way in which statistics are handled by politicians, the pre-release arrangements and so on. That issue is dealt with by this group of amendments. However, I urge the Minister—whom I am glad to see on the Front Bench—to recognise that public confidence is based most strongly on the accuracy of our statistics. I am profoundly concerned that none of the debates on the Bill has focused sufficiently on creating a legal framework that guarantees accuracy.

The sets of estimates, which may or may not be pre-released—on which this group of amendments is mostly closely focused—and which the Office for National Statistics issues between censuses, are in many cases profoundly unreliable. The best way to shake public confidence in our statistical service is by producing wrong statistics. The higher education participation rate is not calculated using ONS statistics because of its flawed estimates of the shape of the class structure of our society.

The grants to local authorities, however, are issued on the basis of those flawed statistics. Members will have heard me describe how my constituency of Slough has been damaged, for example, by the fact that in the 2001 census many migrants to the town did not identify their former address, although it was overseas, and by the smoothing arrangements in the estimation that give towns such as Windsor and Wokingham the same kind of balance of migrants as Slough.

I am at risk of straying from the issue with which this group of amendments is concerned. However, I urge the Minister, in her new responsibilities, to ensure that the legal framework for delivery of our statistical services guarantees not only their independence but their accuracy at every stage. If we do not make sure that they are accurate, we will not have public confidence in our statistics.

Mr. Newmark: I, too, welcome the Minister to her new position. I also invite her, however, to take a new position on ministerial pre-release access.

The Minister will be well aware that when the Treasury Sub-Committee, on which she and I sat, considered the independence of statistics last year, our guiding principle and second recommendation was:

> "Regardless of the detail of the Government's final proposals, we consider it essential that the Government ensures that its proposals secure both sufficient independence and sufficient perceived independence in the statistical system."

For the record at least, I note that she put her name to that recommendation, and to the whole report, notwithstanding her long, rambling excuse as to why she signed up to it but did not attend half the meetings.

[Mr. Newmark]

I remind the Minister, however, that the then Financial Secretary, the hon. Member for Wentworth (John Healey) told the Committee during evidence that he

"would certainly accept that the pre-release arrangements contribute to the perception of interference in statistics."

He also said:

"Part of the drive to legislate now to entrench the independence is to deal with some of the problems that are still there in perception."

Actual independence and perceived independence are intimately connected, and the Government's rejection of the Lords amendments on pre-release strikes a blow against both.

There are concrete examples of abuse from the Statistics Commission. Whether we consider the leak of unemployment figures to the "Today" programme, or the former Prime Minister letting them slip while at a TUC conference, pre-release has certainly had problems. The perception of abuse, however, is more important, as has been acknowledged by the Phillis review and many other commentators since. Lord Moser, about whom we have heard much today and whose name was on the amendments, said that the Government's approach to the issue was "astonishing". He said:

"No other single change would send a clearer signal to the public and users than this."—[*Official Report, House of Lords*, 2 May 2007; Vol. 459, c. 1076.]

Mr. Gummer: The Government's only argument in defence of their position is that things have always been like this. Is not it odd to find a Labour Government saying that they are doing something because tradition demands it? Why do not they apply that argument to rather more worthy causes?

6.45 pm

Mr. Newmark: It would indeed be good if the Government applied that argument to traditional causes; as my right hon. Friend and I both represent rural areas, one in particular comes to mind. The only tradition to which the new Prime Minister seems to be clinging is that of being a control freak and spin doctor. The longer that he can control and have that information, the more he can spin it to the public as he wishes. That is the tradition that we want to destroy. It would be bad enough if the omission of pre-release were accidental, but it is quite explicit. As I have said previously, it is the black hole at the centre of the Bill.

I am delighted that the Government have given in to Opposition pressure over the transfer of residual ministerial responsibility to the Cabinet Office, although, again, I am rather cynical, because at the head of the Cabinet Office is the First Lord of the Treasury, the ex-Chancellor—I will go no further into that. The Government's refusal to move on the issue creates the increasing suspicion that Ministers have something to hide by not ensuring that pre-release is subject to the code. The double standards that have been set up between the board's code of practice and the ministerial code on pre-release threaten to undermine the perception of independence. We are in danger of ending up with legislation to entrench independence that does not address a significant perceived failing of that independence.

Lord Desai pursued a fascinating line of argument in another place when he suggested that

"governments do not gain much advantage from pre-release. Whatever advantage is gained is quickly dissipated partly by incompetence and partly by the fact that clever people can see through any spin that statistics may be given."—[*Official Report, House of Lords*, 2 May 2007; Vol. 459, c. 1081.]

Will the Minister confirm whether the Government intend to rely on their own incompetence and the cleverness of the Opposition in seeing through spin to justify continued ministerial control of pre-release arrangements?

The truth is that allowing ministerial pre-release access to be controlled by ministerial fiat could not give a more effective shot in the arm to anyone with suspicions about Government interference in statistics. The Minister is merely the latest in a long line of ministerial beneficiaries of pre-release of statistics, but I hope that she will consent to be among the last crop of Ministers to control the rules governing pre-release directly.

Stewart Hosie: On 13 March, at column 217, the then Financial Secretary, the hon. Member for Wentworth (John Healey), said about pre-release arrangements:

"The public have a right to expect, and the British media have come to demand, that Government Ministers account for the impact and implications of policy when statistics are released—not hours afterwards or in the days that follow."—[*Official Report*, 13 March 2007; Vol. 458, c. 217.]

I happen to agree entirely. But the simple fact that a Minister or Department is obliged to comment quickly after the release of a statistical series does not and should never entitle them to access to it for some hours—or almost two days—in advance.

I shall speak briefly, but I hope that I can get to the nub of the issue. To paraphrase the new Minister, she said early in her contribution that because Ministers have to deal with the consequences of the publication of data, or perhaps provide mitigation if something happens, that makes them the people best placed to set the time scales. Nothing could be further from the truth. It may suit them to set the time scales, because, as the previous Financial Secretary said, they will have to respond quickly, so they need a lot of time to work out what they will say, but that is completely back to front. It might suit them if they are going to spin a narrow part of the statistics that look beneficial and can cover a multitude of sins elsewhere in the small print of a document. It might suit them if they want to discount the bad news early, knowing that another announcement is to come the following day or the day after that to cover it up. But if the Minister is serious about transparency and if she and the Department are serious about removing perceptions of spin and cover-up, I have yet to hear an argument today as to why the Government will not hand over the responsibility for the code and the creation of time scales to the national statistician or the independent board.

The Minister in her opening remarks said that there was broad agreement on both sides of the House that, in the case of market sensitive data, there was general agreement that there should be proper pre-release. That is right and proper. But for the normal publication of

normal social statistics on non-market sensitive economic data, if the Government are serious about transparency, there is no longer any justification for the Government to keep even 40.5 hours of pre-release access to themselves. Therefore, I ask them to look at the matter.

I know that the Minister is new, and I am sure that she has been studying the previous debates in *Hansard* and reading through briefings by the ton, but this is, as she said earlier, the main point of contention in the Bill. Why do we not go collectively, in the big tent consensual politics, with a new progressive consensus, forward together—and other catch phrases that I cannot quite remember—to deliver the transparency that the House wants, including, I am sure, many Labour Back Benchers, and that the people expect and the users of statistics demand to remove the perception of fiddling, unnecessary spin and discounting of bad news when statistics are published?

Angela Eagle: I know from some of my reading over the weekend that we have had a debate similar to those during the Bill's earlier stages. No one should deny the good intent of those on either side of the argument to have greater transparency and consistency across Departments in the way in which pre-release is dealt with. The system that the Government seek to put in place, with the alignment of pre-release times to 40.5 hours across market and non-market statistics, and down from five days in some cases, is an advance in consistency and a tightening up of the rules. Hon. Members on both sides of the argument should not deny that the Government's intention in some of the changes that have been outlined during the Bill's passage by my hon. Friend the Member for Wentworth (John Healey) was to standardise, tighten and reassure the House on these matters.

There is a broad acceptance of the principle—accepted in a variety of instances, some narrower for Opposition Members than perhaps for others—that in some circumstances at least pre-release should happen, which obviously I welcome. There is also an acceptance that a reasonable number of hours should be allowed, but no agreement on the number of hours. The Government have reduced that to 40.5 hours, but there are various opinions ranging from that of the Treasury Committee at three hours, to that of members of the other House at one hour or 30 minutes, and a range in between—from 40.5 all the way down to zero.

In this debate, we see two different ways of achieving a system that will tighten and standardise the requirements and methodology of pre-release. On the one hand, the Government have said that they will introduce the system in the form of an affirmative statutory instrument, which will be debated upstairs and which therefore will have the imprimatur of Parliament, rather than by a code of practice that the board can produce, which Opposition Members have suggested is a better way forward. Given the wide welcome that we have for the basic approaches in the Bill to making statistics more independent, this is really the only matter that has raised people's blood pressure. Reading the controversies that have raged throughout the Bill's passage, I am not sure that the Government have been given the proper credit for the improvements that they have suggested in their methodology for creating a system for pre-release. First, we have the affirmative resolution procedure; secondly, my predecessor has already said that the matter will be reviewed after 12 months to see whether change is needed; and today, I have undertaken to issue the statutory instrument in draft form for consultation, which again allows the structure of the system to be debated.

Mrs. Villiers: The Minister seems to have put forward two arguments today: first that we should continue to operate pre-release in the same way because that is how it has been done for years, which I do not find very convincing, and secondly that what is being proposed is not ideal but is an improvement on what has gone before. Perhaps the Government should make a more significant improvement and give the board the power to decide this critically important question.

Angela Eagle: I do not accept the hon. Lady's interpretation of what I have said. I said earlier that the different approaches to pre-release that we see internationally tend to have grown out of custom and practice, which is why they are of slightly different lengths and why some countries agree in principle with pre-release while others do not have pre-release.

Mr. Gummer: It is true that the time scales are all different, but all have one thing in common—they are very much shorter. What is it about Britain that makes us utterly different from any other country in the world, in the sense that what the Minister is suggesting is some 10 times as long as most people would have?

Angela Eagle: I hope that the right hon. Gentleman will also give us credit for reducing that time limit from five days in many instances to 40.5 hours. We can have debates about the length of time, as we are doing with the other place. I am here to oppose the amendments that were passed in the other place and to argue that we should stick with 40.5 hours. But I hope that he will also accept that improvements have been announced during the Bill's passage with respect to the current situation on pre-release, and I hope that he will welcome them. He may not think that they go far enough, and that is a matter of opinion, but I hope that he will at least give us credit for the improvements that we have proposed.

Mrs. Villiers: The Exchequer Secretary has said repeatedly that the reduction in the time limit to 40.5 hours across the board is "an improvement" to the current rules. Why will she not improve them further by reducing the time period further?

Angela Eagle: Because my duty at the Dispatch Box tonight is to say that the Government think that 40.5 hours is the appropriate time for pre-release, and that is what I will do.

7 pm

I do not want to detain the House for too long on an argument that has raged throughout the passage of the Bill, but I do not accept the Opposition's view that organising the board under a code of practice is superior to an affirmative resolution for secondary legislation under a statutory instrument of the House. A draft will be put out for consultation, as I announced earlier today, so we will be able to consider it. There will not simply be a yes or no vote.

In addition, there is the promise of a review after 12 months when the board is up and running and when we will be able to see how the new, more consistent arrangements for pre-release have worked in practice. That is a robust and welcome improvement in the existing system. The code of practice might be another way of dealing with the situation, but it is not something the Government feel minded to support at present, which is why I oppose the amendment and I hope that colleagues will support our motion to disagree.

Question put, That this House disagrees with the Lords in the said amendment:—

The House divided: Ayes 297, Noes 172.

Division No. 170] **[7.1 pm**

AYES

Abbott, Ms Diane
Ainger, Nick
Ainsworth, rh Mr. Bob
Alexander, rh Mr. Douglas
Allen, Mr. Graham
Anderson, Mr. David
Anderson, Janet
Atkins, Charlotte
Austin, Mr. Ian
Austin, John
Bailey, Mr. Adrian
Baird, Vera
Balls, rh Ed
Banks, Gordon
Barlow, Ms Celia
Barron, rh Mr. Kevin
Beckett, rh Margaret
Bell, Sir Stuart
Benn, rh Hilary
Benton, Mr. Joe
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Borrow, Mr. David S.
Bradshaw, Mr. Ben
Brown, Lyn
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, rh Andy
Butler, Ms Dawn
Byrne, Mr. Liam
Cabom, rh Mr. Richard
Cairns, David
Campbell, Mr. Ronnie
Caton, Mr. Martin
Cawsey, Mr. Ian
Chapman, Ben
Clapham, Mr. Michael
Clark, Ms Katy
Clark, Paul
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Connarty, Michael
Cook, Frank
Cooper, Yvette
Corbyn, Jeremy
Cousins, Jim
Crausby, Mr. David
Creagh, Mary
Cruddas, Jon
Cryer, Mrs. Ann
Cunningham, Mr. Jim
Cunningham, Tony
Curtis-Thomas, Mrs. Claire
Darling, rh Mr. Alistair
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Quentin
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobbin, Jim
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Eagle, Angela
Eagle, Maria
Engel, Natascha
Ennis, Jeff
Etherington, Bill
Farrelly, Paul
Field, rh Mr. Frank
Fisher, Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, Caroline
Flynn, Paul
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gapes, Mike
Gardiner, Barry
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gilroy, Linda
Goggins, Paul
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom
Havard, Mr. Dai
Healey, John
Henderson, Mr. Doug
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hillier, Meg
Hodge, rh Margaret
Hood, Mr. Jim
Hoon, rh Mr. Geoffrey
Hope, Phil
Hopkins, Kelvin
Howarth, rh Mr. George
Howells, Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Hutton, rh Mr. John
Iddon, Dr. Brian
Illsley, Mr. Eric
Irranca-Davies, Huw
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Lynne
Jones, Mr. Martyn
Jowell, rh Tessa
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Kelly, rh Ruth
Kennedy, rh Jane
Khan, Mr. Sadiq
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lloyd, Tony
Love, Mr. Andrew
Lucas, Ian
MacShane, rh Mr. Denis
Mactaggart, Fiona
Mahmood, Mr. Khalid
Malik, Mr. Shahid
Mann, John
Marsden, Mr. Gordon
Marshall, Mr. David
Marshall-Andrews, Mr. Robert
McAvoy, rh Mr. Thomas
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McDonagh, Siobhain
McFadden, Mr. Pat
McFall, rh John
McGovern, Mr. Jim
McGrady, Mr. Eddie
McGuire, Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, Mr. Tony
Meacher, rh Mr. Michael
Meale, Mr. Alan
Merron, Gillian
Michael, rh Alun
Miliband, rh David
Miliband, rh Edward
Miller, Andrew
Mitchell, Mr. Austin
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Moran, Margaret
Morgan, Julie
Morley, rh Mr. Elliot
Mountford, Kali
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
O'Hara, Mr. Edward
Osborne, Sandra
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Prescott, rh Mr. John
Primarolo, rh Dawn
Prosser, Gwyn
Purnell, rh James
Rammell, Bill
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, rh John
Riordan, Mrs. Linda
Robertson, John
Rooney, Mr. Terry
Roy, Mr. Frank
Ruane, Chris
Ruddock, Joan
Russell, Christine
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Singh, Mr. Marsha
Skinner, Mr. Dennis

Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, Geraldine
Smith, rh Jacqui
Smith, John
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Rhyllis
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Taylor, David
Thomas, Mr. Gareth
Thornberry, Emily
Tipping, Paddy
Touhig, rh Mr. Don
Trickett, Jon
Truswell, Mr. Paul
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Ussher, Kitty
Vaz, rh Keith
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda
Ward, Claire
Wareing, Mr. Robert N.
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Wills, Mr. Michael
Winnick, Mr. David
Winterton, rh Ms Rosie
Woodward, rh Mr. Shaun
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Ayes:
Mr. Alan Campbell and Alison Seabeck

NOES

Afriyie, Adam
Ainsworth, Mr. Peter
Alexander, Danny
Amess, Mr. David
Atkinson, Mr. Peter
Bacon, Mr. Richard
Baker, Norman
Barker, Gregory
Barrett, John
Bellingham, Mr. Henry
Benyon, Mr. Richard
Bercow, John
Beresford, Sir Paul
Binley, Mr. Brian
Bone, Mr. Peter
Boswell, Mr. Tim
Brady, Mr. Graham
Brazier, Mr. Julian
Brokenshire, James
Brooke, Annette
Browning, Angela
Burns, Mr. Simon
Butterfill, Sir John
Cable, Dr. Vincent
Campbell, rh Sir Menzies
Chope, Mr. Christopher
Clark, Greg
Clarke, rh Mr. Kenneth
Clegg, Mr. Nick
Clifton-Brown, Mr. Geoffrey
Cormack, Sir Patrick
Cox, Mr. Geoffrey
Crabb, Mr. Stephen
Davies, David T.C. *(Monmouth)*
Davies, Philip
Davis, rh David *(Haltemprice and Howden)*
Djanogly, Mr. Jonathan
Dorries, Mrs. Nadine
Duddridge, James
Duncan Smith, rh Mr. Iain
Dunne, Mr. Philip
Evans, Mr. Nigel
Evennett, Mr. David
Fallon, Mr. Michael
Field, Mr. Mark
Fox, Dr. Liam
Francois, Mr. Mark
Fraser, Mr. Christopher
Gale, Mr. Roger
Garnier, Mr. Edward
Gauke, Mr. David
Gibb, Mr. Nick
Gidley, Sandra
Gillan, Mrs. Cheryl
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gove, Michael
Gray, Mr. James
Green, Damian
Grieve, Mr. Dominic
Gummer, rh Mr. John
Hammond, Mr. Philip
Hammond, Stephen
Hancock, Mr. Mike
Harper, Mr. Mark
Harris, Dr. Evan
Harvey, Nick
Hayes, Mr. John
Heath, Mr. David
Heathcoat-Amory, rh Mr. David
Hendry, Charles
Herbert, Nick
Hoban, Mr. Mark
Hogg, rh Mr. Douglas
Hollobone, Mr. Philip
Holloway, Mr. Adam
Horam, Mr. John
Hosie, Stewart
Howarth, David
Howarth, Mr. Gerald
Huhne, Chris
Hunt, Mr. Jeremy
Hurd, Mr. Nick
Jack, rh Mr. Michael
Johnson, Mr. Boris
Kawczynski, Daniel
Key, Robert
Kirkbride, Miss Julie
Knight, rh Mr. Greg
Lamb, Norman
Lancaster, Mr. Mark
Lansley, Mr. Andrew
Leigh, Mr. Edward
Letwin, rh Mr. Oliver
Lewis, Dr. Julian
Lidington, Mr. David
Lilley, rh Mr. Peter
Loughton, Tim
Luff, Peter
Mackay, rh Mr. Andrew
Maclean, rh David
Main, Anne
Malins, Mr. Humfrey
Maples, Mr. John
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Mitchell, Mr. Andrew
Moore, Mr. Michael
Moss, Mr. Malcolm
Murrison, Dr. Andrew
Neill, Robert
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Öpik, Lembit
Osborne, Mr. George
Ottaway, Richard
Paterson, Mr. Owen
Pelling, Mr. Andrew
Penning, Mike
Penrose, John
Price, Adam
Prisk, Mr. Mark
Pritchard, Mark
Pugh, Dr. John
Randall, Mr. John
Rennie, Willie
Rifkind, rh Sir Malcolm
Robathan, Mr. Andrew
Robertson, Angus
Robertson, Hugh
Rogerson, Dan
Rosindell, Andrew
Rowen, Paul
Ruffley, Mr. David
Russell, Bob
Sanders, Mr. Adrian
Shepherd, Mr. Richard
Simmonds, Mark
Soames, Mr. Nicholas
Spicer, Sir Michael
Spink, Bob
Spring, Mr. Richard
Stanley, rh Sir John
Steen, Mr. Anthony
Streeter, Mr. Gary
Stuart, Mr. Graham
Stunell, Andrew
Swinson, Jo
Syms, Mr. Robert
Tapsell, Sir Peter
Taylor, Dr. Richard
Tredinnick, David
Tyrie, Mr. Andrew
Vaizey, Mr. Edward
Vara, Mr. Shailesh
Villiers, Mrs. Theresa
Walker, Mr. Charles
Wallace, Mr. Ben
Webb, Steve
Weir, Mr. Mike
Whittingdale, Mr. John
Willetts, Mr. David
Williams, Hywel
Williams, Stephen
Willis, Mr. Phil
Wilson, Mr. Rob
Winterton, Ann
Winterton, Sir Nicholas
Wishart, Pete
Yeo, Mr. Tim
Young, rh Sir George

Tellers for the Noes:
Mr. Tobias Ellwood and Angela Watkinson

Question accordingly agreed to.
Lords amendment disagreed to.

Clause 10

CODE OF PRACTICE FOR NATIONAL STATISTICS

Lords amendment: No. 11.

Mrs. Villiers: I beg to move amendment (a) to the Lords amendment.

Madam Deputy Speaker (Sylvia Heal): With this we may discuss Lords amendments Nos. 16 to 19 and Nos. 31 and 39, and amendments thereto.

Mrs. Villiers: We very much welcome the Government's change of heart on the issues covered by this group of amendments. Although the amendments do not go as far as we would like, they represent a significant change to the scope of the Bill and the impact of the code of practice. In essence, our arguments on the code and the

[Mrs. Villiers]

distinction between national and official statistics—those issues are at the heart of the amendments—have been simple and threefold.

7.15 pm

First, the two-tier distinction between the two types of Government statistics is unnecessary and confusing and could undermine confidence in official figures outside the scope of national statistics. Secondly, if it is worth producing a Government statistic on an issue, it is worth producing it according to the standards of integrity and impartiality set out in the code. There is no reason to believe that the board cannot be trusted to come up with a proportionate and workable approach to the enforcement of the code across the range of different Government statistical activities. Thirdly, to leave Ministers to determine whether the code and the scrutiny of the board apply to their departmental statistics undermines the credibility of the reforms and in effect allows Ministers to decide whether to opt into the new framework or stay out of it.

Throughout the debate, both Opposition parties pointed out that the structure proposed in the Bill gave Ministers too much power to keep the statistics board away from sensitive departmental statistics—to keep official figures in the shadows and prevent light from being shone on the darker corners of departmental statistical activity. In effect, it gave Ministers the right to say to the board, "Thus far and no further."

Widespread disquiet was expressed during the consultation about the distinction between national and official statistics and the fact that the code would not be applied across all Government statistical activities. That disquiet came from organisations such as the Royal Statistical Society, the Statistics Commission, the Audit Commission, the Market Research Society, the Health and Social Care Information Centre, and the FDA—to name but a few.

Let us return to the comments of Lord Moser, as we have done on a number of occasions. He described the distinction between the two types of statistics as meaningless and actually harmful in relation to public trust. Lord Turnbull hit the nail on the head on Second Reading in the other place when he said that the way in which the Government have approached this issue

"can only give rise to suspicion, even if unwarranted, that the Government want either to tolerate a Ryman league of second-rate statistics not covered by the code or, worse, that Ministers want to keep certain statistics in the lower league so that they can get away with things that are outside the disciplines of the code."—[*Official Report, House of Lords,* 26 March 2007; Vol. 690, c. 1484.]

I am afraid that the protestations of the former Financial Secretary, the hon. Member for Wentworth (John Healey), that the prestige of having departmental figures awarded the status of national statistics would motivate Ministers to propose them for inclusion in the board's new independent system of scrutiny and regulation were risible. I cannot believe that even he could have taken that seriously—no one else has, from the Treasury Sub-Committee onwards.

Thankfully, the Government have gone on a journey. Little by little, in the face of pressure in the House and the other place, they have retreated. At first, they said that the idea of extending the scope of the code of practice was, to use the then Financial Secretary's words "extraordinary", "absurd" and "impractical". He confirmed that the Government expected the code

"to be a model of good practice for official statistics, and we expect the board to promote it as such."—[*Official Report, Statistics and Registration Service Public Bill Committee,* 18 January 2007; c. 153.]

We then had the formal cave-in when the Government tabled amendments in the other place to remove the formal restriction of the code to national statistics by removing the word "national" from its title and leaving it as a code for statistics instead. Finally, Lord Davies of Oldham, speaking on behalf of the Government, went still further and said that the code, of course, applied to "official statistics"

The Opposition warmly welcomed that statement. It was what we had been calling for since Second Reading and what the former Financial Secretary used to oppose. Our amendments are entirely consistent with the statement made by Lord Davies. They would rename the code so that it was a code of practice for official statistics. They would confirm the destination that the Government have reached by making good on the noble Lord's undertaking that the code should apply to official statistics. I hope that the Government will accept our amendments, if they intend to fulfil the promise made by the noble Lord.

Our amendments also serve another important function by clarifying the confusion that has crept into the Government's position. The Government's journey was not quite over, even with the statement made by Lord Davies to which I have referred. Despite their starting point of restricting the application of the code only to national statistics, they ended up not only conceding the point on official statistics, but actually suggesting that the code should apply outside government. That would certainly be inconsistent with a common-sense interpretation of their amendments in the other place that removed the word "national" from the code and left it as purely a code of practice for statistics.

Lord Davies confirmed that sudden and unexpected switch when he said on Report in the other place:

"I have said that our crucial distinction is between national and official statistics, but the board will identify clear criteria for a code that ought to obtain with certain other statistics which may not be official but nevertheless may be of significance to the public realm. The board will be looked to to set the standard by which everything else is judged."—[*Official Report, House of Lords,* 18 June 2007; Vol. 693, c. 45.]

That announcement caused consternation in the statistical community. It came totally out of the blue. After lengthy consultation and extensive debate, the Government had given no indication whatsoever that they intended the code or the board to have relevance outside the sphere of the Government's statistical work. Richard Alldritt of the Statistics Commission said that the Government had got themselves

"in a tangle on this".

I am inclined to agree.

Lord Jenkin referred to a number of concerned statisticians in the debate on this matter in the other place, including the institute for economic and social research at Essex university. The institute warned of the danger that developing a code that would apply to

statistics outside the Government would risk diluting the necessary principles that should apply to all official statistics. The need to remedy that confusion is another of the reasons why the Opposition have tabled amendments to the Lords amendments.

There has also been a partial capitulation from the Government on the legal enforceability of the code. When the Bill was published, it was striking that it did not oblige anyone to obey the code of practice, despite the Government's promise to give that statutory backing. As my hon. Friend the Member for Sevenoaks (Mr. Fallon) memorably put it, the Bill gave the code

"fewer teeth than the highway code".—[*Official Report*, 13 March 2007; Vol. 458, c. 192.]

We were told that the board would have the power to promote the code as a standard for all official statistics, but the Government failed to say how they would enforce the code. We have argued that the board should be given regulatory and supervisory powers, which, as the Government admitted in Committee, the Bill did not give it. Under the Bill, as it was drafted, the board would have had, to use the then Financial Secretary's words, "only a softer function"—a power to audit and assess, not to supervise or regulate. As Dr. Ivan Fellegi, one of the world's leading statisticians, has pointed out, that would be not very different to the Statistics Commission's power to name and shame. The power would effectively be only one of exhortation.

Obliging people to obey the code would give the board real authority to ensure that good practice was observed right across government. While we would have preferred the code to bind all in government who produce statistics, Lords amendment No. 17 is an important step forward because it at least imposes a duty to obey the code on those who produce national statistics. The Government finally seem to be getting the point that we have been making from the outset: the code should be applied to the people who produce statistics, rather than confined to a means of assessing particular sets of figures.

It was welcome that Lord Davies made it clear in another place that the duty to obey the code applied not just to those responsible for producing national statistics, but all those who handled them, such as people preparing briefings for Ministers, and press officers. That is vital because many of the problems in the system relate to such officials—the policy and press officials in charge of interpreting and disseminating policy— not the statistical boffins compiling the data.

The Government's journey has included important changes to the board's role in initiating the assessment process to decide whether a particular set of figures can qualify for the kitemark of a national statistic. We have made the point again and again that it was a fundamental flaw in the proposals that Ministers could keep their departmental figures out of the new framework for independent statistics merely by refusing to nominate them for assessment by the board. In such a situation, the board's only power was to name and shame the Minister in question. Its powers would have been no stronger than those of the Statistics Commission, which, valuable though its work has been, everyone agreed needed to be strengthened. We welcome the Government's about-turn on that vital issue. The process set out in Lords amendment No. 19 is rather cumbersome and does not go as far as we would like because it does not give the board unfettered power to initiate an assessment of whether a statistic complies with the code, but by formalising the process and requiring a Minister to answer to Parliament if he or she refuses to nominate a statistic for assessment the board will have much greater say in whether an assessment can be initiated. The Lords amendment represents a significant change to the Bill because it addresses a critical question.

The then Financial Secretary's key argument for maintaining a two-tier system was that some statistics were more important than others. The decision on nomination effectively determined the borderline between the two types of statistics. As such, the decision was simply too important to be left only to Ministers. The then Financial Secretary acknowledged in Committee that that issue

"cuts to the heart of the proposals in the Bill and the concerns that some have expressed."—[*Official Report, Statistics and Registration Service Public Bill Committee*, 23 January 2007; c. 207.]

We agreed with his analysis, which was why we pressed the point throughout our proceedings on the Bill. He said he expected the new system to evolve over time and embrace a wider range of statistics. Under the Bill as originally drafted, the pace of that evolution would have been determined by Ministers, even though the reform was designed to reduce their power and influence. Lords amendment No. 19 will give the board more power to drive the evolutionary process to which the Minister referred. However, it also places a burden on Parliament to back the statistics board and to force Ministers to yield their statistics for proper scrutiny.

Leaving the board with inadequate powers on figures outside the scope of national statistics would leave a big hole in the legislation. As the House might recall from our earlier debates, a number of important Government figures are not national statistics. Indeed, Lord Davies admitted that the category of national statistics was "very limited" and that far more than 20 per cent. of official statistics fell outside the scope of the national statistics system. We believe and have argued throughout that there is no reason why important departmental figures should be subject to a less onerous regime than others, particularly where departmental figures have given rise to more problems than those produced by the Office for National Statistics. For example, according to the Library, since the 2000 reforms there has been a net increase of only 25 national statistics. We believe that there is no sensible reason why statistics on, for example, cervical cancer screening in Wales, small business survival rates, or armed forces medical discharges, which are not national statistics, deserve less scrutiny than the cider survey or the monthly statement on bricks, blocks and cement, which are.

We hope that the board will use the process set out in amendment No. 19 to fill the hole in the legislation and to extend the range of statistics that are subject to the full rigour of the reforms set out in the Bill. We hope that the board will receive the strong support and encouragement of the House; it will certainly have ours.

7.30 pm

Dr. Cable: I simply wish to acknowledge that this is an important area of debate and that the basic differences

[Dr. Cable]

between the Government on the one hand and Opposition Members and the statistical community on the other have largely been reconciled. I accept that considerable progress has been made, and the hon. Member for Wentworth (John Healey), who was formerly the Minister with responsibility for the Bill, contributed substantially to that. There are essentially two overlapping issues. The first is whether it is useful to distinguish between official and national statistics. The purist's view is that one should not distinguish between them as they are equally important—or rather, they are in a continuum of importance—and it is not helpful to make an arbitrary distinction.

In our exchanges in the House, we accepted that there is a rough hierarchy and that some statistics are important and merit being described as national while others are less important—indeed we are talking about hundreds if not thousands of statistics. I certainly accepted the distinction itself as conceptually sensible. The key issue was whether Ministers should have a responsibility for deciding what statistics fall into what category. Concern was expressed in the House and by the Opposition in the other place that if there were not proper safeguards in place through the code, official statistics would be misused by Ministers. My understanding is that that difficulty has been overcome and that, through the board, all statistics will be subject to the proper discipline of the code. That has largely met our concerns.

A subsidiary issue—it may just be a misunderstanding, and it may just have arisen from bad drafting—was briefly alluded to by the hon. Member for Chipping Barnet (Mrs. Villiers): inadvertently, the Bill now covers large areas of statistical information that are not the product of Government at all. One of the examples mentioned in the other place is particularly close to my heart because I used to work in the oil industry. One of the main tasks of my opposite number, the chief economist of BP, was to produce the set of oil statistics that are the gold plate for the industry, and that are accepted as the best source of oil and gas information in the world. The question has been asked whether those statistics will be subject to the legislation. After all, they are produced voluntarily to enhance the reputation of that company, and are not in any sense a requirement so it would be odd if they were subject to the legislation. However, since the question has been asked, it would be helpful if the Minister clarified whether such privately generated statistics, which are immensely useful but neither official nor national, are in some sense covered by the Bill, whether inadvertently or intentionally.

The purpose of my intervention is simply to accept that as a result of a sensible exchange in debate, the key point of the Opposition parties has been conceded.

Angela Eagle: I am pleased about the general welcome that has been given by both Opposition parties to the progress that has been made. I wish the hon. Member for Chipping Barnet (Mrs. Villiers) had not described that progress as retreat, capitulation and an about-turn, and that she had not issued press releases that talk about U-turns. It does not encourage the Government to think about being more flexible during the parliamentary process when as soon as they employ such an approach they are treated to such epithets. I prefer the interpretation of the hon. Member for Twickenham (Dr. Cable) and his welcome for the considerable progress that has been made. If the hon. Lady used that type of language, we might be able to make even more progress in coming to a consensus on the important matters that we are discussing. Being accused of retreat, capitulation and about-turns does not always encourage the Government to listen to debates in the way that they ought.

I ask the House to resist the hon. Lady's amendments to the Lords amendments for reasons that I will come to shortly. Instead, I ask the House to support the amendments from the other place, which clarify the Government's intention on the question of scope of the application of the board's code of practice and compliance with it. Those amendments will enhance the role of the board in the assessment process—an issue to which the hon. Lady rightly referred.

The amendments from the other place are aimed at addressing a number of concerns about the coverage of the statistical system that will be established by the Bill and will clarify and further underscore the Government's intentions as regards a number of matters relating to the code of practice. They will also address the issue of official and national statistics, which I believe will add even more transparency to the new statistical system we are creating. Our approach reflects the desire that the definitions used in the Bill should serve the statistical system and all those who use its outputs well, both now and in future. As such, the Government are concerned to ensure that the Bill includes as broad and as flexible a definition of "official statistics" as possible. I ask the House to consider the fact that legislation on statistics was last enacted in 1947. Now, 60 years down the line, we have another scintillating Bill, which hon. Members have spent many hours considering, so it may well be prudent to try to future-proof it in case it takes another 60 years to get another legislative vehicle before the House that we can use to change or improve our statistical systems.

That is why, in their definition of national and official statistics, the Government have tried to future-proof the Bill, rather than to narrow it and make it inflexible. There may not be many other legislative vehicles around in which we can iron out any inflexibilities that we inadvertently leave in the Bill, hence the wider definitions that feature in it.

Until the Bill, there had never been a legal definition of "official statistics", and there is no agreed international definition, so at the start of the Bill-drafting process it was not immediately clear what the best way was of defining the term. Initially, it was thought that it could be defined as Government Statistical Service output, but the Government wanted to avoid a definition that would unnecessarily limit the role envisaged for the board, given developments in statistical production, activity in Government, and the need to anticipate what might happen in the next 60 years. Members of the Government Statistical Service are no longer the sole producers of statistical information within Government, and many of the key statistics that the public use to judge the Government's performance come from administrative sources.

The Government therefore concluded that the definition of "official statistics" should be as wide as possible, and should include all statistics produced by the 200-plus Government Departments and agencies, the devolved Administrations and

"any other person acting on behalf of the Crown".

Such a definition meets our goal of being both very wide and future-proof. As we opted for a very wide definition, it was necessary for us to focus and prioritise the application of the formal assessment against the code. That assessment is established in clauses 12 and 13. The Government's aim is to help to ensure that greater resources are devoted to those statistics that have relatively greater importance. That is where the idea, raised by the hon. Member for Twickenham, of a rough hierarchy comes in. When it comes to the question of what is a national statistic and what is an official statistic, many hon. Members have had good fun with the inconsistencies around the edges. At the weekend, I read about egg bulletins and all sorts of other things that I had not realised existed. But clearly, in general, there is a rough hierarchy and it is possible to identify the most important statistics to represent properly what is going on in the country's economy and socially. It is fairly easy to see what they are, and I am glad the rough hierarchy has been recognised in the House.

It is important that we allow the new board to prioritise which areas it should consider for assessment first. If the board were legally bound to undertake formal assessments of the vast and ever expanding range of official statistics, that would not be a sensible way forward, in view of the likely resource implications both for the board and for those being assessed. I expect that added credibility will come from securing independent endorsement of the quality and integrity of a set of statistics.

The code of practice has a special role to play in relation to the assessment of national statistics, but the Government have always intended—I am glad to clarify this through the Lords amendments—that the code of practice should be used across all official statistics, at least as a guide to best practice, to allow an assessment to be made of statistics in the official pool, rather than the national statistic pool. Amendments Nos. 11, 16, 18, 31 and 39 will change the name of the code to the code of practice for statistics. The change is aimed at making that intention more explicit, clarifying that the code applies not only to national statistics, but to the broader range of official statistics.

The Government have decided that the legal name for the code should be the code of practice for statistics, which expresses succinctly and clearly exactly what the code is for. As we heard, Opposition Members tabled amendments in lieu of the amendments from the other place, which would alter the name again, to the code of practice for official statistics, which I must resist. As I have just said, the code will be applied across official statistics, but will have a particular role in relation to national statistics, as the code against which the board will assess statistics to determine their compliance, and whether or not to award national statistics status. Calling it the code for official statistics may be confusing and could imply that it refers only to those official statistics, and not to the subset that are national statistics.

Mrs. Villiers: The Government have consistently resisted the argument that we should get rid of the two-tier system altogether because it causes confusion between official and national statistics. If they are confident that the man on the street can draw that distinction with ease, why are they worried that the title of the code of practice might cause confusion?

Angela Eagle: Dancing on the head of a pin occurs in this debate. It is clear that there is an acceptance in general, even if the hon. Lady does not share it, that there is a rough hierarchy of statistics. That grew out of the 2000 reforms. The national statistics now contain most of the most important series of statistics that have descriptive and research power with respect to how the country is doing, although I accept that around the edges there might be a little blurring as to whether a statistic should be national or official.

The important thing is to indicate to the board that there should be a priority, and for accreditation purposes that should lie, naturally, with the most important series of statistics, which in almost all cases are encompassed in national statistics rather than official statistics. The changes and the Government amendments in the Lords, which I support, indicate that the board can search more widely if necessary, and Ministers can add to the tally of national statistics if they believe that that is reasonable.

I accept that there has been a great deal of discussion in both Houses. The changes that were made in the House of Lords clarify the scope of national statistics and allow the board to look more widely at official statistics. The introduction of amendments that place an active duty on those who produce statistics to comply with the code, which was previously implicit, have made that explicit.

The Government amendment places a duty on the board to comment on any official statistic that is problematic, and the Department must respond and lay before Parliament the reasons it will not change the way in which such statistics are compiled if the board has complained about their veracity or the technical way they are produced. That is a powerful new lever for the board, which the hon. Lady acknowledged in her opening remarks.

That represents acceptable progress. For that reason, I support the Government amendment but oppose the amendments in lieu.

7.45 pm

Mrs. Villiers: I do not propose to press my amendment to a Division. I hope that Minister, given the way in which she called on me to respond, will take that as a consensual and constructive move on my part. I am concerned that she was wounded by the strength of the language that I used. She made it plain that the amendments were motivated by a constructive spirit on the part of the new Government. I suspect that the compromise amendments tabled by the Government in the House of Lords might have had something to do with the fact that they had just lost on pre-release by 196 votes to 133 and were facing impending defeat on these matters as well. The Minister can hardly claim that it was a particularly generous move, in the light of the defeat that they faced. On that note, I beg to ask leave to withdraw the amendment.

[Mrs. Villiers]

Amendment, by leave, withdrawn.

Lords amendment No. 11 agreed to.

Lords amendments Nos. 12 to 15 disagreed to.

Government amendments (a) and (b) made to the words so restored to the Bill.

Lords amendments Nos. 16 to 19 agreed to.

Lords amendments Nos. 20 to 30 disagreed to.

Lords amendment No. 31 agreed to.

Clause 29

NATIONAL STATISTICIAN: EXECUTIVE FUNCTIONS

Lords amendment: No. 32.

Angela Eagle: I beg to move, That this House agrees with the Lords in the said amendment.

Madam Deputy Speaker: With this we may discuss Lords amendments Nos. 33 to 38.

Angela Eagle: I seek the support of the House for the amendments from another place which seek to clarify the roles of the executive office under the national statistician's leadership and the head of assessment. Before I address the amendments, it may help Members if I remind them of the core governance model adopted in the Bill and why the amendments brought forward from another place help to deliver the clarity that we all seek. The Government are committed to the governance structure established in the Bill, in which the single legal entity charged with delivering on the functions contained in the Bill is the statistics board. We believe that a single structure is the most effective way to deliver greater independence for the ONS and independent scrutiny and oversight of the statistical system as a whole, while avoiding the creation of competing centres of statistical expertise.

The Bill provides that single institutional structure with a board that is legally responsible and accountable for all the body's functions. In line with the principles of good corporate governance, the Bill establishes that the board will have a mix of executives and non-executives, although we are legislating to ensure that there will always be a clear non-executive majority.

In common with other Departments and public bodies, professionals acting under the board's direction will, we expect, discharge the executive business. However, the legal authority to act on behalf of the statistics board flows through the board, and the board must therefore retain authority to act in relation to matters for which it is accountable. The question of clarity of roles has nevertheless been a concern in both this House and the other place during the passage of the Bill, and the Government have recognised that the Bill could benefit from the key executive roles being more clearly set out on the face of the Bill. The Bill as drafted, augmented by the amendments before us today, makes it clear that the key functions of the board will be carried out by executives under the leadership of the national statistician and the head of assessment, while the legal entity that is ultimately responsible for those functions is the board collectively.

The broad thrust of the amendments is to give even greater clarity to the operational role of the national statistician and the executive office with respect to both the board and the head of assessment. Amendment No. 32 removes the existing references in clause 29 to the executive office, and amendment No. 35 inserts a new clause in their place explicitly to set out those of the board's functions that will be undertaken by the executive office under the leadership of the national statistician. Those include the development and maintenance of definitions, methodologies, classifications and standards for official statistics under clause 9, the production of statistics, such as the retail prices index, under clauses 18 and 19, and the provision of statistical services under clause 20.

The other amendments are designed further to emphasise what has always been our intention—that within the single statistics board structure, there will be a clear separation in the production of statistics under clause 18 from the assessment function established in clauses 12 and 13. That reflects the need to avoid the clear conflict of interest that would arise if a person who was responsible for producing any given statistic also had a role in determining whether, in producing that statistic, the code of practice had been complied with. Clause 30 has been included to ensure that such a situation could not arise, following interventions on the matter in Committee in the other place, where the Government undertook to re-examine the drafting to see whether our intention could be made clearer. The result of that re-examination is this group of amendments, the aim of which is unequivocally to confirm and clarify on the face of the Bill the separation between staff working on the assessment of statistics and those working on statistical production.

Mrs. Villiers: At the outset, I want to put it on record that I welcome this group of amendments.

Throughout the debate, the Opposition have expressed concern about the complicated institutional structure established by the Bill. We have pointed out that the Bill blurs the function of the national statistician with that of the board, which gives rise to three concerns. First, it creates confusion as to who does what and who accounts to whom. Secondly, vesting production and scrutiny functions in the same institution, the board, gives rise to conflict of interest problems, which could undermine confidence in the new system. Thirdly, it gives insufficient weight to the importance of the role of the national statistician and fails to give sufficient detail on what that role should involve.

Again, we welcome the Government amendments, which are a step in the right direction. We appreciate that this is a difficult issue to get right, and there are various structures around the world covering how statistical offices operate. The amendments flesh out the Government's underlying idea that the production functions attributed to the board will be carried out by an executive office headed by the national statistician. Essentially, the executive office will carry out the role now broadly performed by the ONS. The amendments give greater clarity to the separation of functions within a unitary board structure, providing for a clearer delineation between the production functions as the

remit of the national statistician and the executive office and the scrutiny and executive functions, which will be carried out by the head of assessment.

As with the other Government amendments that we have considered today, a number of issues are still unresolved. We remain concerned about the blurred lines of accountability in relation to the new structures. The board will still act as judge and jury where a complaint is made about the production of ONS statistics or statistics that are currently produced by the ONS. Where a complaint is made about a decision made by the national statistician or her executive office, the complaint will be made to the board. In a very real sense, however, the board will have been responsible for the decision in the first place, which raises the danger of undermining confidence in the board's ability to take an impartial decision on whether the complaint should be upheld, particularly where it decides to back the judgment of the national statistician.

If the chairman of the board were to rule against the national statistician and issue a rebuke, he would be in the embarrassing position of issuing a rebuke to himself as the chairman of the body responsible for the decision in the first place. We also worry that the loss of the independent watchdog, with the merger of the Statistics Commission with the ONS, will remove one of the existing safeguards in our statistical system and could be seen as a step backwards in the quest that the Opposition and the Government share to secure independent statistics in which people can safely place their trust and confidence. I want to take this opportunity to pay tribute to the incredibly valuable work of the Statistics Commission since its establishment in 2000, and I also pay tribute to the work done at the ONS.

The Government have never satisfactorily explained how the national statistician can be chief executive of the board, when a major function of the board is scrutiny and assessment, in which we all accept that it would be inappropriate for her to be involved. We continue to regret the Government's rejection of our amendments, which would have made it plain that the national statistician is chief executive of the executive office and not chief executive of the board as a whole.

The Government have not adduced an example of a structure genuinely comparable to the one that they are establishing. As the then Financial Secretary more or less admitted in Committee, we are in uncharted waters as far as the model chosen by the Government is concerned. We can only hope that the quality and abilities of the board and the national statistician can develop what Baroness Noakes described as "successful workarounds" in making the new framework operate successfully.

Lastly, I want to repeat on record that I wish that the Government had taken this opportunity to articulate and strengthen the role of the national statistician. After all, as the Exchequer Secretary has said, statistics Bills do not come around very often. I do not know whether it will be another 60 years before this House again has the chance to discuss official statistics, but it could be some time before there is a major reform of the statistical system.

It is unfortunate that the Government have missed this significant opportunity to encode in statute some important functions for the national statistician. These include providing co-ordination and planning of our decentralised statistical system, which it so desperately needs, and the vital task of providing the professional leadership that government statisticians need. When Ministers or policy officials try to push them around or misuse or spin their statistics, the statisticians need a heavyweight figure to back them. The success or failure of this reform in restoring trust in official statistics is inextricably linked with the status and authority not only of the board but of the national statistician.

Although it does not have the highest profile, few issues are more important than the health and integrity of our statistical system. Without accurate data on the state of our economy and our country, we can neither hold the Government to account nor take well informed policy decisions. Without accurate statistics, the policymaker is in effect like a doctor left unable to take his patient's temperature or blood pressure. Partial or misleading statistics leave Government and citizens alike groping in the dark and can lead to serious mismanagement of critically important decisions for our nation's future. That is why independent statistics are a key part of modern economic governance, and that is why they form a key part of our triple lock to entrench macro-economic stability in this country. I hope that the reforms will help to remedy an increasingly serious lack of trust in official statistics which has intensified during the 10 years this Government have been in office.

8 pm

Angela Eagle: I do not accept for one moment the final assertion that the hon. Member for Chipping Barnet (Mrs. Villiers) made about trust, but I thank her for being broadly supportive of the changes that we are discussing; that is welcome.

The hon. Lady said that she wanted to get rid of the national statistician as chief executive of the statistics board, as well as enhancing the position of the national statistician in a more general way. That is a rather contradictory approach. I assure her about the independence of the statistics board in its assessment functions. She asked how it could really be independent as the board responsible for assessment and production of statistics. With the strengthening changes that we set out in the Lords, and in the general structure of the Bill, the Government have included mechanisms that clearly separate production and assessment.

There will be a head of assessment who will be appointed by the non-executive board members. Under clauses 5 and 29, he or she will be the board's principal adviser on assessment issues. The head of assessment will lead the staff working on assessment issues, who cannot work on statistical production and, under clause 30, will report separately via the head of assessment directly to the board. Decisions on whether to approve something as a national statistic cannot be delegated from the board; it must take those decisions itself. Under clause 30, the national statistician cannot therefore take part in decisions about the award of a national statistics designation for any statistics produced by his or her office. It will be in the board's interests to ensure that the quality of all statistics is high; that is part of its objective. It will clearly apply the same standards in conducting the assessment of

[Angela Eagle]

ONS statistics as it will for any other body. I hope that the hon. Lady will rest assured that the separations of powers within the structure are robust and are highlighted throughout the Bill.

As for whether the national statistician is somehow having her role downgraded, as the hon. Lady knows the new post of national statistician will be a Crown appointment, as set out in clause 5. Clause 28 gives the national statistician the power and prestige that they will need to do the job. The board has to take account of the advice of the national statistician on all statistical matters. If, under clause 27, it overrules the national statistician on a professional technical decision, it must publish a statement, including the reasons why, and lay it before Parliament. The national statistician is a full member of the board, sharing responsibility with other board members for ultimate decision making, rather than advising Ministers, who are currently the ultimate decision makers. That considerably enhances, rather than diminishes, the role of the national statistician. I hope that the hon. Lady will rest assured that, far from the national statistician having a reduced role under the Bill, it gives her a considerably enhanced role. I hope that the House will accept the Lords amendments.

Lords amendment agreed to.

Lords amendments Nos. 33 to 39 agreed to.

Lords amendments Nos. 40 to 64 disagreed to.

Lords amendment: No. 65.

Angela Eagle: I beg to move, That this House agrees with the Lords in the said amendment.

Mr. Deputy Speaker (Sir Michael Lord): With this we may discuss Lords amendments Nos. 71 and 73.

This group of amendments responds positively once more to a recommendation from the Delegated Powers and Regulatory Reform Committee in the other place. This is a technical issue that I hope need not detain us for too long. The recommendation relates to the delegation of a function of a Minister of the Crown, a Welsh Minister or a Northern Ireland Department under clause 22. The recommendation made by the Committee was that where a Minister of the Crown, a Welsh Minister or Northern Ireland Department delegates a function to the board by order, that order should be subject to the negative resolution procedure if it amends primary legislation. This group of amendments carries out that recommendation, which is tidier in terms of House procedure. I should note that the amendments do not apply to Scottish Ministers because, as agreed with the Scottish Executive, Scottish Ministers are not able to delegate functions to the board. I commend the amendments to the House.

Lords amendment agreed to.

Lords amendment No. 66 agreed to.

Lords amendments (a) to (qqq) agreed to.

Lords amendments Nos. 67 to 70 disagreed to.

Lords amendment No. 71 agreed to.

Lords amendment No. 72 disagreed to.

Lords amendment No. 73 agreed to.

Committee appointed to draw up Reasons to be assigned to the Lords for disagreeing to certain of their amendments to the Bill: Dr. Vincent Cable, Angela Eagle, Mr. Michael Foster, Siobhain McDonagh and Mrs. Theresa Villiers; Three to be the quorum of the Committee.—*[Mr. Alan Campbell.]*

To withdraw immediately.

Reasons for disagreeing to certain Lords amendments reported, and agreed to; to be communicated to the Lords.

Police

8.9 pm

The Minister of State, Northern Ireland Office (Paul Goggins): I beg to move,

That the draft Police (Northern Ireland) Act 2003 (Commencement No. 2) Order 2007, which was laid before this House on 6th June, be approved.

Hon. Members will recall that, during the passage of the Police (Northern Ireland) Act 2003, the Government made a commitment that, in view of the importance of the issue, the commencement order would be given full consideration by both Houses at the appropriate time.

The context for tonight's debate is, of course, very different from that at the time of the original legislation. Following the historic commitment to policing and the rule of law that Sinn Fein made earlier this year, there is now a firm foundation for stable devolved government, and a new era for politics in Northern Ireland.

I am confident that the Assembly will sustain the commitment that it has already shown and continue to move Northern Ireland forward towards a shared future. Of course, there are many challenges ahead—not least the need to reach a decision on the devolution of policing and justice. I am pleased that the Assembly has already established a Committee to consider that and that it is due to produce a report by 27 March 2008. Work is now under way in the Northern Ireland Office to ensure that the policing and justice functions can be devolved by May 2008, should the Assembly request it.

The progress on support for policing has been remarkable. With Sinn Fein members having taken their place on the Northern Ireland Policing Board, the prospect of inclusive policing—supported by the entire community—is at last a reality. A key element in the structure of accountability built around policing is the network of district policing partnerships, which are now in place throughout Northern Ireland. Since they were established, DPPs have played a unique role in helping to build a safer Northern Ireland by empowering local communities to play their part in shaping local policing.

District policing partnerships have faced many challenges and I am sure that the House will join me this evening in paying tribute to the work of DPP members—and the courage that many of them have shown in the face of threats and intimidation. District policing partnerships have made a positive impact and will continue to do so, and the policing oversight commissioner shares that view. However, we now need to build on that success—that is why we have decided to introduce the commencement order.

Patten recommended that both independent and elected members of the Policing Board and DPPs should play their full part in making the police accountable. The provisions that we are now considering had their origins in the revised implementation plan of 2001, in which the Government undertook to consider, in the context of a review of policing arrangements, whether the existing provisions in the Police (Northern Ireland) Act 2000 remained appropriate. That review, which was published on 25 November 2002 in the form of a draft Bill, set out how the Government intended to legislate on DPP disqualification and the powers of the Belfast DPP sub-groups. Draft clauses were subsequently introduced on Report of the Police (Northern Ireland) Act 2003. As I have already said, the Government made it clear that the commencement of those provisions would happen by means of an order, which would be subject to affirmative resolution in both Houses.

The Government believe that the time is right to commence those provisions as well as the related DPP provisions in the Northern Ireland (St. Andrews Agreement) Act 2006. We intend that all those interrelated provisions should come into force on 4 September.

The order deals with three specific issues: the requirement for independent members of DPPs to make a declaration against terrorism; the rules concerning disqualification; and the functions of the Belfast DPP sub-groups. The order inserts a range of provisions into the Police (Northern Ireland) Act 2000, and, by its nature, is complex. I therefore hope that hon. Members will bear with me as I go through the detail.

Article 2 brings into force section 15(1) to (5), section 16(1), section 19(1) and schedule 1 of the 2003 Act. Section 15 brings the arrangements for independent members into line with those that already apply to political members in requiring them to make a declaration against terrorism before the Policing Board can consider their application. It is in the same terms as the declaration that prospective local councillors are already required to make. If an independent member appears to have acted in breach of his or her declaration against terrorism, it will be within the power of the Policing Board, or the council with the approval of the Policing Board, to remove that person from membership of the DPP.

Section 16 amends the disqualification provision in paragraph 8 of schedule 3 to the 2000 Act. The legislation currently provides that no one who has received a custodial sentence, regardless of how long ago or for what offence, should be allowed to serve as an independent member of a DPP. Section 16 changes that and, instead, provides that a period of five years must elapse following a person's discharge in respect of an offence before he or she may be considered for appointment to a DPP. That change brings the arrangements for independent members into line with those for political members of DPPs, who are drawn from the local council. Similar arrangements apply for appointment to police authorities in England and Wales.

Section 19 and schedule 1 deal with the arrangements in Belfast for the sub-groups of the DPPs. Section 21 of the 2000 Act requires Belfast city council to establish a sub-group of its DPP for each police district in Belfast. The functions now proposed for the sub-groups mirror those for DPPs, which are contained in section 16 of the 2000 Act. We believe that that should help strengthen the relationship between the local community and the police service of each area in Belfast.

Mr. David Lidington (Aylesbury) (Con): In the light of the Chief Constable's recent reorganisation of police districts, is it now proposed that there should be four or only two sub-groups of the Belfast DPP?

Paul Goggins: Legislation provides for up to four sub-groups. Considerable discussion is going on—and needs to continue—between the Policing Board, Belfast city council and the Chief Constable to determine the correct number of sub-groups to operate in Belfast. The hon. Gentleman is right that the Chief Constable has, operationally, reduced the number of districts to two. There could eventually be two sub-groups or any number up to four, but the number must reflect the policing organisation in the city. However, that is subject to further discussion centrally, in which the Policing Board will play a key role.

Article 3 provides for the commencement of schedule 9 of the St. Andrews agreement Act, which updates the provisions on the Belfast sub-groups to take account of the changes made to DPP arrangements brought about by the District Policing Partnerships (Northern Ireland) Order 2005. That order provided for the membership of DPPs in the period immediately following a local government election. It also amended the law on the removal of members following conviction for a criminal offence and made a new provision about the chairmen and vice-chairmen of DPPs.

As I have already said, other DPP provisions in the St. Andrews agreement Act will be commenced at the same time as the provisions we are considering this evening. Although those provisions are not subject to the affirmative resolution process, it is important to refer to them as they will play a key role in enabling the reconstitution of DPPs to take place.

Schedule 8 to the St. Andrews agreement Act provides for the reconstitution of DPPs before the next local government election. That will enable Sinn Fein members to take their political seats on DPPs and allow the Policing Board to run recruitment exercises for independent members. The legislation requires the Policing Board to review the membership of each DPP—a task that, once begun, must be completed in 15 days. District councils then have three months to appoint new political members to those DPPs affected by the review. In line with the consideration and, hopefully, approval of the order that we are considering, the Government intend to commence schedule 8 to the St. Andrews agreement Act so that it, too, comes into force on 4 September, thus providing the optimum time frame for the reconstitution of DPPs.

The provisions that the order brings into force will apply each time the membership of DPPs changes after a local government election from 4 September 2007 onwards. They will also apply to the one-off reconstitution of DPPs under schedule 8 to the St. Andrews agreement Act.

I am very aware that the order will have a direct impact on DPPs, especially their members. Again, I pay tribute to the role of DPPs and the considerable commitment and courage of their members. However, the commitment of all parties and all communities to supporting policing and the rule of law provides an opportunity to ensure that DPPs fully reflect the communities that they serve. It is an opportunity that we should not miss. That is why the Government believe that the time is now right to commence the order, and I commend it to the House.

8.20 pm

Mr. David Lidington (Aylesbury) (Con): First, I congratulate the Minister on his elevation during recent Government changes and I welcome the Secretary of State for Northern Ireland to his place for the first time.

In the past three weeks, I have been able to visit five of the eight new Police Service of Northern Ireland district commanders and I have to say that the message from all five was very similar: policing in Northern Ireland is, as the Minister stated, moving into a new phase. They all said that since the Sinn Fein ard fheis of the end of January they had seen signs of greater engagement by republicans in policing, that there had been contact to a lesser or greater extent between Sinn Fein representatives and the local police and, most encouragingly, that they were gradually extending the reach of single officer patrols as well as foot and bicycle patrols in parts of Northern Ireland where those practices have not been possible for far too long.

It is only fair to add that those commanders also said that progress had been slower than in January they had hoped it would be and that the local republican leadership had shown itself more willing to engage with the local police service in some parts of Northern Ireland than in other parts. There remains quite a way to go before policing in Northern Ireland resembles "normal" policing in the sense that the Minister or I would recognise in our respective constituencies.

It was put to me that it was important to reconstitute the district policing partnerships as soon as possible because that would provide an institutional framework to encourage the participation of republicans in supporting policing and also make possible a greater understanding by the republican movement of the way in which police officers are constrained by the law and by the myriad systems of accountability that apply in Northern Ireland. Overcoming that genuine ignorance of policing in a democratic society on the part of the republican movement has to be a high priority.

I have a number of questions and reservations about the legislation, but I want to say in advance that both the Police Federation for Northern Ireland and the Superintendents Association of Northern Ireland have said that they would not wish any problems associated with the order to be pressed to outright opposition in the Division Lobby.

Let me deal first with the criteria for disqualification. As the Minister said, the order will bring the arrangements in Northern Ireland into line with those that currently apply in respect of police authorities in England and Wales. Surely the Minister would acknowledge that the situation in Northern Ireland—largely on account of the Province's history—is very different. It is quite right that the parent legislation makes it clear that a police officer cannot serve as an independent member of a district policing partnership, but it would be possible, at least in theory, for someone who has been convicted of a very serious terrorist offence in the past or for someone who did not have such a conviction but who intelligence evidence suggested might have been a member of a proscribed terrorist organisation to serve as a member of a DPP. It would thus be possible in law for someone believed by the police or intelligence services to be a member of the

Provisional IRA or one of the other paramilitary groups in Northern Ireland to be eligible for nomination as an independent member of a DPP. It is right that we should at least hesitate and pose some questions to the Minister about whether the safeguards are adequate to prevent something like that from happening.

Clearly, we have to look at the legislation alongside the draft code of practice recently published by the Northern Ireland Office into the way in which independent members of the DPPs and sub-groups are to be appointed. The particular question that I would put to the Minister is whether, at the point in the process where the Policing Board comes to consider the nominations put forward by local councils, it will have access not just to records of criminal convictions, but to intelligence information about ongoing paramilitary involvement or connections of those who have been nominated. If not, I believe that it should have such access.

When it comes to the judgment by the Policing Board about the overall balance of the DPP in each area, how important does the Minister believe it is for political balance above all to be attained? Clearly, under the legislation and the code of practice, the Policing Board has a responsibility to seek to balance membership of the DPP not just on political grounds, but on grounds of gender, sexual orientation, ethnic origin, religious faith and so forth. I have no quarrel with that as a principle, but in the context of Northern Ireland it is crucial that the overall political balance between the two traditions should be viewed as of overriding importance in the make-up of the DPP within each local authority area.

I was grateful for the Minister's somewhat opaque response to my intervention on the question of sub-groups. I understand that the matter might well be the subject of continuing discussion by all parties. It would seem somewhat peculiar for the Chief Constable to have reduced the number of police districts in Belfast to only two, but for there to be four DPP sub-groups.

I have a question for the Minister that relates to political balance. He will correct me if I have misread the order or the code of practice, but my understanding is that the duty of Belfast city council when making the nominations and of the Policing Board when it selects those who should serve on a sub-group will be to ensure that a political balance is maintained that is broadly reflective of the politics of the city as a whole. What is not so obvious is a corresponding duty in respect of the membership of each sub-group to reflect the political balance in each of the districts that the sub-group represents.

Let us consider a map of Belfast. It would clearly not make for good community relations in already difficult circumstances if, for the sake of argument, we were to end up with no Unionists from the west of the city, or with no nationalists or republicans from the east. I hope that the Minister will be able to point me towards an element of the code of practice or the legislation that I have overlooked, which would provide such a safeguard, or perhaps use words that the board of the city council might draw on when it comes to interpret its duties under the legislation.

Why are we talking about sub-groups only in relation to the city of Belfast? When the parent legislation was drafted and enacted, we were living in a world in which Northern Ireland had 26 police districts rather than eight. It now has much bigger and more diverse police districts. While I can see the advantage of a single DPP committee covering the whole area, I also fear that we might put at risk the sense of the people in the enlarged police district that they have any say in how policing is carried out. We are talking about rural and urban areas being put together in the same police district. Can we, for example, be certain that a district that is centred on the city of Derry will have space on the DPP for men and women who represent the rural communities in that district?

I want simply to express the hope that the Government will keep this legislation under review, and that they will consider whether the pattern of a single DPP for each enlarged police district is working out in practice as they hoped and intended. I hope that they will also keep an open mind on the possibility of introducing other arrangements to ensure that there is genuine community involvement in, and support for, policing. Bringing about that support and involvement and creating an understanding that the police are accountable to all people in Northern Ireland on an equal basis are fundamental to creating the shared society that the Government and the Conservatives wish to see.

8.33 pm

Mr. Eddie McGrady (South Down) (SDLP): I endorse the sentiments expressed by the hon. Member for Aylesbury (Mr. Lidington) in congratulating the Minister on his elevation within the jurisdiction and the Secretary of State for Northern Ireland, the right hon. Member for St. Helens, South (Mr. Woodward), on his new post of Secretary of State. I think that we have got the measure of both of them already, and I hope that we will be able to work very closely with them. However, they occasionally spring surprises, even on those of us who have had many surprises over the years.

The police reform and reconstruction in Northern Ireland has been one of the great success stories for the people of Northern Ireland and, indeed, for the two Governments. One must remember that the Patten initiative and the Patten recommendations were bitterly opposed by the Democratic Unionist party and, initially, by Sinn Fein. How comforting it is for a member of my party to see both now ardently embracing the new policing structures and promising to do better than we ever did. If I were to put it colloquially, I would say more power to their elbow. It was also gratifying recently to note that the oversight commissioner, who is assiduous in examining the process, was complimentary about the fact that more than 86 per cent. of the Patten recommendations had been achieved in a five-year period, which is only half the 10-year span originally allotted.

Lembit Öpik (Montgomeryshire) (LD): In crediting the other parties, would the humble hon. Gentleman nevertheless accept credit on behalf of the Social Democratic and Labour party, which made some very difficult decisions at the time? It voted in a very

[Lembit Öpik]

courageous fashion and made it possible to put in place the structures that the DUP and Sinn Fein subsequently embraced.

Mr. McGrady: The hon. Gentleman's reference to me as the humble Member precludes my accepting the accolades that he has thrown in my direction, but I will do so on behalf of other people—perhaps not so much the Policing Board members, who, as elected representatives, took a decision and accepted the risk and the profile that went with it, but, once more, the ordinary DPP members, both elected and independent, who, to be quite blunt about it, suffered greatly at the hands of Sinn Fein in particular. My colleagues in the SDLP—both elected and non-elected—had their homes bombed, got bullets in the post, were physically threatened and sometimes physically assaulted. It is so easily forgotten that they made those sacrifices, and I am very proud to be associated with them. However, progress has been made, things move on, history is rewritten, and revisionism is the order of the day in Northern Ireland in many respects, including the devolution of powers to the new Government.

A member of the Patten commission said that the Police Service of Northern Ireland has

"more accountability than any police agency that I am aware of"

in the world. Such tremendous accolades from people with worldwide experience of policing give great satisfaction, but much more important is the fact that members of the community, particularly those who found the old regime hostile and in no way representative of their views, have now come, almost with enthusiasm at long last, to embrace policing simply as a profession, with the aspiration, one hopes, of doing good for their own community. That is evolving, and the district policing partnerships are a great example of how that has happened.

The hon. Member for Aylesbury asked some extremely interesting questions, although I assume some were tongue in check, because he knows, as I do, that a blind eye will be turned to all sorts of things to achieve the ultimate theoretical position on all those boards. To take one example—I hope that the Minister will reply to this as well—if the reconstruction of the district policing partnerships follows the reconstruction of the Policing Board by the Northern Ireland Office, there will be great disparities in the broad scope of representation. To put it bluntly, moderate nationalist opinion, which fought in the heat of the day and worked in the heat of the afternoon, has been virtually obliterated from the Northern Ireland Policing Board. I would like to think that the same philosophy—it is a mystery to me why it was used—will not be visited on the new district policing partnerships through the new board in this new composition.

The order is fairly straightforward and simple. It relates to section 15 of the Police (Northern Ireland) Act 2003, on the declaration against terrorism. I hope that the interpretation of "terrorism" will be expanded to cover involvement in any quasi-political activity such as intimidation, extortion and blackmail. Elected Sinn Fein councillors who signed up to this process many years ago were still engaged in such activities in their own communities; for all I know, some of them might still be. I would like officials, including representatives of the board and the NIO, to keep a close eye on what is happening in respect of the undertaking to oppose terrorism and all aspects of what the paramilitary machines have been engaged in over the past 10 years since the so-called ceasefire—at least by republican Sinn Fein.

I make that final point as there has been no ceasefire by the Ulster Volunteer Force and the Ulster Defence Association. Paradoxically, the chairperson of the political wing of the UVF, the Progressive Unionist party, was appointed to be a member of the Policing Board some time ago despite the fact that the organisation her party represents is not on ceasefire and will not commit to any form of decommissioning. The NIO should attempt to explain that paradox.

Mention has been made of section 16 and the issue of convictions after five years. I will not rehearse the questions posed by the hon. Member for Aylesbury, but let me venture a layman's point of view. How can a policing board, a council or any other body making selections take cognisance of something in someone's history or current circumstances that has not gone through the process of a court of law? I cannot see how that could happen, because if it were to do so, it would immediately raise the possibility of there being allegations of slander and libel in respect of unproven facts. However, if there are ways of addressing this matter, they should be used.

Section 19 addresses Belfast sub-groups. I have some misgivings—"fears" is too strong a word—as to what might be the ultimate effect. A possible disastrous outcome is the ghettoisation of the democratic interface with the police in Belfast city. It will clearly be difficult to have the kind of representation that we desire in certain areas of west, east, north and south Belfast. It might have been better to have been more cautious and to have kept things as they were in respect of Belfast DPPs and how sub-groups might contribute. The Police Service of Northern Ireland reconstruction of its command structure has brought together several district councils. However, its undertaking to maintain the original 26 or so DPPs retains local contact, local democracy, local accountability and, most important, local knowledge and interface. That might be the best way to move forward.

I wish to ask a question that has frequently been posed by me and other members of my party. Why have the Government and the NIO turned their face so strongly against the obvious case for rationalisation in respect of DPPs and community safety partnerships? They overlap in some of their functions. They are supported and part-personneled by district councils and they have duplication in officers and secretariats. I cannot see any rational argument why the functions of the DPPs should not be combined with those of the community safety partnerships so that they form one body.

There is an historical aspect to this issue, which the NIO has never admitted. When Sinn Fein could muscle in big time on community safety locally—it could never be seen to participate in community policing—that was the origin, I think, of the split thinking in the NIO. Presumably, all that has gone now that Sinn Fein in particular has embraced so fully the PSNI and that its members right down the line are going to participate in

the district policing partnerships. However, one query remains. Just this week in my Down district local paper, I read that Sinn Fein councillors cannot yet participate in district policing partnerships—or, indeed, in district safeguard committees—because of police attendance. That raises the question of just how deep the conviction is to sustain independent, impartial and accountable policing. However, I will leave that question hanging.

As I said, I would like to know why district policing partnerships are being kept divorced from community safety partnerships, given that they perform a like service from a like source. When schedule 8 to the Northern Ireland (St. Andrews Agreement) Act 2006 comes into play, perhaps it will round off the advances in policing. I would like to think that the double-speak that has taken place in our communities on policing for so long is over at long last, and that all the communities will truly—truly—give service and allegiance to policing, while at the same time holding the police forcefully and totally to account for their actions.

The attitude towards, and the support of moderate opinion—particularly moderate nationalist opinion—for the process of justice and, thereby, of policing has taken a severe dent lately. The Public Prosecution Service failed to take any court action—or any action at all—against those who were involved in the murder of Pat Finucane. According to the Stevens report and other police inquiries, there was prima facie evidence that those people were involved in his murder, and that the state played a complicit role. The NIO and the PSNI do not recognise how damaging that decision was to the community.

8.47 pm

Lembit Öpik (Montgomeryshire) (LD): I begin by welcoming the Minister of State to his new, exalted position, and by welcoming even more so the Secretary of State to his new role. However, and without meaning to seem disrespectful, I do find it curious that the job was not first offered to me. I have been in this position for 10 years now, but I bear the Minister no grudge. In the spirit of the tripartite consensus that has led us to this relatively happy time in Northern Ireland politics, I offer him the benefit of my experience in my own quiet way, as I have done to his five predecessors since 1997. He takes on the role at a tremendously exciting time. Northern Ireland politics is changing—from being the debate of sectarian divides to being a debate about economics, health and all the things that rightly occupy politicians in peacetime. I hope that he will enjoy his role and contribute proactively to the normalisation of attitudes in politics in the Province in the years ahead.

It is an indication of the level of progress that this measure, which appeared so controversial when we debated it in Standing Committee, Northern Ireland Grand Committee and on the Floor of the House, does not even prompt the presence of some of those who objected so fiercely to it. That is not a criticism of those absent today, but a compliment to the détente that appears to exist between former foes. The attitudinal shifts that have taken place, momentous as they are, make it possible for this measure to pass without controversy into law this evening.

The DPPs of course embody a democratic accountability that is vital if the police service is to win the trust of all elements of the Northern Ireland community. In essence, the measures that we are discussing today will ensure an engagement between the public, the politicians and those who seek to maintain law and order in a codified and structured way. I am optimistic that that will be the case.

My optimism is founded on two points. The first is the evident support from the DUP for these measures, and the second is the evidence of the practical commitment by Sinn Fein to rein in the volatile and criminal elements with which it has been formerly associated. I am sure that the promises made at the ard fheis will be kept. I have sometimes been in a minority when I have said that Sinn Fein's word is usually its bond, but that is why I am confident that the measures, once passed, will be embraced by the republican community as well as by the loyalist community in Northern Ireland, together with their political representatives.

It is appropriate for us also to give credit to the progressives who supported these measures at a time when to do so was not easy, but hard. I have already paid tribute to the SDLP in that regard, but we should also recognise the progressives in the Ulster Unionist party and in the finest party of them all, the Alliance party of Northern Ireland, which persevered unfailingly in an attempt to reach some kind of consensus at times when that seemed far away.

We have already heard from the hon. Member for South Down (Mr. McGrady) that it was not only political pressure, but criminal pressure—coercion—that was being used to try to thwart the very measures that we are passing now. Those who were responsible for that, and who have had a Damascene conversion to support for these measures, need to recognise that they would not exist if others, perhaps more courageous, had not taken the lonely decision to support the measures at a time when that was used against them politically.

As for the consequences of the order, the main question is whether the safeguards are adequate to prevent criminality and corruption from seeping into appointments to the district policing partnerships, a point that the hon. Member for Aylesbury (Mr. Lidington) elucidated in some detail. I see it like this: in theory, it is a risk, but in practice, it is not a very big one. There will be an onus on those choosing whom they want as members of the DPPs to exercise a degree of common sense. I accept, as my late father used to say, that sense is not always common, but there are elements in the decision-making process for appointing members of the DPPs that cannot be guaranteed through further legislation. There would be a bigger danger in over-legislating, rather than allowing a degree of autonomy and accepting that with that comes a degree of risk.

By the same token, the sub-groups are likely to provide a political balance, because that is the mood music of the cross-party and cross-community consensus in Northern Ireland politics at the moment. I am prepared to give the benefit of the doubt because sometimes we see more problems than we need to try to solve. If that does not work out, it will need attention, but we do not need to worry about that just now.

We have discussed the specific content of the measures at some length in the past and other hon. Members have already considered specific elements of sections 15, 16, 19 and so on. The House will remember

[Lembit Öpik]

that the Liberal Democrats were supportive of the measures and the 2003 Act, when it passed through Parliament. We did not raise any major concerns in relation to schedule 9 to the St. Andrew's agreement Act of 2006. Indeed, we supported the provisions when they were introduced in 2003 and 2006 specifically because we believed that if those measures could be implemented in a way that we could be confident would be genuinely embraced by those who have to carry them out, we would be in a much better place in Northern Ireland than we were at the time that the legislation was formed. That is where we are today. The passing of this order is an important milestone in consolidating the political stability that has to underlie any accountability structures for the PSNI.

This is a big day and a big change, and it is a long time coming, yet it must also indicate that permanent changes are being made. I am delighted to see it, because the normalisation of the Police Service of Northern Ireland involves some kind of closure. The initiatives that have been put forward indicate that some of the intractables that we have faced as obstacles in the past have been addressed. The message is a good one—at last, it is time for all of us to move on.

8.55 pm

Sir Patrick Cormack (South Staffordshire) (Con): It is a pleasure to follow the hon. Member for Montgomeryshire (Lembit Öpik), who, as he reminded us, brings an element of continuity to these Northern Ireland debates. As heir to Gladstone, whose mission was to pacify Ireland, perhaps he should be referred to as the grand old man of Northern Ireland politics. However, I prefer to call him the cheeky boy of Northern Ireland politics.

I add my congratulations to the Minister of State on his well-deserved promotion. I also welcome the Secretary of State and hope that he is able to build on the real achievements of his predecessor, whom we shall miss in Northern Ireland politics.

I should also like to say that my hon. Friend the Member for Aylesbury (Mr. Lidington) has been an exemplary spokesman on this subject. Rumour has it that he is moving to other pastures; if so, I hope he will always look back on the years when he had responsibility for Northern Ireland affairs for the Opposition with a degree of quiet satisfaction and pride. He has made a positive contribution. He has never scored cheap party points in debate. He has given support to the Government, who have deserved support, but he has never held back from constructive criticism when it was necessary. I for one will miss him in that role, and wish him every possible success in his new one.

A few months ago, we would probably not have thought that this measure would come before us so early. A dramatic development has taken place in Northern Ireland over the past few months, for which the Government deserve credit, as do all those who have played a part, particularly the politicians from Northern Ireland. The self-effacing attitude of the hon. Member for South Down (Mr. McGrady) has been a contributory factor in building stability in Northern Ireland. I hope that he will have many more years of involvement in Northern Ireland politics because his sagacity and experience will be needed for a long time to come.

We are making a gesture of faith in approving the order tonight. I am delighted that my hon. Friend the Member for Aylesbury will not be pressing for a Division, and it is clear that the hon. Member for Montgomeryshire will not do so; they are both right. It is, however, a gesture of faith, although not entirely a leap in the dark. It is crucial that those responsible for such matters keep the policing system and the DPPs under constant monitoring and review, as my hon. Friend said.

Although great progress has been made, exactly a year ago the Northern Ireland Committee produced a report on organised crime in Northern Ireland that showed a disturbing amount of paramilitary activity and crime. We took evidence—much of which we had to take in private—that was deeply disturbing. Earlier this year, we produced a report on community restorative justice schemes. While we said unequivocally that they have a real part to play in Northern Ireland, we also pointed to some of the worries and problems, and the danger of people infiltrating the systems. The hon. Member for South Down has been particularly eloquent on that subject, and rightly so. District policing partnerships are not immune to manipulation by those with evil intent. If we are truly to move to proper normality in Northern Ireland, we must have a policing service that is held in high regard and upheld by all sections of the community. I am cautiously optimistic. I believe that it will be, but we are not there yet.

The creation of the PSNI, which was not without controversy, as the hon. Member for South Down reminded us earlier, was itself a gesture of faith. It has worked, as much as anything else because of the outstanding leadership of Sir Hugh Orde, the Chief Constable, who has performed as great a service to the people of Northern Ireland as any other individual over the past few years, and it is important that we put that on record. But if Sir Hugh is to be upheld—and his successors, because he will not be there for ever—we must do more than just approve the order tonight; we must ensure that it is properly monitored and kept under constant and vigilant review.

I shall weary the House for one moment more with a little anecdote. I gave lunch today to the Bosnian ambassador. I happen to be chairman of the all-party Bosnia group, and I was one of the few who spoke out about Bosnia when the Government and the Opposition of the day were not speaking out as they should have done. I talked to the Bosnian ambassador about the developments, changes and progress, and about her travels in the United Kingdom. She has recently been to Northern Ireland, and she said how utterly taken aback and bewildered she was to see the so-called peace walls. She said, "There is nothing like that in my country." That brought me up sharp and made me realise that, although we are understandably in a bit of a mood of euphoria at the moment, following the events of 8 May, and subsequent developments—we are all delighted about that—there is still quite a long way to go before we have a truly normal society in Northern Ireland. I am glad that the hon. Member for South Down agrees with me on that. Until those peace walls are dismantled, and until they

stop painting the kerbstones red, white and blue, or green and orange, we will always have the seeds of incipient conflict within Northern Ireland.

The one institution that can help to ensure that we do progress to normality is the PSNI, and it can do that only if it is upheld by politicians of all persuasions and community leaders in all walks of life. The order is a gesture of faith in them. In that context, I approve of it, and I hope that my worries, which are real, will prove groundless.

9.3 pm

Paul Goggins: I begin, on behalf of my right hon. Friend the Secretary of State and myself, by thanking all those who contributed to the debate this evening—my hon. Friend the Member for South Down (Mr. McGrady) and the hon. Members for Aylesbury (Mr. Lidington), for Montgomeryshire (Lembit Öpik) and for South Staffordshire (Sir Patrick Cormack)—for their generous remarks to us. We intend to be the dynamic duo, although I hope there will not be too many surprises, as we do not have quite the same opportunities these days to mount surprises, but one never knows.

If the hon. Member for South Staffordshire is right and the hon. Member for Aylesbury is destined for other things—he smiles as I say that—I wish him well. Our debates on Northern Ireland will be the poorer without him. The revelation in his remarks that he had personally already seen five of the eight new district commanders in Northern Ireland is testament to the quiet way in which he diligently carries out his job. As much as we will miss him, however, the area of responsibility he moves into will be the beneficiary.

The hon. Gentleman is right to point to the progress that has been made—the way in which the arrangements for policing and accountability for policing in Northern Ireland are working—but he is also right to say that more needs to be done. We need to make further progress and the DPPs will be an important element in making sure that policing in Northern Ireland is accountable, and that across the country people are engaged in the development of policing strategies that serve their communities. The legislation we are introducing today will enable DPPs to do that even more effectively.

When the hon. Gentleman mentioned the criteria for disqualification, he put his finger on a very sore point. It is a difficult area, but all we can do in this place is to bring the rules for independent members of DPPs into line with those for the political members. All members, both independent and political, must make a declaration against terrorism and, as it is short, I shall read it out. It states:

> "I declare that, if appointed, I will not by word or deed express support for or approval of...any organisation that is for the time being a proscribed organisation specified in Schedule 2 to the Terrorism Act 2000; or acts of terrorism (that is to say, violence for political ends) connected with the affairs of Northern Ireland."

That is an unequivocal statement by any would-be independent member of a DPP of their complete aversion and opposition to acts of terrorism, so although the hon. Member for Aylesbury has identified a difficult area, I hope that gives him comfort that we are aware of the need to make progress to sustain a more hopeful future.

The hon. Gentleman asked about criminal checks. It is important to emphasise that that is a matter for the Policing Board, which has central responsibility and has set out the related procedures in its code of practice—specifically in paragraph 96. The board will of course write to the Chief Constable about the criminal record of any independent member whose appointment it is considering. There is a robust system so that the Policing Board, which rightly has responsibility, can check out each and every independent member it may be considering for appointment.

The hon. Gentleman spoke about political balance, which is a difficult matter for the reasons he gave. Section 14 of the Police (Northern Ireland) Act 2003 requires the Policing Board in appointing independent members of the DPP to ensure that they, together with the political members, are representative of the district that the DPP serves. The detail is set out in the code of practice, which is out for consultation at present.

I apologise to the hon. Gentleman and to the House for being opaque—as he put it—about the arrangements in Belfast. As he suggested, my opaqueness was deliberate, because in the end the decisions are not for me but for the Policing Board, Belfast city council and the Chief Constable to work out together. The number can be up to four, but they must work out the appropriate arrangements for them, so opaque I shall remain in relation to that matter.

There are two points relating to political balance that I hope will give the hon. Gentleman some encouragement. First, all the sub-groups must have representatives from the four main political parties; no political party will be shut out of any of the sub-groups. Secondly, the sub-groups feed into the DPP itself, which has an over-arching, overriding role across the whole city of Belfast. It is not the sub-groups that feed into the Policing Board and the council, but the DPP that takes an overview, so there should be balance across the whole city.

The hon. Gentleman said that Belfast is different, but asked how different and whether there are other areas of Northern Ireland that might need special arrangements. We recognise in the legislation that Belfast needs some special arrangements, and that is what we have put in place. With the review of public administration, the map of local government in Northern Ireland will look different in the future, so all these things need to be kept under review. Happily, it is increasingly the case that the review is being undertaken by those who rightly have the responsibility for local government and ultimately, hopefully in the not too distant future, for policing and justice as well—local Ministers and locally accountable people.

I thank my hon. Friend the Member for South Down for his remarks and pay tribute, as others have, to the role that he personally played in relation to policing accountability in Northern Ireland. He was a member of the Policing Board when it was very difficult to be a member of the Policing Board. He took risks, along with his colleagues, and I pay tribute to him. On every opportunity that I have to debate policing, I will always make that point, because he stood out when others did not and we are all very grateful to him for doing that. We have reflected together on the consequences, as he

[Paul Goggins]

puts it, of his bravery and the bravery of his colleagues. As others have come on board, perhaps there is less space for his party in terms of the Policing Board and the DPPs, but if the number of seats on some of the bodies has perhaps reduced, I hope that it is of some comfort to him to know that he has played a key role in moving the whole of Northern Ireland forward to a more peaceful and prosperous future. His role in that should never be forgotten.

My hon. Friend drew a comparison between the Policing Board and the DPPs, but there is of course one crucial difference. The Policing Board was appointed, as he pointed out, by the Secretary of State, whereas the DPPs are appointed by the Policing Board. The Policing Board has an obligation to make sure that there is proper balance and, as I have said, that is set out in the code of practice.

My hon. Friend put his finger on an important issue that will be the subject of further deliberation by me, as the Minister with responsibility for security, my right hon. Friend the Secretary of State and those involved in policing and local authority administration. I am talking about the question of the overlap between community safety partnerships and DPPs. We have to recognise that the two arrangements have different functions. The function of the DPP is to hold the local policing arrangements to account. The community safety partnerships, on the other hand, are about delivery, so there is a difference in the core purpose of each of the bodies. That said, there is clearly an overlap. I hope that my hon. Friend will be reassured to know that I have commissioned some work by officials in the Northern Ireland Office—working with the Policing Board and others—to look at the matter afresh to see whether we can develop a model that will minimise any overlap in the future and will give us the best possible structure.

We would all acknowledge the longevity of the hon. Member for Montgomeryshire in the role that he plays and we thank him for his questions and scrutiny, as well as his support on a number of key issues. He rightly reflects on how far we have come in such a short space of time and he was right to pay tribute to the various people he mentioned. He was also right to acknowledge that this is another important milestone in the journey towards a more accountable police service and a more peaceful Northern Ireland. We know that the police service in Northern Ireland is now probably the most accountable police service anywhere in the world. That is why increasing confidence can be put behind it.

The hon. Member for South Staffordshire, as the Chair of the Northern Ireland Affairs Committee, brings considerable knowledge and experience to these debates. I pay tribute to the work of his Committee on the issue of organised crime, the restorative justice schemes and various other areas. I am conscious that he and his Committee are currently taking a long hard look at the Prison Service in Northern Ireland and I look forward to further conversations with him about that.

This is, as the hon. Gentleman said, a gesture of faith, but it is not a reckless gesture of faith. We have a well-founded belief that the arrangements will work and represent another step forward towards ensuring that we have an accountable police service in Northern Ireland that can underpin the peace and prosperity that we all want. I was pleased that he rightly paid tribute to the important role of the Chief Constable. Sir Hugh Orde is performing that role well.

The hon. Gentleman was also right to remind us that for all the progress that has been made, difficulties still remain. There is still too much sectarianism in some communities in Northern Ireland. We want the structures of division that are still in place to be removed when it is eventually safe to do so. We must not be complacent. Direct-rule Ministers must continue to work hard with devolved Ministers and all structures of both civil society and government to ensure that we work with communities so that the hope, optimism and opportunity that we face are turned into a reality with a peaceful and prosperous future for Northern Ireland.

Question put and agreed to.

Resolved,

That the draft Police (Northern Ireland) Act 2003 (Commencement No. 2) Order 2007, which was laid before this House on 6th June, be approved.

European Global Navigation Satellite System

[Relevant documents: The Twenty-third Report of the European Scrutiny Committee, Session 2006-07, HC41-xxiii and the Twenty-sixth Report of the European Scrutiny Committee, Session 2006-07, HC41-xxvi.]

9.16 pm

The Minister of State, Department for Transport (Ms Rosie Winterton): I beg to move,

That this House takes note of European Union document number 7828/07 and ADD 1, Commission Communication, GALILEO at a cross-road—the implementation of the European GNSS programmes; and endorses the Government's approach to discussions on this document.

The Government welcome the opportunity for a full discussion on the Galileo programme. I thank the European Scrutiny Committee, and especially my hon. Friend the Member for Linlithgow and East Falkirk (Michael Connarty), for its work on scrutinising the project. There is no doubt that the programme is at a turning point. Negotiations with the merged consortium bidding for a public-private partnership concession have been ended. In October, the Transport Council and ECOFIN are likely to be asked to make a decision on the future direction of the programme. The Government intend that that decision should be based on a full assessment of all relevant factors, including the identification of the available options, their costs and risks, and the programme's affordability.

Mr. Alistair Carmichael (Orkney and Shetland) (LD): I am grateful to the Minister for giving way at such an early stage in her speech. Like her, I think that the debate is important. However, the full detail of the Commission's position will probably not become apparent until September and the Council will take place in October. What opportunity will the House have to consider and debate the Commission's full position before the Council?

Ms Winterton: Obviously, there are opportunities for debate in the House. We are more than happy to keep hon. Members informed of the points that the Government are making to the Commission about the UK's position. My hon. Friend the Member for South Thanet (Dr. Ladyman) has always been open and clear about the Government's position, and the European Scrutiny Committee's work is continuing.

Galileo is considered to be a key Community project. There is a strong will in many member states and Community institutions to make it happen. We share the belief that Galileo could offer real benefits, not least by giving the UK and European industries the opportunity to develop new commercial applications.

Angus Robertson (Moray) (SNP): I am grateful for being allowed to intervene at this early stage. Just to follow on from the point made by the hon. Member for Orkney and Shetland (Mr. Carmichael), is it not the case that the Commission's financial plans must return to the European Parliament as part of a process of co-decision? In conjunction with the scrutiny that the European Scrutiny Committee might offer, is that not a further safeguard to keep tabs on the project's finances?

Ms Winterton: The hon. Gentleman is certainly correct to say that the European Parliament has taken a great interest in the project and keeps itself informed of the position. As I say, Finance Ministers also take an interest in the project.

Keith Vaz (Leicester, East) (Lab): I thank my right hon. Friend for coming to the House to make a full statement, and for ensuring debate on the issue. How much money have the Government put into the Galileo project?

Ms Winterton: The finances to date come under the financial perspectives headings, in which the figures are not individually set out, but I assure my right hon. Friend that we are keeping a close eye on the future financial perspectives that have been put in place. As regards increased expenditure, we have made it clear that the UK has a strong position on making sure that the project is value for money.

Mr. Tobias Ellwood (Bournemouth, East) (Con): Will the Minister give way?

Ms Winterton: I will, but then I must make a little progress.

Mr. Ellwood: I am grateful to the Minister for giving way; she has been very generous so far, but she may not appreciate my question. I cannot believe that she can come to a debate of such importance without knowing how much has been spent on the project. That is almost a scandal. We must understand where the money has come from and how much will be spent in the long term. However, the biggest question that the House must answer is why on earth we are devoting so much money to the project, when there already exists a very decent system run by the Americans. Why are we going ahead with it when something that is free already exists?

Ms Winterton: I hope that as we work through the debate, the hon. Gentleman will be able to put aside some of his clear prejudice and consider the benefits. I completely understand where he is coming from, but we need to consider the wider issues, and the ways in which it can benefit British and European industry if we make sure that we have a strategic system in place. Perhaps he should think about the points made about the possible benefits. There is also strong reassurance in the fact that the Government are keen to make sure that the project is value for money, particularly considering the problems that there have been so far, which I will address. As regards the commitment so far, we are talking about approximately €142 million. However, I will set out where will go from here.

Lembit Öpik (Montgomeryshire) (LD) *rose—*

Ms Winterton: I will give way, but then I must make progress.

Lembit Öpik: I am grateful to the Minister for giving way. On that very point, may I give her one example of an important benefit? The aviation business increasingly depends on global positioning system technology, but there is no redundancy. We have no alternative method

[Lembit Öpik]

of positioning, using satellites, so if the system goes down—and it can—it will create a grave danger to aviation. Leaving aside the issue of costs, which is obviously important, does she agree that the principle of ensuring redundancy in such an essential navigation system must surely be right?

Ms Winterton: As I have said, Galileo is considered a key Community project, but we are clear that it cannot be carried out at any price; it has to be affordable, and it has to be value for money. It needs better governance and risk management, open competition and a firm focus on the opportunities for getting the private sector to share the costs and risks. We must also look out for opportunities for generating revenue.

From the very beginning of the project, our aim has been constructive: we want to work with our partners and the European Commission to ensure that Galileo can achieve its potential. The Government's priority objectives are private sector involvement through a robust public-private partnership, a civil programme under civil control, and a transparent process of development and financial control to deliver value for money. We are set to achieve that. Our commitment to those objectives is therefore unchanged. In particular, our position on a PPP solution has been consistent and pragmatic. The advantages of bringing in private finance in major projects, in terms of better project management, cost control and risk management, are well known. They have been recognised in EU decisions on the trans-European networks programme, and in the fourth Space Council resolution as recently as May this year. With the ending of the negotiations, the June Council resolution—that more evidence was needed before a decision on the way forward—was the right outcome.

Before I go further, I would like to pay tribute to my immediate predecessor, my hon. Friend the Member for South Thanet, who argued strongly for these outcomes. It was he who secured the presidency's agreement that we should not proceed with Galileo unless the costs were justifiable, and also an acknowledgement that the Council should not rule out the involvement of private finance.

Mr. Bernard Jenkin (North Essex) (Con): Between 1998 and 2001 I served as shadow Transport Secretary and debated this subject in European Standing Committee B. I asked then what the commercial applications for the project are. I got no answer. Nearly 10 years later, can the Minister give me an answer now?

Ms Winterton: The project has commercial applications in the same way as GPS has commercial applications. It is important to recognise that those are increasing. As someone who has a GPS navigation system in her car, I think we would be facing in the wrong direction if we did not recognise that there are advantages in some of those new technological developments. We have to consider carefully how we apply them in the commercial sector. That was one of the points that my hon. Friend the Member for South Thanet raised—that we need the Commission to look closely at what the commercial interest in the system would be.

David Taylor (North-West Leicestershire) (Lab/Co-op): Does my right hon. Friend rejoice, as I do, that the European Transport Council pressed the European Commission to abandon the potential public-private partnership? Does she recognise the figure of the senior account manager at Surrey Satellite Technology, who predicted that over a 20-year period the running costs of the system will be around €10 billion? What proportion of that cost will fall on the United Kingdom?

Ms Winterton: My hon. Friend is right to say that we must consider these matters carefully. That is why it was important at the June Council to get agreement to ensure that the Commission is examining all these issues carefully. The Government are making sure that they are closely involved in asking questions about the future costs, including on-going development costs.

Michael Connarty (Linlithgow and East Falkirk) (Lab): Does my right hon. Friend agree that it is much more important that the investment, which was €10 billion, if it is successful, would, according to the analysis coming before our Committee from the Commission, allow such a system to participate in a market of €450 billion, which it has estimated will be available for satellite navigation systems up to 2025? For a €10 billion investment, a €450 billion market is worth investing in.

Ms Winterton: My hon. Friend is right. I am the first to recognise that at this stage he knows a lot more than I do about all the details of the project. I know that he has looked closely at all those costings.

Mr. John Spellar (Warley) (Lab): I thank the Minister for giving way and welcome her to her new position. The fundamental problem is not the PPP, but the funding stream. The commercial applications do not really matter; the question is whether anyone is actually prepared to pay. During my period and that of my hon. Friend the Member for South Thanet (Dr. Ladyman), the Commission evaded the crucial issue of who will pay. Why would people pay for a service—GPS—that they can get for free? Unless we resolve that question, all the other problems will keep coming back.

Ms Winterton: My right hon. Friend is right to say that we should examine cost implications, funding streams and income. As I have said, my hon. Friend the Member for South Thanet made those points very strongly at the June Council. Those points accord with the European Scrutiny Committee's assessment of the communication from the Commission that was before the Council. Like the Transport Committee in 2004, the ESC questioned the Commission's evidence, recommending that it should produce a fully substantiated case for continuing with Galileo, whether by public procurement or PPP, including governance, finances, the total cost, the level of risk, the sources of private sector revenue and the sources of funding from the Community budget. In our minutes statement at the June Council, which was produced jointly with the Netherlands, we asked for exactly that—a cost-benefit comparison on the same basis between a PPP and a public procurement of the system, followed by an operating concession. Our aim now is to work

with the Commission and our partners to build a wider consensus on the detailed issues that must be clarified before October.

It may help the House if I mention some of the issues now. First, on cost and timelines, the evidence of the programme to date—the publicly funded development phase of Galileo and EGNOS, the European geostationary navigation overlay service augmentation system—shows significant cost and timetable overruns. We will continue to argue for sound cost estimates and prudent project timelines that take account of the risks inherent in any project of this size and complexity.

Secondly, on affordability, the Commission's communication accepted that more money will be needed than has been earmarked in the budget. Much of that amount, €1.1 billion, could be swallowed up in cost overruns for the development phase and EGNOS. In line with sound financial management, the UK will resist any reopening of the European budget headings. We will also argue for consideration of whether the system might be phased or re-scoped to what is affordable. Next week, the Government will continue to push for clarity on the financing at the ECOFIN council. We will reaffirm our commitment to funding the programme within the existing ceilings of the 2007 to 2013 financial perspective, and we will put that message across very firmly on finance as well as transport networks.

Thirdly, the communication did not include a substantive consideration of risk. However, the design and market risks identified during the PPP negotiations, some of which are substantial, will not change and could increase. Pressure to build the system quickly could be a factor in increasing the risks. We will therefore push for an assessment of all the risks that the project may face.

Fourthly, lack of effective competition was one of the major problems that affected the concession negotiations. We welcome the emphasis on competition in the Council resolution and will continue to argue strongly for open procurement.

Fifthly, public sector governance needs to be improved. There must be transparency for EU member states and compliance with EU principles. In the continuing debate, the UK will also maintain the position agreed by the Council, the Commission and the European Parliament—that Galileo is a civil programme under civil control. Our firm commitment is that Galileo cannot be used for dedicated military purposes. It is a civil programme under civil control. The December 2004 Transport Council conclusions made it clear that changing the civil status of Galileo would require a decision under the terms of the common foreign and security policy. That decision making is by unanimity and remains so.

Mr. Jenkin: The right hon. Lady says that the Government are giving the assurance that this will not be for dedicated military use. Why does she put the word "dedicated" in front of "military use"? Why does not she just say that it will not be used for military purposes, end of story—or is this meant to be a covertly joint defence programme?

Ms Winterton: Of course some military forces might use Galileo for purposes such as transport logistics; that is why I put it like that. Among our European partners, some organisations such as the coastguard and border police, for whom Galileo may be useful, are technically under military control. However, we should not look to such organisations or to any other Government users to provide the bulk of Galileo revenues.

The Government are equally firmly opposed to any suggestion that the Commission should mandate the use of Galileo charged services in EU regulation. If Galileo is to be a successful project, we should encourage the private sector to look for commercial, not governmental uses. Governments will certainly also then use the services if they are cost-effective.

Mr. Humfrey Malins (Woking) (Con): The Minister will know that the European Scrutiny Committee referred to the need to identify the sources of private sector revenue. Can she do so?

Ms Winterton: That is exactly the question that we have given back to the Commission. As the hon. Gentleman will know, in the first consortium that was put together there were sources of private sector revenue. We want to ensure that we are considering all the commercial aspects. It would not be right for me to prejudge that.

One of the Galileo successes so far is the test satellite built in Guildford and delivered on time and to budget, which has successfully transmitted all the operational Galileo signals. That is a real success, and it should be one of the lessons learned from the project. It was delivered by a small company, Surrey Satellite Technology Ltd., a high-tech spin off from Surrey university. If Galileo is to work for the Community, we need more successes like that across Europe. Unfortunately, for a majority of our European partners, the failure of flawed negotiations has tainted the idea of a public-private partnership. In that context, there is a risk that people tend to fall back on what they know—in this case, public procurement—as the safe option. By doing so, frankly, they ignore the facts. As my hon. Friend the Member for South Thanet said at the June Council, if the private sector is not willing to face the risks of the project, what makes us think that the public sector can handle them? The risks—cutting edge design, uncertainty of revenues, cost and timetable overruns, and the industrial rivalries which have caused significant delays—do not change.

The Government are therefore committed to defending the principles which we believe are essential for a successful project. We will continue to argue for a robust approach and to widen the support for that among transport and finance colleagues in Europe. If, nevertheless, the PPP approach is abandoned by consensus, and if the alternative is affordable in the view of the budget authorities, we will continue to work for clarity in governance, open competition and value for money, in line with our commitments to this House. I commend the motion to the House.

9.39 pm

Mr. Owen Paterson (North Shropshire) (Con): I congratulate the right hon. Member for Doncaster, Central (Ms Winterton) on her new appointment. As

[Mr. Owen Paterson]

much as I would have looked forward to future exchanges, this is sadly to be but a brief encounter because I, too, am off to pastures new. It is a pleasure to have one chance, but perhaps the Minister will not be thrilled to hear that I believe that she has given a rosy account of proceedings so far.

Let me set out the background. Satellite navigation could lead to a global market of up to £15 billion by 2010. The United States Navstar global positioning system is easily the largest provider of the navigation signal, which some people still believe to be a military system. It became operational in 1995. In 1996, President Clinton handed control of it to an intra-agency executive. In May 2002, the full signal was made available to users worldwide, and it was—and is—free. In 2004, President Bush replaced the executive board with an executive committee and, from that date, it was no longer used as a military system, but military and civilian authorities manage it equally. Long before all that happened, the European Space Agency and the member states of the European Union became aware of the potential of satellite navigation. They argued that Navstar was not reliable because it was controlled by the military and could be shut down at any time.

Mr. William Cash (Stone) (Con): Does my hon. Friend recall that one of the reasons why we won the Falklands war was that we had access to the American navigation systems in space? That was crucial—and there was a huge argument about it in the United States—but, as usual and, as in 1939, the Americans came to our aid and we won.

Mr. Paterson: I am grateful to my hon. Friend and neighbour for making that point. He is right to stress the significance of American help and I will tackle that further in my remarks. It is inconceivable that the GPS could be turned off, but I shall say more about that shortly.

After outline approval at the Nice European Council in December 2000, the ESA, in partnership with the European Commission, made plans to match the US GPS. Crucially, unlike the US system, it was to be completely under civilian control and, also unlike the US system, which enjoyed taxpayer funding, its deployment and operation was to be financed by a public-private partnership, with the private sector bearing two thirds of the costs.

Unfortunately, although the Galileo project was intended to be Europe's satellite navigation system, it also became, in the manner of so many European projects, a virility symbol, which was intended to demonstrate the success of European economic and political integration. Mrs. Loyola de Palacio, then Vice-president of the Commission with responsibility for transport and energy, declared at the inception of the development stage of Galileo on 26 March 2002:

"Europe has finally taken the political decision to launch this strategic programme. Today we are seeing the creative side of Europe... It will help Europe to maintain its autonomy, its sovereignty, its technological capacity and control of its knowledge."

Five years later, Galileo is at what the European Commission coyly calls a cross-road. More accurately, it is in crisis, which arises from the complete failure of the plan for financing the scheme and the time scale for deployment. On the basis of a study by PricewaterhouseCoopers, the Commission claimed:

"Considerable economic benefits should be generated by Galileo."

It also claimed that the project would cost €3.6 billion to complete and that, assuming a "worst case scenario", total benefits would be €17.8 billion. On that understanding, in 2002 the then Prime Minister—the current steward of the Chiltern hundreds—personally approved the scheme at the Barcelona European Council on 13 and 14 March. Two years later, the Commission confidently predicted that Galileo

"will definitely become operational in 2008".

A mere three years later, the Commission admits to a date of 2012, and some industry sources suggest that it could be 2014. Although 30 satellites are planned, the only tangible achievement is a single test satellite, Giove-A because the second, Giove-B, has been short-circuiting and will possibly not be launched until December.

As for future costs, an unpublished Commission report now admits that, against the original estimate of €3.4 billion for deployment, plus an additional €5.3 billion for operation and maintenance—a maximum of €8.7 billion—the system will now cost €9 billion to €12 billion up to 2030. The best-case scenario for revenue becomes €8 billion to €10 billion, or less if the more accurate US GPS III offers high-level services free of charge. From a projected profit of €17.8 billion, the maximum is now €1 billion, with a possible loss of €4 billion.

That is why the PPP refused the risk, as was said. With Navstar provided free of charge, one unnamed executive of the failed consortium is quoted in the *Financial Times* as saying:

"There is a doubt over the revenues... Why sell Pepsi-Cola when you can get Coca-Cola free?"

The Commission is now asking member states to bail out its pet project by injecting a huge tranche of public money despite a solemn guarantee in November 2001 that

"no more public money would be needed after 2007".

So desperate is it that the venture should continue that it offers two main options: that the funding should come either through the ESA or, preferably, through the Community budget. Additionally, in its February communication, it also proposed a new stealth tax—incredibly, a levy on GPS receivers, most of which are designed to receive a signal provided free of charge by the US.

In the manner of a child commenting on Lord Randolph Churchill, we must ask what Galileo is for. Ostensibly, it is to provide navigation services, not only for people who live in Europe, but worldwide. As was said, the US Navstar GPS system is currently available free of charge to every user, while coming along is the Russian GLONASS and Chinese Beidou compass system, both of which will also be free of charge.

Arguing against cancellation, some advocates will say that Galileo offers greater accuracy and a guarantee of a service not offered by other systems. Galileo's high level of accuracy, however, applies only to the subscription services. There will be no significant

difference in the publicly accessible signal, which at the moment is deemed perfectly sufficient for any number of commercial or Government systems. Last year, for example, I visited Berlin and saw the Satellic road-pricing scheme in action, which tracks and charges every single truck over 12 tonnes on German autobahns. Only GPS is used. When I asked about Galileo, the answer was quite clear: they said that if it comes along, they might use it, but they are under no pressure, as they have GPS and their system works. That scheme has been a huge success, pulling in about €250 million a month.

Last week, I had meetings with representatives of Trafficmaster plc, a highly successful company selling navigation services to more than 100,000 vehicles in the UK. Its technical director, Christopher Barnes, said that

"the free to air GPS service is sufficient for vehicle navigation and therefore we are unlikely to be interested in paying (either voluntarily or through a compulsory tax) to use a European service, even if technically it would be better."

There is extremely limited application for the higher accuracy that Galileo will offer and, in any event, any such advantage will last only until the US deploys Block III Navstar, which promises equivalence.

Mr. Jenkin: Will my hon. Friend deal with the suggestion made by the hon. Member for Montgomeryshire (Lembit Öpik) that we somehow need to build extra redundancy into global satellite positioning systems, otherwise our civil aviation industry will be severely at risk? Does my hon. Friend agree that every airline pilot in the world has been trained to navigate his or her aircraft without global positioning, making this redundancy completely unnecessary?

Mr. Paterson: I agree that airline pilots can navigate, but I would stress the huge importance of maintaining the accuracy of GPS. To provide an example, there was a very slight glitch in one of the GPS satellites a short time ago when one of the timers went wrong. The result was that 10 per cent. of mobile phones on the west coast of the US went down. It is thus enormously important for the United States to keep GPS accurate. The economic consequences are huge, as I shall explain in more detail later.

Lembit Öpik: By way of illustration to the hon. Gentleman, does he recognise that many of the smaller aerodromes do not have navigation aids to enable a precision approach, so the only way to achieve that on those smaller fields is by using GPS? My point was that in those circumstances, without redundancy—and especially in bad weather—there is a serious risk to the pilot of an accident.

Mr. Paterson: The answer to that question posed by my parliamentary neighbour from Montgomeryshire is that we have GPS now and it will be enhanced by Block III. The answer is to use the European geostationary navigation overlay service and to get them integrated.

Fears about continuity of service are totally bogus. The President of the US said in December 2004 that providing uninterrupted access to the system and the provision of services on a continuous, worldwide basis for civil use, free of direct user fees for civil, commercial, and scientific uses was their clear policy. The US is also committed to providing GPS to NATO—a point on which my hon. Friend the Member for Stone (Mr. Cash) touched—where it is used not only for navigation but for command and control systems, weapons delivery and, crucially, for the prevention of friendly fire. That is the so-called blue-force tracker system.

So central are satellite navigation systems to the military that, during the height of the Iraq war in 2004, the United States did not close down the system in the region even after it found out that Iraqi forces were using it against the US. Additionally, the Federal Aviation Service approves Navstar as a navigational device in aircraft and, as can readily be seen from the 2001 federal radio-navigation plan, continuity of service is a key element in the provision of the service, without which the system simply could not be approved.

As I thought that some of these questions might come up in the debate, I spoke yesterday to Brigadier General Simon P. Worden USAF, retired, who was responsible for bringing GPS to fruition in 1995. He is now the director of NASA's Ames research centre. Speaking to me in a private capacity, on his own account, he said:

"There is no part of the US economy that does not depend on the continuity of GPS. Any loss of service would have a devastating impact on the US economy."

According to him, nor could Europe ever be deprived of signals. He went on:

"So many European systems are integrated with US systems that they would all go down if Europe was jammed."

Where does that leave us? We have a system that offers no advantages whatever over what is freely available elsewhere, yet we are being asked to consider funding to the tune of several billions for what is essentially a European Union vanity project. We are not alone in having reservations. After the conclusion of the Transport Council in Luxembourg on 8 June, the hon. Member for South Thanet (Dr. Ladyman)—who I see in his place—was quoted by the *Financial Times* as saying:

"I don't see a strategic case for it. One of the questions we have never asked is how to make a return from this system."

He added that the UK would seek cancellation if concerns were not answered. In parliamentary replies to me, he has said that the Government have admitted to spending €142 million on the project through the European Space Agency and, through contributions to the EU budget, approximately 17 per cent. of the estimated €790 million that the Commission has invested in the programme. That amounts to €276 million in the past three years. The Government have also added that there is not an identified UK contribution to the design and development phase of the programme via the EU budget. To continue the negotiations on additional funding would be tantamount to signing a blank cheque.

Therefore, we have to say that we are not content with the Government's approach to discussions on the Commission document. Although the hon. Member for South Thanet was prepared to countenance cancellation of the project outside the Council chamber, it appears that he did not do so inside it. There is, however, a practical alternative, which the hon. Gentleman did not offer to his European colleagues but which he should

[Mr. Paterson]

have pressed. Preceding the development of Galileo is the European geostationary navigation overlay service—EGNOS.

Dr. Stephen Ladyman (South Thanet) (Lab): It was not my intention to intervene on this debate, but I will not have the hon. Gentleman misrepresent me. I made it very clear inside the Council of Ministers that cancellation had to be a real option if we did not get the answers that we were seeking from the Commission. He should not misrepresent the British Government's position. It was stated very clearly.

Mr. Paterson: The debate is whether we are happy with the Government's negotiating stance. They have left us with two forms of public funding, either through community funds or through the European Space Agency. I would have liked EGNOS to be promoted. It is a satellite-based system that will augment Navstar and GLONASS, making them suitable for safety-critical applications such as flying aircraft or navigating ships through narrow channels. Properly integrated with Navstar GPS beyond 2008, that would provide for all Europe's needs. The UK has already paid its contribution of €35 million towards it. It would be a short cut to playing a key role in a global system.

Mr. Cash: I thank my hon. Friend for giving way on the question raised by the former Minister. In the discussions that the hon. Member for South Thanet (Dr. Ladyman) described in the correspondence to the European Scrutiny Committee, he said that

"a clear majority of Member States underlined the strategic nature of the Galileo programme and the importance they attach to the project".

So irrespective of anything that he might or might not have said, and irrespective of whether we like it, the fact is that, under the majority voting system, this thing is moving inexorably ahead because the Government, in their vainglorious fashion, happen to believe that they can chuck away taxpayers' money to the tune of billions of pounds without anybody blinking an eyelid.

Mr. Paterson: I am most grateful for the mild manner in which my hon. Friend and neighbour made his point. I agree with much of what he says. There is a much cheaper, practical alternative which would give Europe a comprehensive system that is accurate down to a metre. That would involve amalgamating EGNOS with Navstar.

The Government should have made it absolutely clear in negotiations in the European Council that any further state funding through the European Space Agency or the Community budget would be unacceptable. Our proposal would ensure that Europe had the highest-quality coverage with minimum further investment by the taxpayer. Instead of funding vanity projects, the EU should work closely with the United States to provide a fully integrated global system. That is a real test for the new Government. First, the Prime Minister must negotiate carefully at the intergovernmental conference, as his predecessor approved an EU space policy in the draft mandate from the European Council that will enable the Commission to fund Galileo from its own budget. Secondly, this is a real test of the new Prime Minister's attitude to open-ended public spending projects. The Government should have demanded the integration of EGNOS and GPS, creating a fully integrated global system, and said a firm "no" to further public expenditure on Galileo. As that has not been the Government's policy so far, I urge my colleagues to vote against the motion.

9.55 pm

Michael Connarty (Linlithgow and East Falkirk) (Lab): I am saddened by the Opposition's tone, particularly as they have forgotten that the Government's position—and this is even accepted within the Commission—is that nothing that happens in Galileo should be outwith the financial perspectives. The 2013 financial perspectives are agreed—they will be maintained—and no one is giving them away.

Sadly, I suddenly see in the Opposition a complete lack of ambition. They called the initiative a vanity project, but one of the Government's prime decisions was to argue for small and medium-sized enterprises in Europe to be fully and openly involved in the development of anything to do with space policy or Galileo. The Opposition wish to stop that ambition, and they do not have any vision to offer Europe in the technological field at all. Instead, they will rely on GPS from America and hope that it will remain free, or they would rely on Russia, because its service will be free, or even China, which will also provide a free service. They do not, however, have the ambition to operate an independent system—*[Interruption.]* I hear an American voice.

Mr. Ellwood: May I correct the hon. Gentleman? First, everyone in the House wants to support businesses in viable and successful projects. However, as we have just heard from the Minister, the project is about to go down the pan, so the hon. Gentleman is disingenuous in saying that the Opposition do not support businesses—that is absolutely wrong. There is a free service, but he suggests that we should ignore it and use a commercial one instead and make people pay for it. There is no market for that service; no one will buy it when a free service is available.

Michael Connarty: It is a well known strategy to operate a loss leader in business. I studied economics, and there comes a time when one wishes to charge a premium for the services that one offers; that is a well known strategy. If others have made the service available, what is to stop them charging for it? That is an extremely good business model and, in future, when things get crowded in the satellite world, some people who provide the service will say that they must charge for it or, presumably, there will be another form of return. Are we suddenly saying that the USA is a free-market provider of services to the world? That is not a model of the American economy that I recognise.

I like the idea of ambition in Europe. I shall discuss the European Scrutiny Committee's reservations, but there is the ambition in Europe to do something that parallels and, let us hope, gets ahead of other projects. As the hon. Member for North Shropshire (Mr. Paterson) said, the Americans know that only with GPS III can they go beyond what Galileo is aiming at, which is why they are trying to get ahead.

The drive for technological advance is something that we should applaud. It is the wrong tactic to suggest that ambition is wrong.

If there are questions about financing, they should be discussed by the Select Committee, as I shall outline. Indeed, we have done so, and we have demanded that the meeting of Chancellors at ECOFIN look closely at the question of viability and financing. We do not work on the basis that we lack ambition, but the new prescription from the Conservatives is to be so conservative that they do not wish to see any advances at all.

Mr. Paterson: That is a ludicrous misinterpretation of what I said. I clearly explained a vision of linking EGNOS with GPS and giving Europe the best and most defined service—down to a metre. Let me address the idea that we are against business. I visited Trafficmaster last week; it now employs 300 people. The jobs are downstream in areas such as e-Call rather than to do with the actual creation of the satellite systems. It supplies 100,000 vehicles and its jobs are downstream and have been created on the back of GPS. The entire Satellic system in Germany is also based on GPS, and it is worth €250 million a month.

Michael Connarty: To underline my point, that system is reliant on GPS provided as a free service by another country. That is an interesting model. I do not envisage it being provided free of charge in future when those who use it have in a sense been captured because they use it. We should think about the Microsoft model if we wish to understand what monopoly means.

Mr. Jenkin: What circumstances might lead the United States to corrupt the signal so that users would have to pay for it, given that a free GPS signal is integral to the success of its economy?

Michael Connarty: Different economic circumstances can arise at any time. No one originally predicted what would happen in terms of Microsoft and the internet. No one thought that bodies would make charges and monopolise the interest to the extent that Microsoft has done—and to the point where the EU has fined it on a number of occasions for abusing its monopoly.

There is much scaremongering. The key question is whether it is a good idea to involve the nations of Europe in a project to get a better satellite system than EGNOS. It is not a vanity project. It is driven by ambition, and there is nothing wrong with ambition. If that ambition is on such a grand scale that the project is not economically viable, there should be some way of constraining it.

Our Committee is not of the opinion that there is a blank cheque for those involved to do whatever they wish. This debate is not founded on the desire to take a serious look at what Europe is attempting to achieve. The project was labelled and attacked as a vanity project, and that debate has not addressed the purpose of Galileo.

Let me raise some serious points. The Committee and its predecessor were concerned that there might have been some pressure on member states irrevocably to move forward in an incremental fashion towards Galileo, without at every turn having a financial check and balance. We were worried that some decisions might be made too hastily and would be insufficiently scrutinised. We were looking for evidence on which to base each stage of the process.

The latest development throws up some fundamental questions. I say that not because we support some of the points that have been made, but because we wish the project to succeed. The Government must pursue certain questions in the meetings that they attend. Is there a full assessment of what Galileo can realistically achieve together with a credible cost-benefit analysis? That is where ECOFIN has a role to play in justifying the project. Is the project likely to become unviable, particularly with the progress being made on GPS III? The extent of that progress has been proposed as a given, but it might not be. GPS III might not be able to achieve what Galileo can achieve. What Galileo and GPS III can achieve should be examined. Might the ECOFIN analysis be that we would be throwing good money after bad?

Mr. Cash: The hon. Gentleman is a fellow member of the European Scrutiny Committee, and I wish to ask him a question. He is making some percipient points and he advocates costings and a cost-benefit analysis. Does he agree that this matter should be thoroughly investigated not only by means of a cost-benefit analysis by the Court of Auditors, but also in the context of whether there are any irregularities in the manner in which the contracts are put together? In terms of the British contribution, does he think that the matter should go before the Public Accounts Committee, too?

Michael Connarty: The hon. Gentleman, although he criticises them a great deal, keeps referring to the involvement of European institutions. I would prefer ECOFIN and the Finance Ministers of the various countries to look at this issue, rather than referring it to the Court of Auditors. I hope that that is what they will do.

If, following the analysis, the answer is that the project is to proceed, the Government have said that they will look at it seriously. They are opposed, for example, to "mandating" Galileo charged services. In other words, there is no question of any Government saying, "You will use Galileo, rather than GPS". The decision must be based on preference, but the Governments of Europe might indeed prefer to use Galileo rather than GPS for their own reasons. There needs to be a proper environment in which small and medium-sized enterprises can participate and get some benefit for our economy. Having achieved that, the Government have to look at whether the present public-private partnership negotiations can be restarted. They are firm in their view that the public procurement model should not be used for either the 18-satellite or the 30-satellite proposal. If the project is going to founder, that is the issue it will founder on. This is an issue for the private sector properly to look at.

In the light of those points, our Committee recommends that we support the Government's position, which is that they continue to negotiate, that the financial perspectives are not breached, that any agreement on post-2013 financing be without prejudice to the outcome of future financial perspectives—in

[Michael Connarty]

other words, that we consider not just 2013, but beyond—that the funding arrangements are agreed by the Finance Ministers in ECOFIN, and that there is sufficient time for national parliamentary scrutiny. In other words, there should be sufficient time for this Parliament to debate any proposed financial outcome.

Those are the important issues. We have raised serious doubts, but we should not knock the proposal down because we want to score points. Once again, Conservative Front Benchers have tried to use an issue such as this to posture on Europe. I am pro-Europe and if Europe can do something better and much more securely in the long run, instead of relying on another nation to provide satellite facilities to Europe and its countries, this Government should be supported in such efforts to assist that. However, they have taken a tough negotiating stance and should be supported for doing so. That is what we are being asked to do tonight, and I hope that Members will vote with the Government if the Opposition push the motion to a vote.

10.7 pm

Mr. Alistair Carmichael (Orkney and Shetland) (LD): I will not detain the House long. I welcome the Minister to her new position. She comes to the job with a good reputation in other Departments, and I very much hope that she can continue that in the Department for Transport. I am also pleased to see the hon. Member for South Thanet (Dr. Ladyman) in his place; I have enjoyed working with him since taking up this brief. I understand that he intends to spend more time with his Alfa Romeo. I am sure that I speak for Members in all parts of the House when I wish him well in whatever he does next.

As I said to the Minister during an intervention, for once I am pleased about the timing of a debate such as this, inasmuch as we are scrutinising a subject before the decision is going to be made. Too often in these European debates, we end up examining a measure after the decision has already been taken. All we are able to do is criticise and describe how things might have been. Having said that—the Minister might now be thinking, "Some people are never satisfied"—I fear that, because so much of the detail on the Commission's position is to be made clear in the months to come, the House is unable to have a fully informed debate. I hope that there will be further opportunity for some measure of debate. I appreciate that, as a result of the way in which we organise our business in the House, it is not necessarily going to be possible to have that debate before an October Council. However, be it through the European Scrutiny Committee or some other mechanism, I hope that those who have expressed an interest tonight in this issue can be kept informed before the December Council.

We Liberal Democrats continue to hold the view that the principle behind Galileo remains sound. We hold the strong view that what is needed is needed for reasons of economic and strategic importance. We do not, however, take the view that that can be an open-ended commitment, which is why we think that the real debate here is the one highlighted by the Committee chaired by the hon. Member for Linlithgow and East Falkirk (Mr. Connarty). It states:

"we suggest that there is a prior assertion from the Commission, which the Minister touches on only briefly, which perhaps also needs to be fully tested — that is the case for continuing the Galileo project at all, rather than writing off the sunk cost and letting Europe's industry continue to exploit the existing and developing opportunities available through GPS uses."

That is a point that the hon. Gentleman made a few minutes ago and I entirely concur with it. It is an eminently sensible approach to take. The question essentially for the House is how sustainable is the PPP model for which the Government express such enthusiasm. The true point, which will have to be addressed eventually, is if the PPP model does not look like delivering, what will the Government's position be? Frankly, we cannot answer that question at the moment, because it is a judgment that can be made only once the figures are available. That is why I remain concerned that we are still being asked tonight to buy a pig in a poke.

We concur with the Government's position for now. I cannot go beyond that and I do not think that the Government would be sensible to try to do so. We remain keen to support this, but the sums must add up.

Mr. Cash: There have been references to the European Scrutiny Committee report this evening, and the hon. Gentleman just mentioned paragraph 2.24 of the 23rd report. Perhaps it would not be a good idea if hon. Members were left with the belief that the Committee had supported the project. The report states that the Committee agrees with the suggestion that

"no final decision on the future of Galileo should be taken until the Commission's ideas on how to carry forward and fund Galileo are fully developed and explained."

In other words, the Committee is making the lukewarm suggestion that perhaps, in due course, it might possibly—in extremely unlikely circumstances—come up with an answer to all this rubbish.

Mr. Carmichael: I thought that that was what I had just said. I also thought that that was what the hon. Member for Linlithgow and East Falkirk had said. The hon. Member for Stone (Mr. Cash) made a lengthy intervention, so I trust that he will not have to make any further contribution to the debate. On that basis, I am happy to let matters rest.

10.13 pm

Mr. Bernard Jenkin (North Essex) (Con): I have taken a 10-year interest in this subject, off and on, and I first join others in congratulating the Minister on her new role. This is a baptism of fire. She has walked into the lions' den and I think that I speak for every right hon. and hon. Member when I say that nothing is intended personally against her by the criticisms that we are making of this project.

I also congratulate my hon. Friend the Member for North Shropshire (Mr. Paterson), who spoke for the Opposition. He has today been appointed shadow Secretary of State for Northern Ireland, which demonstrates that the Conservative party takes seriously the arguments that he makes in this House, including on European matters such as the Galileo project.

If I step back from the immediacy of this debate, I see in this project a microcosm of what is wrong with the Government's overall European policy—an inability to say "no". We know exactly the position of the Department for Transport on this project. Indeed, it was reported a little while ago that the Department for Transport had attempted to secure funding for the project from the Ministry of Defence. The obvious reason for that is that the Department for Transport knows, and we know, but nobody will say so publicly, that it is a covert defence project for the European Union. If we ask any other European country, it will know that the project is part of the European Union defence agenda. That is why the Department for Transport opened negotiations with the MOD, saying, "If this is so important to Her Majesty's Government, surely the MOD should pay for it. It shouldn't come out of the transport budget."

Michael Connarty: I put the same question to the hon. Gentleman as he put to me. If defence systems currently rely on satellites provided through GPS by the US, and he is adamant that the US will never withdraw that, why should Europe think that it requires anything other than GPS?

Mr. Jenkin: I agree totally with the hon. Gentleman. Some countries, however, share the anti-American paranoia—to which, I think, he subscribes—whereby if the signal is not transmitted by a European-owned satellite, it is somehow not decent, proper or reliable. I assure him, however, that the signal that we get from American satellites is extremely reliable for all defence purposes that I can envisage. Some European countries might believe in what they call a bipolar world, in which the EU should somehow become a counterpoint, and a balance against, American power. Under those circumstances, they might be deluding themselves that such an independent capability is vital for strategic purposes.

The hon. Member for Orkney and Shetland (Mr. Carmichael) spoke about the strategic importance of the Galileo project, although he did not explain what that strategic importance was. Clearly, however, he subscribes to the idea that there is something strategic about our having our own European satellite system. However, given that our closest ally on the other side of the Atlantic, whether we are European, British, German or French, is the United States of America, I can see no strategic case for such a satellite system. I can foresee no circumstances in which we would need an alternative system.

Mr. Cash: In encouraging my hon. Friend in his important argument about the extent to which anti-Americanism lies behind the promotion of this project, may I ask him whether he heard this morning an extremely interesting programme by Justin Webb on the attitudes of the French—including, for example, Hubert Védrine—who are absolutely obsessed with anti-Americanism? The very point that my hon. Friend makes is demonstrated over and again in the attitudes that they adopt. But if we consider the big landscape, which I think he is seeking to paint, we ought to remember that between 1940 and 1945 the Americans did an enormous amount to save Europe, let alone the United Kingdom.

Mr. Jenkin: I very much hope that my hon. Friend gets an opportunity to speak in his own time in this debate, because he has such a valuable contribution to make. I should point out that the United States not only helped us win the second world war but guaranteed western European security throughout the cold war, and underpins the new struggle, which the new Prime Minister calls the new cold war, against international terrorism. I repeat to the hon. Member for Linlithgow and East Falkirk that I can foresee no circumstances whatever in which it would be in the national interests of the United States to corrupt the signal or to turn off or start charging for the system that it currently provides to the world for free. Providing that free system is part of the Pax Americana that it dreams of. It is part of its influence in the world. It would be contrary to its national interest to start playing politics with a system of that nature. As has already been explained, to corrupt it for us, it would have to corrupt it for its own businesses and commerce, and of course it would never do such a thing.

Ann Winterton (Congleton) (Con): My hon. Friend has skilfully kicked away the arguments for the strategic importance of Galileo. Will he now turn his attention to its supposed economic benefits, and will he respond to what the European Commission has proposed, which is that it will create 150,000 jobs Europe wide?

Mr. Jenkin: I am always a little sceptical about figures produced by the European Commission on the success of its policies, given that Europe has been far more effective at producing public sector jobs than private sector jobs over the past 10 or 15 years. But if I may just pick up the challenge laid down by my hon. Friend, the key question is where the private sector revenues will come from. If there was any prospect of a secure revenue stream for the project, the private sector would be willing to invest in order to harness that revenue stream. Not only does that revenue stream not exist, but there is no prospect of it coming into existence. The idea that this could be a privately funded project, resting on private capital, charging a privately generated revenue stream to get the satellites into orbit, has now been exposed. The project has been in the public domain for 10 years. The European Commission has been promulgating the idea that somehow the money will appear as a result of the satellites' commercial potential for 10 years. The money will not appear. The revenue stream is not there. There comes a point when the Government must ante-up to their own position, which is that they should oppose the system in principle. It is a waste of money. It will not fly. It is a dud system.

David Taylor: This is like the dead parrot sketch. Is not the hon. Gentleman's unquestioning, illogical and chronic technical deference to the USA, as shared by the hon. Member for Stone (Mr. Cash), really just covert anti-Europeanism? It is, is it not?

Mr. Jenkin: There are many things that the EU could do very well. It could do free trade well. Unfortunately, it does not. It could do lighter regulation. It could do co-operation much better. There are many things that we hope and pray the EU can be reformed to do very

[Mr. Jenkin]

much better, but with the best will in the world, it will find it very difficult to provide a global satellite positioning system for free, which is what the Americans provide for us. There is a saying about gift horses and looking them in the mouth. We have a gift horse and we are looking it in the mouth. We do not need to pay for our own gift horse when we have been given this gift by the United States for the world to enjoy. It is not anti-European. I am waiting for the proponents of the system to demonstrate that there is some commercial logic behind it, which is what I was promised in European Standing Committee B. To pay credit to the Government, they did say that they would not go ahead with this unless there was a commercial logic to it. I put it to them that there is no commercial logic to this system.

I want to get back to the crucial opening point that I made, which is that this is a microcosm of what is wrong with the Government's European policy. We all know that the Minister is sitting on the Treasury Bench because the Foreign Office has decided that the Department of Transport must not veto the project.

Mr. Cash: It cannot veto it.

Mr. Jenkin: Ten years ago, the Government could have vetoed the proposal, but as my hon. Friend says, they cannot do so now. Their attitude is, "We must never say no; we must always say 'yes, but'." There comes a point, however, when once the money starts being wasted we should say no, because if all those satellites become airborne, it will be the common agricultural policy of the stars.

10.25 pm

Mr. Tobias Ellwood (Bournemouth, East) (Con): It is a pleasure to participate in the debate, but I am saddened to hear that this is one of the first opportunities we have had to debate Galileo, even though the project is now advanced.

I welcome the Minister to her position, although she has been thrown in at the deep end. Her body language when she answered questions made it clear that she is uncomfortable with what she has been given to do. She could not even come up with the costings when I asked how much the entire project would cost. She could not tell us how much has been spent so far, or give the long-term cost of the project. She was asked a straightforward question but she could not give an answer; instead she tried to dance around the idea that it is something the Government actually want, yet the facts show that that is not the case, as my hon. Friends have illustrated.

The proposal comes from the European Scrutiny Committee, which thought that Members would want to debate where matters stood on the Galileo project. Absolutely right, considering how much money has been spent on it. We have been given a vague promise that we will have an opportunity in October to review where things stand.

Michael Connarty: How much has been spent on the project?

Mr. Ellwood: That is exactly the question I put to the Minister, but I could not get a response. The right hon. Lady has come to a debate on Galileo, yet she cannot tell us how much has been spent so far.

The Galileo system was due to be operational in 2008; that will not happen. It was supposed to be compatible with the GPS system and with GLONASS, the Russian system. Before I go into detail about Galileo I want to talk about those two satellite systems. The American GPS system was created in the 1980s for military purposes and now has 30 satellites in the sky, costing the US Government about $750 million a year. As we have heard, President Clinton opened it to the world in 1966. The hon. Member for Linlithgow and East Falkirk (Michael Connarty) says that it might be switched off, but that is madness on two counts.

Michael Connarty *rose—*

Mr. Ellwood: I shall not give way, because I want to make progress.

Michael Connarty: The hon. Gentleman is misrepresenting me.

Mr. Ellwood: I am not misrepresenting the hon. Gentleman; if I can make some progress he will understand where I am coming from.

The GPS system is making significant revenue streams for myriad companies, both national and international, not only in America but across Europe and the world as a whole. Were the system to be cut off, it would cause absolute economic chaos. That is the first reason it will not be switched off and the second is that it is part of a NATO operation. The security of this country, Europe and the wider world depend on the satellite system, so there are two profound reasons why it will not be switched off.

There are commercial aspects, too. We heard that even the Minister has a piece of GPS equipment in her ministerial car—*[Interruption.]* It is in her private car. She has one of the TomTom navigation systems that are also used for map-making, land surveying, scientific studies and air traffic control, as well as in clocks and timepieces and for shipping, not to mention their military uses, from missile guidance to transport systems. All are extremely successful and GPS sales average about £20 million a year, with 95 per cent. of the units sold for civilian rather than military use. That is a success story and we should be aware of it. Not only is the equipment efficient; it is reliable, accurate and, as has been said time and again, it is free.

The GLONASS system is a different story. It was completed in 1995, with 24 satellites, but fell into disrepair after the collapse of the Russian economy. Russia is committed to restoring the system but there have been delays in the process. Huge sums of money have had to be thrown at the system to get it back up and working. There are lessons to be learned from both those systems and we need to learn them quickly before the decision in October, which commits us one way or another.

I will quickly summarise where we stand with Galileo. The system was devised in 2002 to rival the GPS system. There were eight companies and five nations involved, but today, as we have heard, the project is floundering.

Only one out of 30 satellites is in orbit and that is a test system. The project was supposed to be in operation by next year, but the latest estimate is 2014—if the project goes ahead and we get all the satellites up in orbit. The German Transport Minister recently described the project as in "profound and serious crisis." That crisis is being caused by funding.

The original plan involved 50:50 financing between the EU and the European Space Agency. The UK part of the funding came from the Department of Trade and Industry and the Department for Transport. The private sector was to pay for two thirds. As we have heard, the original cost was €3.2 billion; that is now spiralling towards €10 billion over the next 20 years. I have asked how much has been spent by the British and we have not had an answer.

The original plan involved a public-private partnership, with companies footing much of the bill in the hope of selling satellite navigation services to commercial users. Who is going to buy a satellite service today when there is a free service available? The only organisations that would buy satellite services would be the Government and public sector organisations—to prop up the costly system. Perhaps we can expect to see congestion charging or the military being converted to the system in order to prop up the funding for the entire project.

If we vote on the motion, we will see Labour Members and the Government walking through the Division Lobby, but I do not believe they will fully understand what they are voting for or signing up to. We do not need this system, we cannot afford it and there is no market for it at all. It is a sheer waste of money and, as we have heard today, the project is based on the ridiculous assumption that the US will somehow turn its system off.

Michael Connarty: I hope that the hon. Gentleman will check *Hansard* tomorrow and then apologise to me. At no time did I say that there was any possibility of someone turning off the system. I did say that there is a possibility of charges being placed on the system when it suits the US supplier. That would be disruption due to cost. I think that there should be an alternative. If the Russians think that there should be an alternative and the Chinese are developing an alternative, Europe should think about developing an alternative—*[Interruption.]*

Mr. Ellwood: As my hon. Friend the Member for North Essex (Mr. Jenkin) said from a sedentary position, what is the basis for that assumption? Is it simply a spurious idea that has been introduced to support the system? I have not heard anything substantial about that whatsoever. The Americans have insisted that that will not happen—mostly because it would cause economic chaos, not only in Britain and in Europe, but in America. It simply will not happen. Another reason is our relationship within NATO. We have a free system and we should use it. It has been said again and again, "Why sell Pepsi Cola when you can get Coca-Cola free?"

The European Scrutiny Committee also expressed doubts in its report. It accepted the potential of Galileo to be a key project, but argued that it should not be proceeded with unless the costs were justifiable. The Minister has not justified those costs today. We need a system. There is one that is free and that is the one that we should use. The EU has three options. First, it could set new deadlines for the consortium to raise more funds. Secondly, it could make the project a full public sector operation and foot the bill. Thirdly, it could end the project altogether.

The project shows the ugly, bureaucratic and autocratic side of the EU. The decision on the project stands alongside such bizarre decisions as having two Parliaments for MEPs and having a defence force in the EU the replicates and mimics NATO's. I end where I began: by saying that the Minister came here today unable to give any costs. I urge the House to vote against the motion.

10.34 pm

Mr. William Cash (Stone) (Con): It is not that often that the European Scrutiny Committee ends up having one of its proposals for debate taken on the Floor of the House. I wish that that happened more often. It is evidence of the importance to be attached to the question that this happens to be one of the rare circumstances in which such a debate takes place. This is really the European gravy train mark 1.

We have heard a lot of useful contributions from hon. Members—on both sides of the House, in fairness—expressing concerns about the costs. The hon. Member for Linlithgow and East Falkirk (Michael Connarty) made a perfectly reasonable point about the need for a cost-benefit analysis. Indeed, at the heart of the Government's proposals is a severe question mark over the way in which the process is being conducted. As others have pointed out, the abandonment of the PPP element demonstrates in itself the lack of the proposals' viability. However, the problem is that no one can actually stop them.

There will be interminable discussions. As I suggested earlier to the hon. Member for Linlithgow and East Falkirk, the Chairman of our Committee, there might be a reference to the Public Accounts Committee about our contribution. There might be a reference to the Court of Auditors about the amount that has been frittered away. Irregularities may well emerge, and if they do, I hope that there will be a proper investigation. However, will anything stop? It will not, because there is no power to do that, unless the Council of Ministers and the Commission change the position about which the former Minister, the hon. Member for South Thanet (Dr. Ladyman), has told us. His most recent letter of only a few weeks ago was quite clear that

"a clear majority of Member States underlined the strategic nature of the Galileo programme and the importance they attach to the project".

Some of us sometimes point out that it is perfectly obvious that there is a Euro-elephant in the House of Commons—*[Laughter.]* I am glad that the Minister has a sense of humour. I had the pleasure of being in opposition to her when she and I had respective Front-Bench positions a few years ago. She knows perfectly well that there is not only a Euro-elephant in the House of Commons, but a pink Euro-elephant—this is a complete fantasy world.

[Mr. William Cash]

Let us look back at the basis and origin of this. Poor old Galileo was taken to the cleaners by the inquisition for misrepresenting, as it put it, so we could at least admit that he had his feet on the ground, when the inquisition let him do so. However, the Minister, by contrast, is being pushed into outer space on this subject. She is not having a happy christening by being plunged into one of the worst projects that the European Commission has ever put forward. The House of Commons European Scrutiny Committee has recommended that this debate should be held on the Floor of the House and the Government have accepted that. Given the conventions of the House and what goes on behind the scenes, a strong message is being sent out.

I am sure that we will vote against the motion. I presume that the right hon. Lady will troop through the other Lobby, but what a nonsense that will be, given every single thing that has come from Government Members, ranging from the former Minister's letter to the body language of the hon. Member for Linlithgow and East Falkirk. Despite his enthusiasm for all things European, I think that even he has had to reach the conclusion, underneath it all, that this is not a runner. The proposal is hopeless, and it is appalling that a clear majority of member states, in this crazy, zany, irrational fantasy world that they inhabit, could continue to underline the strategic nature of the Galileo programme.

Several hon. Members have gone through the arguments about the extent to which the American system is free. We know that the project before us is not a runner, and we know that there is no way that it can be made into one, so what does the issue represent at bottom? That is the sort of reason why the own-resources decision has not yet been debated in the House, despite the fact that it was endorsed by the previous Prime Minister in December 2005. This is really all about the reduction of the rebate, the intricacies of the budget arrangements, and the impact that they have on our taxpayers' pockets. Hon. Members should be under no illusion on that point.

My hon. Friend the Member for North Shropshire (Mr. Paterson) said that the project was costing, or had so far cost, the British taxpayer €35 million or £35 million; I was not sure which he meant, but whichever way we look at it, the reality is that a huge amount of our taxpayers' money is being subsumed in this absurd project. It is not a laughing matter if we think of it as money that could otherwise be spent on useful and important projects such as hospitals and schools.

Mr. Paterson: To clarify matters for my hon. Friend, I was quoting a reply to the hon. Member for Crewe and Nantwich (Mrs. Dunwoody). The figure of €35 million refers to the cost so far of EGNOS. On a point mentioned by my hon. Friend the Member for Bournemouth, East (Mr. Ellwood), I have received a very limited reply from the hon. Member for South Thanet (Dr. Ladyman) that shows that our country has spent €276 million on Galileo in the past three years alone.

Mr. Cash: I am grateful to my hon. Friend, as ever, for getting that point out into the open. We are talking about much bigger sums than I had previously thought. We are talking about a failed project; that is clear. There is no way of stopping it, and further vast amounts of money are, no doubt, about to be spent on it, in an attempt to get it right. Almost certainly, there will be massive accountancy failures. It is certain that the European Court of Auditors will point all that out in due course, but that will be after the project has been allowed to continue. The project has no useful purpose whatever. It cannot fly and cannot even be described as a duck. It cannot be described as a workable system. The proposal is completely absurd. This is the first time that the Minister has come before the House in her current role, and I sympathise with her for having to turn up on this occasion. I wish her well for future occasions, because I cannot believe that anyone else has pulled as short a straw as the one that she pulled tonight.

10.43 pm

Ms Rosie Winterton: This has been a marvellous debate.

Mr. Ellwood: Let's do it again.

Ms Winterton: Yes, we should. I can see what the right hon. Member for Witney (Mr. Cameron) is up against when trying to make up his mind on what to do about the European People's party, given the contributions made tonight. I am sorry to hear that the hon. Member for North Shropshire (Mr. Paterson) is leaving the transport brief so soon after my arrival, and that we will be losing the moderate voice of the Conservative party to Northern Ireland.

This has been a wide-ranging debate. My hon. Friend the Member for Linlithgow and East Falkirk (Michael Connarty) and the hon. Member for Orkney and Shetland (Mr. Carmichael) took a rather more measured, sensible approach to the subject, by contrast with the slightly paranoid approach of the Opposition party. The hon. Member for Stone (Mr. Cash) made some interesting interventions, some of which were so long that I received notes at the Dispatch Box, which normally only happens during a speech. I shall try to address some of the points that have been made, particularly with regard to the UK contribution to the programme. I shall reiterate what I said earlier but perhaps did not make clear enough.

The development programme is jointly funded by the European Commission and the European Space Agency. The UK is contributing about 17 per cent., or €142 million, directly through the European Space Agency. I wanted to get that on the record.

Mr. Ellwood: A lot of money comes directly from the European Commission, into which we channel money as well. Is there an additional sum that comes indirectly from the UK via the European Commission?

Ms Winterton: The test and development phase, as I said—

It being one and a half hours after the commencement of proceedings on the motion, MADAM DEPUTY SPEAKER *put the Question, pursuant to Standing Order No. 16 (Proceedings under an Act or on European Union documents).*

Madam Deputy Speaker: I think the Ayes have it.

Hon. Members: No.

Division deferred till Wednesday 4 July, pursuant to Standing Order No. 41A (Deferred divisions).

ESTIMATES

Motion made, and Question put forthwith, pursuant to Standing Order No. 145 (Liaison Committee),

That this House agrees with the Report [29th June] of the Liaison Committee.—*[Mr. Roy.]*

Question agreed to.

SCIENCE AND TECHNOLOGY

Ordered,

That Mr. Brooks Newmark be discharged from the Science and Technology Committee and Mrs. Nadine Dorries be added. —*[Rosemary McKenna, on behalf of the Committee of Selection].*

Hearing Loops (Shops)

Motion made, and Question proposed, That this House do now adjourn.—*[Mr. Roy.]*

10.47 pm

Tom Levitt (High Peak) (Lab): For four years before I became a Member of Parliament, I worked as an adviser to local government on how to make mainstream council services accessible to people who are deaf or hard of hearing, of whom there are about 9 million in the UK. My work started well before Parliament passed the Disability Discrimination Act 1995, and 10 years before it was extended to cover goods and services.

Tonight's debate is, however, prompted not by my experience, but by research carried out in shops in Buxton by my constituent, David Law. Mr. Law has a profound hearing loss and wears two powerful hearing aids. His experience in recent months has turned him into a committed campaigner on the issue of hearing induction loops in shops. More of Mr. Law later. Let me explain some of the background.

There is no precise figure on the total number of people who wear hearing aids. The number of digital hearing aids provided by the national health service is not centrally collected, and some people pay privately for their hearing aids outside the NHS. About 2 million people use hearing aids daily. The unmet demand, however, is massive. There are between 5 million and 6 million people who would benefit from wearing a hearing aid. The good news is that the NHS now provides cutting edge digital hearing aids, which until just a few years ago were available only to people who could afford to spend up to £2,000, from a private dispenser.

Hearing aids alone do not solve every problem for hearing impaired people, especially in noisy environments. Many people benefit from amplified telephones, door bells or other devices linked to their hearing aid. Above all, it is the induction loop, used alongside the hearing aid, that has brought the most widespread benefit. Induction loop systems can greatly help deaf and hard of hearing people who wear a hearing aid, as they can reduce or even cut out background noise. An induction loop therefore ensures that the hearing aid user hears only what he or she wants to hear.

Some deaf and hard of hearing people use loops in their homes, to hear their television or telephone better. Induction loops are now widely used in theatres, cinemas and places of worship to help people better understand performances and services. Closer to home, many Members of Parliament and the public find the induction loop systems in this Chamber and in our Committee Rooms to be of immense benefit.

An induction loop is simply a cable that goes round a specific listening area. The area can be as small as a single listener at an underground station ticket office, for example, or as vast as a theatre auditorium. The system can be fixed or mobile. An electric current is fed to the loop by an amplifier, and the signal is generated by a source of sound. That sound can be from a sound system, a TV set or any microphone placed in front of a person who is speaking. The resultant current in the loop produces a magnetic field that simulates the

[Tom Levitt]

sound. A hearing aid set to its "T" position can pick up that magnetic field, if it is within loop. Most hearing aids, and all hearing aids that are provided by the NHS, *have that "T" position.*

Induction loops involve relatively straightforward technology. They are not hugely expensive, and every hearing aid user can benefit from them, if their hearing aid is compatible. However, despite all those promising factors, all too often too few hearing aid users benefit from induction loops in commercial and public premises. For a start, induction loops are often not advertised properly. Poor signage is a very common problem. That is fundamental, because if a hearing aid user does not know that the induction loop is present, they will not switch their hearing aid to the "T" position. The coverage of an induction loop needs to be displayed, and if there is no sign indicating its availability, it is obviously impossible to work out where the loop is.

David Law surveyed the shops in the main shopping areas of Buxton. He confined his research to those which advertised the presence of an induction loop through the universal symbol—a white ear shape and the letter "T" against a maroon background. These are some examples of what he was told: "Yes, we have a loop system, but you have to ask us to switch it on for you"; "Yes, we have a loop system, but it hasn't worked for ages"; "Yes, we have a loop system, but the person who knows about it isn't here today"; "Yes, we have a loop system, but no one on the staff knows how to use it, or how to tell whether it is working or not"; or even "No, we don't have a loop system any more, even though the sign on the door still says that we have." Unfortunately, he found precious few examples where people said, "Yes, we have a loop system, it is permanently switched on, regularly tested and all our staff know how to use it. Welcome!"

When he wrote to the stores in question, Mr. Law invariably found that the regional managers who replied to his letters were more aware of the importance of loop systems than shop workers and managers. In some cases, the replies directly contradicted what he had been told: "All our staff are aware of the loop system and have been trained to use it"; "The loop system is regularly tested and is in full working order"; or, more helpfully, "Thank you for drawing this to our attention. The problem with the loop system has been addressed, and it is now in full working order."

My research, which I conducted 12 years ago with local authorities, showed an alarming use of inappropriate technology. In one case, users of the induction loop fitted at a council's housing department customer services counter could be heard by hearing aid users throughout the whole building, as the device was many times too powerful for its designated use. As a result, hearing aid users in other parts of the building could not use their local loop systems without interference, because the council had paid well over the odds for a device of a far higher specification than was needed.

Those problems were also highlighted in a national study of the retail sector in 1998 by the Grass Roots Group, a mystery shopping organisation. In its report, "The Challenge of Disability", it found that less than a third of the outlets that it visited in the financial and high street market sectors had induction loops at the customer service desks, but even when induction loops were in place, they were often of little benefit. Of the induction loop systems tested by deaf and hard of hearing people, 61 per cent. in shops were found not to be working properly. In the past nine years, I recognise that many large retailers and the main banks and building societies have invested heavily in the provision of induction loops, often in response to the full implementation of the Disability Discrimination Act 2004, but have they invested well if the facility is not being used? The Act requires providers of goods and services to make reasonable adjustments to provide those goods and services to people with disabilities in a manner equivalent to that provided to others. From Mr. Law's research and from discussing the matter with organisations such as the Royal National Institute for Deaf People, of which I was a trustee for several years, I believe that probably little, if any, improvement has taken place in the performance of induction loops over those years. For example, a recent survey of London Underground ticket offices found that fewer than half the loop systems at ticket offices were fully functional.

In taking matters forward, I want to set out several simple steps by which the retail sector could dramatically improve access to goods and services for almost 2 million people. First, induction loops are only part, albeit a vital one, of what we might call the communications solution. Staff need to know what an induction loop is, what benefits it can bring and, most fundamentally, how it can be turned on.

Secondly, induction loops must be regularly tested and maintained, in the same way as a security or fire alarm system would be. It is not acceptable for retailers to assume that their induction loops are working up until the time that they receive a complaint from a customer. Relying on customers to complain is not an acceptable testing method, not least because many people with hearing impairments do not have the confidence to complain; they will assume that their hearing aid is not working rather than the loop system. Testing of induction loops is vital and should preferably be carried out once a month. Loop listeners, which replicate a hearing aid set to the "T" position, are inexpensive and easy to use.

Thirdly, shops and service providers must recognise that not every hearing aid user will understand the benefits of an induction loop. Sadly, too many new hearing aid users come away from their visit to the audiologist without an essential knowledge of these systems. Fourthly, there should always be clear signage indicating the existence of each and every induction loop. Fifthly, different retail situations suit different types of induction loops. Expert advice should always be sought when installing loops to British standard BS 7594.

I hope that every retailer, however large or small, will take more seriously the needs of deaf and hard-of-hearing people. It is not often that the retail sector has the opportunity dramatically to improve its customer service to 2 million people at such relatively little cost. For the smallest retail premises, just one mobile induction loop and a listening device together will cost under £200. Such an investment could make a dramatic improvement in access, reflected in a dramatic improvement in sales.

For larger premises, the real challenge is not so much the necessity to provide the induction loops, although in some cases it clearly is, but instead to ensure that all their staff properly understand how they work and how to maintain them. That is a far from onerous task—it is just a requirement to have clear policies and procedures that staff are expected to follow. Making good use of existing equipment is not just the right thing to do—it is good business.

In summary, if, where the installation of an induction loop is a reasonable adjustment to make—I can think of very few customer interfaces where it would not be—will my hon. Friend the Minister ensure that standards of installation, staff training, customer awareness, testing and maintenance are high enough to ensure that the aim of the 2004 Act is achieved in respect of equal access to goods and services for people who use hearing aids? I hope that the retail sector will not turn a deaf ear to the needs of millions of hearing impaired customers and will not pay lip service to lip readers—but that is another story.

10.59 pm

The Parliamentary Under-Secretary of State for Work and Pensions (Mrs. Anne McGuire): I congratulate my hon. Friend the Member for High Peak (Tom Levitt) on securing the debate on hearing loops, which, as we have heard, play a valuable role in enabling hearing-impaired people to gain access to goods and services. Through the debate, my hon. Friend helps to raise the profile in the House and beyond of the exclusion that deaf and hard-of-hearing people can face. I am grateful for the opportunity to respond to the debate and set out the Government's commitment to overcoming the barriers that hearing-impaired people face. I also hope to show the way in which we are fulfilling that commitment.

First, let me pay tribute to my hon. Friend's personal record of supporting deaf and hearing-impaired people. In positions such as trusteeship of the Royal National Institute for Deaf People and membership of the all-party parliamentary group on deafness, he has supported hearing-impaired people to achieve their goal of full and active participation in our society. By promoting the RNID's telephone hearing check, he highlighted the impact of deafness and the importance of its early detection.

The debate is further evidence of my hon. Friend's commitment to championing the inclusion of those people who regard themselves as severely or profoundly deaf. The RNID's figures show that there are 700,000 such adults in the UK. My hon. Friend mentioned his constituent, Mr. David Law, who conducted a survey in Buxton. Like many of those 700,000 adults, he faces significant barriers in his everyday life. Those people also experience the isolation that comes from having an impairment that hinders communication with others, yet they have a right to enjoy the activities that non-disabled people take for granted.

In the debate, we are considering many hundreds of thousands of severely hearing-impaired people, such as Mr. Law, who have a right to a full and fulfilling life. The Government are achieving that for all disabled people. We promised to establish a comprehensive set of civil rights for disabled people and, as my hon. Friend knows, we achieved that by significantly extending and improving the Disability Discrimination Act 1995, to which he referred, culminating in the Disability Discrimination Act 2005, which gained support from hon. Members of all parties. The Disability Discrimination Act, as amended and strengthened by the Government, requires service providers to make reasonable adjustments to overcome the barriers that disabled people face when accessing goods and services. Those wide-ranging duties mean that the service provider may have to consider a variety of adjustments for people who are deaf or hard of hearing.

My hon. Friend has focused on hearing loops in shops, but I am pleased that he mentioned the hearing loop on the parliamentary estate. Like him, I know from colleagues that it is a first-class system, which benefits Members, staff and visitors to the Palace of Westminster. I fully acknowledge that hearing loops are an important technological development and that they pull down barriers for disabled people. They help many hearing-impaired people access services, and I support their use whenever possible.

My hon. Friend made some valuable points about the use of hearing loops. Clearly, as he said, it is not sufficient simply to install a hearing loop. Retailers and other service providers must also ensure that customers are aware that the loop is available, that staff are fully trained in its use and that, as he said, it is maintained in full working order. I have some personal experience of that. For a meeting with constituents I got the portable hearing loop from my local authority, only to find, much to my embarrassment, that it did not work on that occasion. I assure my hon. Friend that such factors are recognised in the way in which the duty of reasonable adjustment operates. That is made clear in the code of practice that the Disability Rights Commission published. The code provides practical guidance and advice for service providers on how to fulfil the duty of reasonable adjustment.

The code also has statutory status. That means that a court that is considering a claim of discrimination in accessing goods and services has to take account of any parts of the code that are relevant to the case. The code is relevant to many points that my hon. Friend made. For example, it explains that training employees is an important factor in providing reasonable adjustments. Paragraph 6.12 makes it clear that staff

"should know how to provide an auxiliary service and how to use any auxiliary aids that the service provider offers... Providing such training may help to avoid a finding of unlawful discrimination."

The code also points out that service providers should ensure that any auxiliary aids they provide are carefully chosen and properly maintained. It uses the example of a person who is told that a theatre has a hearing loop, but on the day he or she cannot enjoy the performance because the loop is out of service. Although the theatre provided an auxiliary aid, it failed to check that the loop was working properly. That means that the theatre is unlikely to have taken reasonable steps to enable disabled people to use its services.

I should point out that the installation of a hearing loop may not be affordable or practical in all cases, in spite of the fact that my hon. Friend quite rightly raised the issue of costs, which are quite insignificant in

[Mrs. Anne McGuire]

some respects. However, even if installing a loop is not possible, it does not mean that the service provider should do nothing. Duties under part 3 of the Disability Discrimination Act require the service provider to anticipate the range of barriers that a disabled customer might face—and there is almost always something that they can do. We need to build a better understanding among service providers of the variety of hearing impairments and the range of adjustments that they can make. That way, we will encourage service providers to think more creatively about the adjustments that they can put in place and we will further improve access to goods and services for people who are deaf and hard of hearing.

Of course, the DDA recognises that service providers may not be in a position to make every aspect of their service accessible. Its duty of reasonable adjustment aims to balance the rights of the disabled person and the interests of the service provider. The Act requires service providers to make whatever adjustments are reasonable in the particular circumstances. They need to consider factors such as the cost and practicality of making the adjustment and what resources they have available.

Service providers need to understand that not all adjustments need to be complicated. Simply training staff to speak slowly, clearly and directly to the customer will help people who can lip-read and communicating by writing things down on a pad will help other deaf people, but that does not mean that a small retailer should ignore the wider options, including whether it would be practical and affordable to provide a hearing loop. Of course, for the larger, well-resourced retailers, reasonable adjustment means that a far greater range of adjustments should be achievable. They should be better placed to include more significant adjustments such as the installation of hearing loops.

Since introducing the new duties, we have regularly monitored how service providers are responding to them, and I would like to advise my hon. Friend that the position is encouraging. Although we do not have figures specifically on adjustments for deaf people, research published earlier this year showed that the majority of businesses—indeed, nearly 90 per cent—had made or planned adjustments to the provision of their services. There is also increasing evidence on the high street of adjustments such as signs offering assistance to disabled people and signs showing hearing loops in place, although I appreciate my hon. Friend's comment that more establishments with loops could make that more obvious.

Overall, the evidence shows that service providers are taking a more positive attitude towards serving disabled people, but I am sure my hon. Friend will appreciate and agree that legislation is not enough in itself to achieve a fairer society. Our aim is to stimulate the creation of a society where changes are made because it is the right thing to do for disabled people and not just because the law requires it. Our research findings show that we are moving in that direction. The majority of service providers who had made adjustments said, interestingly, that they would have made at least some of them even if the DDA had not been in place. That links into my hon. Friend's comment about it being good for business.

We have a long way to go to ensure that service providers automatically design accessible services. In the meantime, we need to encourage service providers to meet their DDA duties. In our most recent campaign, we worked with trade organisations and business intermediaries, because small businesses are the most likely to turn to these sources for business advice. We worked closely with them to boost the expertise and capacity of such organisations to provide advice on DDA issues. We also have information on reasonable adjustments—including adjustments for deaf and hard of hearing people—available on the Department's website. A clear message in our campaigns has been that making adjustments need not be expensive or burdensome. That is borne out by all the research findings. Nearly three quarters of those providers who had made adjustments had found no problem putting them into place.

The Government alone cannot ensure the effective implementation of the legislation, however. We all have a role to play, and we need to work in partnership with other organisations. I particularly commend organisations such as the Royal National Institute for Deaf People for work in this area. Through its websites, the RNID provides advice on the duties of service providers and the types of reasonable adjustment that may be made.

Disabled people themselves can improve implementation of the law through enforcement of it. That does not necessarily mean formal enforcement through the courts. That is only meant to be used where other routes fail. Instead, disabled people might want to consider an informal approach. I know from one correspondent how successful such an approach can be. When he drew the attention of a large retailer to the barriers at his local branch, and mentioned the DDA, the company made significant access improvements. Disabled people can also seek advice from the Disability Rights Commission—or, from October, the new Commission for Equality and Human Rights—if they believe that a service provider has discriminated by failing to make a reasonable adjustment.

I thank my hon. Friend once again for this opportunity to highlight an important issue and to explain the Government's record in promoting equality for disabled people. His constituent, Mr. David Law, deserves a vote of thanks for carrying out the research not only on his own behalf but on behalf of other members of the community in Buxton and elsewhere who suffer from a hearing impairment and find that they cannot participate in the way that non-disabled people can.

I am confident that we have achieved a strong framework of disability rights to support our aim of enabling hearing-impaired people—indeed, all disabled people—to become full and active members of society. Through highlighting these issues, as my hon. Friend has done, we will continue to work towards achieving our vision that, by 2025, we will have true equality for all disabled people in this country.

Question put and agreed to.

Adjourned accordingly at twelve minutes past Eleven o'clock.

House of Commons

Tuesday 3 July 2007

The House met at half-past Two o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

PRIVATE BUSINESS

WHITEHAVEN HARBOUR BILL *[LORDS]*

Read the Third time, and passed, with amendments.

Oral Answers to Questions

FOREIGN AND COMMONWEALTH AFFAIRS

The Secretary of State was asked—

Gaza and West Bank

1. **Chris McCafferty** (Calder Valley) (Lab): If he will make a statement on the political situation in Gaza and the occupied Palestinian territories. [146812]

9. **Mr. Neil Gerrard** (Walthamstow) (Lab): What assessment he has made of the political situation in Gaza and the west bank; and if he will make a statement. [146821]

The Secretary of State for Foreign and Commonwealth Affairs (David Miliband): I hope that you, Mr. Speaker, will allow me to be the first of—no doubt—many right hon. and hon. Members who want to take the opportunity to wish you a very happy birthday. Your arrival, which I think I am right in saying was just four days before the 1945 Labour Government came to office, was almost as momentous as that election result.

We are extremely concerned by the situation in Gaza, especially, and in the west bank. The events of recent weeks have seen very high levels of political violence, resulting in the death of more than 100 Palestinians and two United Nations workers. Together with the European Union and the Quartet, we are now working with the emergency Government to support their efforts to restore law and order and to prevent further humanitarian deterioration.

Chris McCafferty: May I take this opportunity to congratulate my right hon. Friend on his promotion and welcome him to the Dispatch Box? I am sure that he is aware of the death on Sunday of Taghreed Abeaed, the 31-year-old Palestinian woman and mother of five who died in the searing heat and appalling conditions at Rafah crossing. He will know that 6,000 Palestinians—men, women, children, sick, elderly and dying—are blocked in at Rafah crossing on the Egyptian side, and many more will die if something urgent is not done to relieve their suffering. Will he have talks with his Israeli and EU counterparts to ensure that Rafah crossing is reopened as soon as possible and that EU monitors are reinstated?

David Miliband: I thank my hon. Friend for her kind remarks. She raises a very important point; it is one of several very serious humanitarian issues on the Gaza strip. I was hoping to be able to raise the matter with the Egyptian Foreign Minister, whom I was due to meet tomorrow. However, I will not be able to do so because he will be back in Egypt, but I will certainly take it up with him when I speak to him on the telephone, as I hope to do in the near future.

Mr. Gerrard: I accept what my right hon. Friend said about the importance of supporting the emergency Government, but will he also accept that it is important that we are not seen to be one-sided? If at all possible, we need to maintain some dialogue with Hamas, who were after all elected. If we are going to get a solution, it is necessary to try to redevelop a national consensus among Palestinians. Does he agree that we should do what we can to encourage that, rather than maintaining the divisions that currently exist?

David Miliband: The bedrock of the Government's approach over the next months and years will be threefold: first, to be unstinting in our support for a two-state solution in the middle east, which I think is the position that commands support on both sides of the House; secondly, to support those who are committed to peaceful progress in the region; and thirdly, to support the economic and social development across the occupied Palestinian territories, including the humanitarian work that my hon. Friend referred to.

It is also important to say that we are determined to play our full role in the Quartet's work. The Quartet's principles are the foundation of progress, and my hon. Friend will know that we worked closely with the national unity Government over the past few months. We did so with those members who were committed to peaceful progress and, as I say, that is an important bedrock for the sort of change that we need to see.

I do, however, want to pick up on one thing that my hon. Friend said. It is very important that President Abbas, whom I spoke to last Friday, and Prime Minister Fayyad ensure that Palestinian institutions that are capable of representing the aspirations of all Palestinians come forward to take up their important role in the critical months ahead.

Mr. Nick Hurd (Ruislip-Northwood) (Con): May I add my voice to the congratulations to the new Foreign Secretary, but press him a little further on the previous question? Does he not share the analysis that one of the main messages from the Northern Ireland peace process is that we must now engage with Hamas?

David Miliband: I hope that, in due course, we can discuss that. I say "discuss" and not "debate", because I appreciate that the issue is very complex and that there is much expertise in the House. I hope that we can

discuss the issues at genuine length, but one has to be careful about drawing parallels. Where the Northern Ireland experience can be used, we should of course draw on it, but I would not want to be drawn into a simple export from one part of the world to another, both of which have deep and complex histories associated with them. Having discussed other issues with the hon. Gentleman, I think that he would agree that it is important that we remain part of an international process. The work that we are doing in the EU and with the Quartet is an important component of our work in the region.

Mr. Michael Ancram (Devizes) (Con): I too congratulate the right hon. Gentleman on his appointment. Does he not agree that in the months before the recent terrible events in Gaza and the west bank, one of the brighter initiatives was the Mecca agreement between Fatah and Hamas? Would it not be a good idea for the Government to support every measure possible to get those two parties back round the table in Saudi Arabia to re-implement the Mecca agreement? This time there should be one difference: an international body should supervise the implementation of that agreement to make sure that the provisions are acted upon.

David Miliband: The right hon. and learned Gentleman makes an important point. First, it is important that there should be unity and a negotiating partner on the Palestinian side. The partner needs to be committed to the existence not just of the two-state solution, but of the other state that needs to be party to that: Israel. Secondly—I hope that he will take this in the right way—it is incumbent on me and the Government to be extremely careful about how we lecture others on the way in which they form coalitions and partnerships. The violence in Gaza, directed against President Abbas, has cost more than 100 lives. I choose my words carefully when I say that I very much hope that President Abbas and Prime Minister Fayyad will develop institutions capable of representing the aspirations of all Palestinian people. We need to support them in that.

Stephen Pound (Ealing, North) (Lab): May I add my congratulations to you on your birthday, Mr. Speaker? I am sure that you do not need reminding that today is also the birthday of one of the most distinguished ornaments of the Palace of Westminster. I refer to Police Constable John Harrigan—although it is actually my birthday as well.

Further to my right hon. Friend's answer, may I implore him—not that he needs reminding, because I know that he is acutely aware of this point—not to forget the position of the persecuted and fast-disappearing Christian minorities of the region in the conversations that he has with regional leaders?

David Miliband: My hon. Friend, whose birthday I am happy to celebrate as well—I am sorry that I missed him out earlier, but the research department at the Foreign Office did not quite get to that part of the birthdays list—raises an important point and I will look into it.

Mr. Andrew Pelling (Croydon, Central) (Con): One of the most important prospects for dialogue is the dialogue that could be undertaken by Tony Blair. However, some commentators feel that he has a huge handicap in terms of his previous role as Prime Minister, and the problems in Lebanon and Iraq. What can Her Majesty's Government do to get him over that hurdle and handicap?

David Miliband: From my experience of the former Prime Minister, I would say that he is more than capable of looking after himself. The reaction of leaders from across the region has been significant and positive. The mandate of the former Prime Minister is important and he will be able to develop it under his own steam. In the telephone calls that I have had over the last four days with regional leaders, they have welcomed his appointment and are looking forward to his active engagement in the arena as someone who has real knowledge of the issues that confront anyone who seeks peace for that part of the world.

Sir Gerald Kaufman (Manchester, Gorton) (Lab): In welcoming my right hon. Friend to his appointment and congratulating him, may I ask him to remind the Israeli Government that if they refuse to have dealings with Palestinian moderates, the Palestinians will elect extremists, that if they refuse to have dealings with the elected Palestinian extremists, militants will take over, and that the only hope of peace and security for the Israelis is for them to be realistic about whom they have dealings with, with the objective being to come to a settlement regardless of what their enemies and opponents may say?

David Miliband: My right hon. Friend speaks with a long history of engagement and expertise in this area. This November will mark 40 years since the passage of resolution 242, which marked the start of the UN engagement, which led, in 2002, to the commitment in Security Council resolution 1397, I think it was, to a two-state solution. As I said, the bedrock of our approach will be first to pursue that two-state solution, secondly, actively to support peacemakers in the region and those committed to peaceful political progress, and thirdly, to ensure that we have what the new Prime Minister has called an economic road map, as well as a political road map, for the future—and that it includes the humanitarian issues that I referred to earlier.

Mr. Keith Simpson (Mid-Norfolk) (Con): Mr. Speaker, may I also abase myself and congratulate you on your birthday? We cannot all be 21 again. May I also congratulate the Foreign Secretary on taking up his position? He leaves behind the Rural Payments Agency and flooding and comes to the more tranquil areas of foreign policy. May I ask him, in particular in relation to Gaza, what line the Government are taking to persuade Hamas in Gaza to reach some form of accommodation with President Abbas? Or will the international community just try to isolate Hamas in Gaza and starve it out?

David Miliband: I am grateful to the hon. Gentleman for his kind words, and one day we can talk about the Rural Payments Agency, too. He talked about starving people out; I hope that what I said earlier on the humanitarian issues, and what was reflected in my

subsequent answers, shows that we are absolutely determined to ensure that we play a full part in tackling the diverse humanitarian issues. It is important to put it on record that in the last month there have been about 180 or 190 rockets launched into Israel from the Gaza strip. I am sure that he will understand when I say that the suffering of Palestinians on the one hand, and the fear and insecurity felt by many Israeli citizens on the other, need to be addressed together, and they can only be addressed through mutual recognition, which will be vital to long-term stability in the area.

Ms Diane Abbott (Hackney, North and Stoke Newington) (Lab): Does the Foreign Secretary accept that there is not a lot of point in lecturing the people of the middle east about representative democracy if, when they elect a party that we do not happen to like—in this case Hamas—we try to say that the election was null and void? Surely all that can do is drive the Palestinians into the arms of militants.

David Miliband: As I said earlier, we did engage with the new Government—the national unity Government that was created in the occupied Palestinian territories—over the last year. I think that it is also important to point out that we were part of the EU, which sent about €680 million to that Government over the last year. I think that it is right to say that one issue that unites people across the House is the determination to pursue a two-state solution, and that can only be pursued with people who are willing to recognise that the other state has a right to exist. I know that my hon. Friend is committed to a two-state solution, and I hope that she and the rest of the House can follow through on that commitment, given the difficult waters that we have to navigate.

Mr. Michael Moore (Berwickshire, Roxburgh and Selkirk) (LD): May I be the latest in what will be a very long line of people wishing you a happy birthday today, Mr. Speaker? I, too, welcome the Foreign Secretary to his appointment. There is probably never an easy time to take on that important role, but we on the Liberal Democrat Benches wish him every success.

Returning to the appointment of the former Prime Minister as the Quartet's special envoy, he has been described by the White House as an "aggressive facilitator". Notwithstanding the reaction of some of the regional leaders, does the Foreign Secretary accept that one of Mr. Blair's most pressing challenges will be to overcome the open hostility to his appointment in Gaza and the west bank? Does he also accept that if the former Prime Minister is to win the support of both Palestinians and Israelis, he will have to persuade the international community, with some urgency, to overhaul the discredited temporary international mechanism?

David Miliband: I am grateful to the hon. Gentleman for his kind words, and I look forward to working with him and with the Opposition, where we can find common ground. He mentioned the west bank, but actually President Abbas was keen to impress on me his welcome for the former Prime Minister's appointment to his role, which I think is important. In respect of the temporary international mechanism, I will look at that issue in more detail. Having spoken to regional leaders over the past four years, I have to say that they have not put pressure on anyone to say that the mechanism is discredited—I think that is the term that the hon. Gentleman used. I am sure that there are ways in which the mechanism can be improved, but they have stressed to me that the investment mechanism is an important part of building the sort of economic future that we need.

Richard Burden (Birmingham, Northfield) (Lab): May I add my congratulations to my right hon. Friend? Returning to the issue of humanitarian access, is he aware of the report from Gush Shalom, the Israeli peace organisation, which reports that Western Union and DHL have stopped the transfer of money into Gaza, so the people trapped there cannot even receive support and money from their relatives abroad? Is there not a role for the Quartet to ensure that that kind of humanitarian aid is facilitated, so that people can make ends meet?

David Miliband: I have not read the report to which my hon. Friend refers, but I will look at it. As my hon. Friend the Minister for the Middle East pointed out to me, we are working closely with the International Committee of the Red Cross and funding it, and that is one issue that it is pursuing. I will look into the matter that my hon. Friend the Member for Birmingham, Northfield (Richard Burden) raises and, if I may, write back to him.

European Union Reform

2. **Mr. Greg Hands** (Hammersmith and Fulham) (Con): If he will make a statement on institutional reform of the European Union. [146813]

The Secretary of State for Foreign and Commonwealth Affairs (David Miliband): I refer the hon. Gentleman to the then Prime Minister's post-European Council statement to the House on 25 June. The June European Council agreed a detailed mandate for EU institutional reform. An intergovernmental conference will now be convened under the Portuguese presidency to draft a new treaty. We want to see the IGC concluded promptly. The EU needs to complete institutional reform in order to focus on such issues as climate change, which matter immensely to people right across the European Union.

Mr. Hands: May I take the Foreign Secretary back to a commitment given by his predecessor but one after the French and Dutch votes two years ago? The hon. Member for Vauxhall (Kate Hoey) asked him:

> "Will he assure me that one matter that he would certainly submit to a referendum is the creation of a Foreign Minister and a European President?"

The then Foreign Secretary replied:

> "Those points are central to the European constitutional treaty, and of course I see no prospect of their being brought into force, save through the vehicle of a constitutional treaty."—[*Official Report*, 6 June 2005; Vol. 434, c. 1001.]

The new treaty does indeed include both a Foreign Minister and a President. According to the Government, that would make it a constitution, so why is there no referendum?

David Miliband: The first thing to say is that it is enormously in this country's interest to have a president of the European Council—not a President of Europe, but a president of the European Council—who can replace the six-monthly rotating presidency, which is not just tiresome, but inefficient. Secondly, it is in our interest to ensure that we have a lead representative on foreign policy issues answering on a unanimous basis to the 27 member-state Governments of the European Union. The two issues that the hon. Gentleman raises are good for Britain. That is the first point. Secondly, we do not propose to have a referendum on the reform treaty precisely because it is not a constitution.

Mike Gapes (Ilford, South) (Lab/Co-op): Thank you, Mr. Speaker, and happy birthday. I, too, welcome the new Foreign Secretary to his post. I am sure the Foreign Affairs Committee looks forward to questioning him on these matters over the coming months. Given that the Portuguese presidency of the European Union intends to hold an intergovernmental conference relatively soon and is talking about a process from this month until 18 October, can my right hon. Friend tell us how the House will be able to subject the process to proper scrutiny before the intergovernmental conference?

David Miliband: My hon. Friend raises an important point. Ultimately it will be a matter for the Leader of the House. I am keen that we have extensive investigation and scrutiny of the mandate and then of the reform treaty when it finally comes forward as a treaty, including in front of my hon. Friend's Select Committee. The Government are determined to play their full part in that. I cannot give him the details today, but I understand the point that he makes.

Mr. David Heathcoat-Amory (Wells) (Con): As the EU accounts have been rejected by the auditors for the past 12 years, and as our net contribution to the EU budget this year will be nearly £5 billion, why did the European summit not tackle at all, judging by the published conclusions, the urgent issue of financial reform?

David Miliband: Financial reform is an important issue for the European Union. I know that the previous occupants of Her Majesty's Treasury pursued serious work in that area. No doubt that will continue, but it was not the focus of the European Council, because the European Council was focused on the institutional issues that we are discussing in this question.

Mr. Doug Henderson (Newcastle upon Tyne, North) (Lab): I welcome my right hon. Friend to his new post and I am sure that he will be looking forward to the intricacies and labyrinths of European institutional debate. As he manoeuvres himself along those labyrinths, will he draw a clear distinction for the British public between the fundamental rights charter of the European Union and the human rights articles of the Council of Europe, enabling him to make it clear that no transfer of power to European institutions arises from the draft treaty in June, and that the Council of Europe provisions are as strong today in defending human rights in Britain as they have ever been?

David Miliband: I am grateful to my hon. Friend. Manoeuvring along labyrinths is an enticing prospect—thickets come to mind. He makes an important point about the legal wording that we now have in respect of the charter of fundamental rights, and he is also right to draw the distinction between that and the Council of Europe.

Angus Robertson (Moray) (SNP): In welcoming the entire ministerial team to their responsibilities, I draw attention to the IGC mandate and its call for an enhanced role for national Parliaments, which I hope that everyone very much welcomes. The right hon. Gentleman will also be aware that shared sovereignty in Scotland, Wales and Northern Ireland on many issues is with the EU. What enhanced role does he see for the Parliaments in Scotland, Wales and Northern Ireland in relation to the EU?

David Miliband: We intend to ensure that the devolved arrangements that have been established are made to work in the way that was prescribed in the legislation of the late 1990s.

Mr. Jim McGovern (Dundee, West) (Lab): I, too, welcome my right hon. Friend to his new post, and I wish you, Mr. Speaker, a happy birthday, and many more of them.

As my right hon. Friend said, many of the reforms that were hammered out at the recent conference were aimed at making the EU easier to manage now that there are 27 member states. What is his assessment of the effectiveness of the reforms in addressing that particular point, which was rightly the focus of the discussions?

David Miliband: My hon. Friend makes an important point. This is a good treaty for Britain. It is good that we end the rotating presidency, it is good that the Commission's numbers are reformed, and it is good that we have a new voting system, which is a 45 per cent. increase—

Dr. Julian Lewis (New Forest, East) (Con): May we have a vote, then?

David Miliband: I look forward to a question from the hon. Gentleman, when I will be happy to volley back at full blast.

It is good that national security is definitively and for the first time set out as a national competence, and it is good that the symbols, flags and anthems, which distracted attention from the discussion of the European constitutional treaty as previously put forward, are done away with, so that we can focus on what, in the end, will make the EU useful to this country—jobs, climate and energy, the issues that matter to ordinary people.

Mr. William Hague (Richmond, Yorks) (Con): I join in warmly congratulating the Foreign Secretary on his elevation. There are many bipartisan issues in foreign

policy on which we look forward to working with him, and more than that, there are many very difficult issues, not least in the middle east, on which we wish him every success.

On Europe, however, the right hon. Gentleman may have noticed that Mr. Giscard d'Estaing has said:

"This text is, in fact, a rerun of a great part of the substance of the constitutional treaty";

and

"the public is being led to adopt, without knowing it, the proposals that we dare not present to them directly."

Why does the Foreign Secretary think he said that?

David Miliband: I warmly reciprocate the right hon. Gentleman's kind words. He will certainly find me very keen to co-operate in areas where a bipartisan approach is good for the country. I would not seek to read Giscard d'Estaing's mind, but one does not need to do so to see the difference between the constitutional treaty and the reformed treaty. I have here the published conclusions of the European Council. Clause 1 of the IGC mandate clearly states:

"The constitutional concept, which consisted in repealing all existing treaties and replacing them by a single text called "Constitution", is abandoned"—

not reformed, not amended, but abandoned. The constitutional treaty has been abandoned. That is not just my view, nor is it just the view of our Prime Minister—it is the view of the 27 Heads of Government who signed the document.

Mr. Hague: Could the reason why the former French President said that be that it is true? Is it not clear that

"the new EU treaty preserves the substance of the constitutional treaty"?

Those are not my words, but those of the German Foreign Minister. Did the Prime Minister not say that Ministers had to honour their manifesto and that this was an issue of trust between him and the public? Would it not be a splendid start to the Foreign Secretary's time in office if he were to tell the Prime Minister that if there is no referendum on the revived EU constitution, he will never be able to use the words "honour" and "trust" with any credibility again?

David Miliband: The right hon. Gentleman's memory has deserted him. When he first entered this House, he worked with 11 other members of the current shadow Cabinet and 22 current Conservative Front Benchers to vote against a referendum on the Maastricht treaty, which involved a smaller transfer of power. The hon. Member for Aylesbury (Mr. Lidington) is a new member of the Opposition Front-Bench team, and it is incumbent on me to mention his distinguished record, working with Douglas Hurd to ensure that the Maastricht treaty was piloted through this House before 1992. He entered this House in 1992, and he voted against a referendum on a motion that I can read out, if hon. Members are interested. His membership of the Conservative Front-Bench team should mean that the Conservative party, instead of being a dying sect, returns to being a mainstream, sensible political party.

Keith Vaz (Leicester, East) (Lab): I join other hon. Members in welcoming the Foreign Secretary to his post. There is no need for a referendum on an amending treaty. Will he assure the House that the IGC will not be an end to this Government's commitment to the reform agenda in Europe? We should push the process forward to ensure the more efficient use of the European institutions and the greater enlargement of the EU.

David Miliband: My right hon. Friend speaks with the authority of a former Minister for Europe who has been through the European labyrinth that my hon. Friend the Member for Newcastle upon Tyne, North (Mr. Henderson) has described. He is right, because in the end the European Union must prove its worth by delivering for the people who elect us to this House and to other Parliaments around Europe. It adds value when it focuses on the things that need to be done at a European level. Those things should be done efficiently, which is what this Government are determined to advocate.

EU Treaty Opt-outs

3. **Mr. Graham Brady** (Altrincham and Sale, West) (Con): what advice he has received on the legal status of the opt-outs from the proposed EU treaty. [146814]

The Minister for Europe (Mr. Jim Murphy): I refer the hon. Gentleman to my right hon. Friend the then Prime Minister's post-European Council statement to the House on 25 June this year. The Government received legal advice from the Government lawyers on all aspects of the IGC mandate.

Mr. Brady: I congratulate the Minister on his appointment, although I think it regrettable, given the important negotiations that lie ahead, that the new Prime Minister has downgraded his post by not allowing him to attend Cabinet, which his two predecessors did. May I draw his attention to the comments of the legal adviser to the European Scrutiny Committee, Mr. Michael Carpenter, who said that the declaration on foreign affairs might turn out to be completely meaningless, and who went on to cast doubt on all the other opt-outs on the so-called red lines? Given that the whole case made by the then Prime Minister as to why we were not going to have a referendum was based on those opt-outs on his so-called red lines, has that not been shown to be completely and utterly worthless?

Mr. Murphy: Not at all. However, I begin by thanking the hon. Gentleman for his kind words of welcome to this important job. I also thank him for championing my cause; my mother will be pleased. The hon. Gentleman's specific points are, of course, unfounded, as were the points made by the right hon. Member for Richmond, Yorks (Mr. Hague). The treaty explicitly confirms for the first time that national security is the sole responsibility of member states. Where we agree, and where we agree unanimously, we will work together, but where we disagree, we will, of course, continue to act independently.

David Taylor (North-West Leicestershire) (Lab/Co-op): The charter of fundamental rights, which is closely associated with the treaty, declares that every worker has the right to the limitation of maximum working

hours. Does the Minister believe that that will leave Britain's existing opt-out open to challenge at the European Court of Justice, and if it does, how vigorously will he defend it?

Mr. Murphy: I thank my hon. Friend for his warm welcoming of me to my new role. In terms of his specific point, I do not agree with him. This does not affect our opt-out in any way. The former Prime Minister made it very clear that one of our red lines is that our existing labour and social legislation would not be affected by this part of the reform treaty, and that is very clear in the outcome of the deliberations.

Mr. John Redwood (Wokingham) (Con): It is quite clear that declarations, protocols, emergency brakes and opt-ins have been tried in the past and have failed; they cannot be relied on. The only thing that works is a veto. Why does the Minister not say that this is going to be a new Government and use the IGC to put the vetoes back—the only sure way of defending the red lines?

Mr. Murphy: The right hon. Gentleman has a long record of being wrong on European issues. He voted against the previous referendum proposals. When we look at the difference between the reform treaty and the constitutional treaty, we see that out has come automatic qualified majority voting for policing and judicial co-operation in criminal matters, out has come any suggestion of a binding charter of fundamental rights, out has come the weak emergency brake on social security measures, and out has come possible communal decision making for foreign and defence policy. Much has changed, but the right hon. Gentleman's decades-long, strident opposition to the UK's membership of the European Union still remains.

Mr. Mark Francois (Rayleigh) (Con): May I reassure the hon. Gentleman's mother and welcome him to his new and important role? In that role, does he agree with his ministerial colleague, Sir Digby Jones, who recently told the Economic Research Council:

"This is a con to call this a treaty—it's not. It's exactly the same—it's a constitution"?

Was not the new Trade and Investment Minister exactly right?

Mr. Murphy: I thank the hon. Gentleman for his warm welcome. We have always had a very good and friendly relationship, particularly in European Standing Committees A, B and C, but I do not agree with his comments. My right hon. Friend the Secretary of State has already made it clear that, as it says loud and clear in the reform treaty, the "constitutional concept…is abandoned".

UN Resolution 1701

5. **Mr. David Amess** (Southend, West) (Con): What steps the Government are taking to support the enforcement of UN Security Council resolution 1701, with particular reference to its call for the release of abducted Israeli soldiers. [146816]

The Minister for the Middle East (Dr. Kim Howells): May I, Mr. Speaker, add my best wishes to you on your birthday?

Full implementation of UN Security Council resolution 1701 remains a high priority for the Government. We continue to call for the unconditional and immediate release of Ehud Goldwasser and Eldad Regev, the Israeli soldiers captured by Hezbollah on 12 July 2006, almost a year ago. The UN facilitator appointed by the Secretary-General leads on negotiations to secure their release. The UN has the United Kingdom's full support as it takes this important work forward.

Mr. Amess: As the Minister told the House, it is nearly a year since those two Israeli soldiers were captured. He will be aware that last week the UN-Lebanon independent border assessment team revealed that the borders between Lebanon and Syria have been opened to the smuggling of weapons and goods, which is in violation of resolution 1701. Will he tell the House what discussions the Government have had with other Security Council members and with Syria to stop the illegal flow of these weapons to Hezbollah and to Palestinian terrorist organisations in Lebanon?

Dr. Howells: The hon. Gentleman is right; this is a very serious situation and one which the United Nations has been trying to address. I went to the Israeli border on the Lebanese side, south of the Litani river, to speak with General Graziano, who is running UNIFIL—the United Nations Interim Force in Lebanon—down there. He told me that he was pretty confident that there is not a large amount of smuggling coming over the Syrian border in that part of Lebanon, but he could not give those guarantees for the northern part of Lebanon. That is a very long and very porous border, as the hon. Gentleman says. We have been urging the Syrians, and everyone else, to turn the rhetoric about wanting stability in Lebanon and in the middle east into reality by doing their best to promote peace in that area and not to support rejectionist groups and Hezbollah, paid for by Iran, that are intent on causing destruction and mayhem.

Fiona Mactaggart (Slough) (Lab): Happy birthday, Mr. Speaker. It is nice to see one old face among such an excellent new team.

One of the features of resolution 1701 was a commitment for Israel to publish maps of any landmines in the Lebanon. There are still landmines there. What action could the UK, with its expertise in de-mining, take to assist with the removal of landmines, which are causing such havoc in Lebanon?

Dr. Howells: I will not comment on the "old" adjective.

We are worried about the levels of unexploded ordnance throughout southern Lebanon and we have committed a total of £2.8 million to clearing unexploded ordinance in the area. We have also asked the Government of Israel to hand over all relevant maps, which could help us locate unexploded ordnance—whether mines or the configuration of shells that were fired by artillery from Israel. I am afraid that, so far, we have not had that co-operation, although we have had promises of it.

Mr. Brooks Newmark (Braintree) (Con): The Syrians have said that they want to play a constructive role in bringing about peace in the region. What pressure is being brought to bear on the Syrian Government, given their relationship with Hezbollah, to ensure the release of the two Israeli soldiers?

Dr. Howells: We certainly have pressed—and will continue to press—the Syrian Government to play their part in trying to bring peace to the Lebanon and to secure the release of the Israeli soldiers. I must admit to the hon. Gentleman that we have not made a great deal of progress, but at least talks have begun. My right hon. Friend the Member for Derby, South (Margaret Beckett), the former Foreign Secretary, met Foreign Minister Mouallem of Syria in the margins of a recent conference and pressed him in order to try to discover Syria's attitude to its continuing support of Palestinian rejectionist groups and its apparent lack of co-operation in trying to find and return the Israeli soldiers. We would very much like an answer from Syria about that.

We want good relationships with Syria. We understand the important part that it could play in bringing peace to the middle east. So far, its reaction has not been helpful but we will urge the Syrian Government to change their mind about that and play their part in co-operating to bring peace to the region and ensure the return of the soldiers.

Hamas

6. **Mrs. Madeleine Moon** (Bridgend) (Lab): What assessment he has made of the effect of the Hamas movement for regional stability in the middle east. [146817]

The Secretary of State for Foreign and Commonwealth Affairs (David Miliband): The violence of recent weeks has undermined the political foundations of robust and durable progress towards a two-state solution. The Quartet principles remain an essential basis for an inclusive political process. We will support the work of Tony Blair as the new Quartet representative in helping to build the capacity and institutions of a viable Palestinian state.

Mrs. Moon: Thank you for calling me, Mr. Speaker. Happy birthday.

In welcoming my right hon. Friend to his new role, may I say that I was surprised to see that article 22 of the Hamas constitution of 1988 argues that Zionist secret societies, such as the freemasons, the Rotarians and the Lions, were established to sabotage society and promote Zionist interests? With such views, is a peaceful solution possible between a Hamas Government in Gaza, a Fatah Government in the west bank and Israel? Are we moving towards a three-state rather than a two-state solution?

David Miliband: I said earlier that the bedrock of our approach would be to support first, a two-state solution; secondly, all those committed to peaceful negotiation in search of a solution; and, thirdly, the economic, social and humanitarian work that is essential. Consistency with the Quartet principles is the foundation. Obviously, we deplore the sort of sentiments that my hon. Friend read from the Hamas charter, because they are incompatible with the settled two-state solution that is the foundation for a peaceful middle east.

Mr. Nicholas Soames (Mid-Sussex) (Con): Will the right hon. Gentleman use his best endeavours to urge our American friends to cease poisoning the well of relations between Fatah and Hamas? Does he agree that Palestinian unity is extremely important if security is to return to the territories, and that—most important of all—peace talks can recommence with Israel?

David Miliband: Palestinian unity is important, but the violence, the killing, the feuding between Hamas and Fatah representatives and supporters has deep roots. I cannot agree with the hon. Gentleman when he says that it is all the fault of the Americans—*[Interruption]*—or words to that effect. "Poisoning the well" was the expression that he used, but one has to be very careful in making that sort of allegation. The unity to which he referred and a set of Palestinian institutions that can provide the political basis for proper negotiations are obviously essential. I will certainly discuss those and other issues with Condoleezza Rice, my opposite number, when I visit the United States in due course.

Ann Clwyd (Cynon Valley) (Lab): Does my right hon. Friend agree that it might help the peace process if the 44 properly elected Palestinian Members of Parliament who have been in Israeli jails for a considerable time were charged and brought to trial, and that the Inter-Parliamentary Union, which has been trying to visit them in jail for almost two years, should be given that access?

David Miliband: Yes, they should either be charged or released, which I think was the idea behind my right hon. Friend's question.

Mr. Crispin Blunt (Reigate) (Con): May I reinforce the call of the right hon. Member for Cynon Valley (Ann Clwyd)? If the Palestinian Legislative Council were the same size as this Chamber, 220 of us would now be in detention. As it is primarily supporters of Hamas who have been detained, what effect does the Foreign Secretary believe that that has on popular support for Hamas among Palestinians?

David Miliband: Perhaps unfortunately for the hon. Gentleman, I gave a very clear answer to my right hon. Friend. The Quartet principles make it clear that recent events made it doubly imperative that there should be progress and re-engagement in the area. This issue and its resolution provide classic ground for the sort of progress that is needed.

Dr. Phyllis Starkey (Milton Keynes, South-West) (Lab): As we speak, the Israelis are continuing to expand their illegal settlements in the west bank. The population of Israelis in the occupied territories has risen at five times the rate of the population of Israelis within Israel. Will the Foreign Secretary urge the Israelis to stop taking further west bank land, as that

merely strengthens the extremists on the Palestinian side and weakens the moderates, making a two-state solution impossible?

David Miliband: Yes; I know that my hon. Friend takes a close interest in these issues. Settlement building is contrary to international law. We will continue to raise the matter with the Israeli Government, because the road map is clear that Israel should freeze settlement activity.

Kosovo

7. **Mr. John Randall** (Uxbridge) (Con): What recent discussions he has had with his EU counterparts on the final status of Kosovo. [146818]

The Minister for Europe (Mr. Jim Murphy): Last month, the former Foreign Secretary discussed Kosovo with our EU colleagues at the General Affairs and External Relations Council and in the run-up to the European Council. This issue is also frequently raised in bilateral meetings with EU member states.

Mr. Randall: Will the Minister confirm that the Government continue to consider the integrity of UN resolution 1244 and the territory of sovereign states? Will he also confirm that Her Majesty's Government will never unilaterally recognise an independent Kosovo?

Mr. Murphy: Her Majesty's Government support the UN special envoy Ahtisaari's proposals, which took 14 months of intense negotiations and involved Serbs and Kosovo Albanians. He carried out his negotiations professionally and with integrity and we believe that that formed the basis of the subsequent UN resolution.

Mr. Geoffrey Clifton-Brown (Cotswold) (Con): May I add my congratulations to you on your birthday, Mr. Speaker? May I also congratulate the Minister on his new appointment? No doubt the Opposition will work closely with him.

Will the Minister confirm that the Ahtisaari plan for the future of an independent Kosovo is the only fair and sustainable option on the table at the moment? Will he also confirm that his Government have been having discussions with the Russians, to persuade them that neither they nor their Serb rivals have anything to fear from an independent Kosovo? If he is unable to persuade the Russians that they should not use their veto, what contingency plans has he to deal with the situation in that event?

Mr. Murphy: I thank the hon. Gentleman for his warm welcome. He is right to say that we have discussions and negotiations with our Russian colleagues on this important issue, as we do with others throughout Europe. This is also an issue that has been discussed between the Presidents of the United States and Russia over the past 48 hours. One of the areas of concern to Russia and the Serbs is the protection of Kosovo Serbs. The Ahtisaari plan is very detailed and contains a comprehensive set of protections, which should provide important comfort as we move towards establishing the new UN resolution.

Angela Barratt

8. **Mr. Jim Devine** (Livingston) (Lab): If he will make a statement on the detention of Angela Barratt in Turkey. [146819]

The Parliamentary Under-Secretary of State for Foreign and Commonwealth Affairs (Meg Munn): We have provided extensive consular assistance to Angela Barratt as well as to her family in the UK. We have also been making representations to the Turkish authorities where appropriate. She was found guilty and sentenced on 26 June 2007 and is currently on bail pending appeal, so her case remains sub judice.

Mr. Devine: May I too wish you a happy birthday, Mr. Speaker?

Angela's relatives are constituents of mine, and they have asked me to thank my hon. Friend's Department for the support that they have received. Can they have an assurance that that support will continue?

Meg Munn: Yes, I can give an assurance that that support will continue. Our consular staff will continue to provide that support, as appropriate, when requested.

Bangladesh

10. **Ms Sally Keeble** (Northampton, North) (Lab): What discussions he has had with the caretaker Government of Bangladesh on the forthcoming elections in Bangladesh. [146822]

The Parliamentary Under-Secretary of State for Foreign and Commonwealth Affairs (Meg Munn): My right hon. Friend the Member for Derby, South (Margaret Beckett), the then Foreign Secretary, met the foreign affairs adviser of the caretaker Government of Bangladesh on 19 April. She welcomed the Government's commitment to restore democracy before the end of next year, looked forward to free and fair elections, applauded the Government's drive against corruption, and stressed the need to respect human rights and due process.

Ms Keeble: I am grateful for that answer. I am sure that my hon. Friend will be aware of the high level of concern in the Bangladeshi community here in the UK about the situation in Bangladesh and the need for a proper democratic Government there. What will my hon. Friend's Department do to impress on the caretaker Government the need to work with the political parties in Bangladesh to get them re-established and working again properly, so that they can play a proper part in free and fair elections?

Meg Munn: I entirely agree with the sentiments expressed by my hon. Friend. We believe that the lifting of the ban on party political activities will be an important step towards creating the right conditions, and we stand ready to offer practical assistance. We await the findings of the United Nations Development Programme's assessment of the extent of the assistance required to pave the way for free and fair elections.

Mr. Nigel Evans (Ribble Valley) (Con): I understand that the Bangladeshi Government recently met representatives of the European Union and gave a commitment that the Bangladeshi electoral commission would bring forward a road map for elections by mid-July. During the Minister's negotiations with her opposite number in Bangladesh, will she ensure that any assistance needed for the production of that road map will be provided?

Meg Munn: I thank the hon. Gentleman for his question. We are assisting with that and will continue to press the Bangladeshi Government to keep to that timetable.

Gaza

11. **Mr. Fabian Hamilton** (Leeds, North-East) (Lab): What assessment he has made of the prospects for a viable Palestinian state following the Hamas action in Gaza. [146823]

12. **Mr. David Burrowes** (Enfield, Southgate) (Con): If he will make a statement on the middle east peace process. [146824]

The Minister for the Middle East (Dr. Kim Howells): The middle east peace process is one of our highest priorities. Our objective remains a negotiated two-state solution to the Israeli-Palestinian conflict. The two-state solution is the only realistic basis for a just and lasting peace, despite Hamas actions in Gaza. That means a viable state of Palestine living in peace and security alongside the state of Israel. Both parties need to fulfil their obligations in order for that to become a reality. The international community has a key role to play in helping to secure that outcome, and the Government are fully committed to doing whatever they can to help.

Mr. Hamilton: I thank my hon. Friend for that answer, but does he not agree that it is a secure economic future for the Palestinians that will make a future Palestinian state viable? Will he tell the House what the Government are doing to help the economic development of the Palestinian people?

Dr. Howells: I doubt whether there is a politician across the world who has paid more attention than my right hon. Friend the Prime Minister to trying to find economic solutions to the problems in Gaza and the west bank as part of a peaceful solution to that long-running conflict. We will continue to do so, because we recognise that the lack of jobs and the fact that there is no sense of an economic future are a curse on the region. I am sure that my right hon. Friend the Prime Minister will continue to put the resources required into ensuring that we play our part in the rebuilding of the infrastructure of both Gaza and the west bank.

Mr. Speaker: I call David Burrowes.

Hon. Members: He is not here.

Mr. Julian Brazier (Canterbury) (Con): Does the Minister accept that the Israeli Government themselves, however inadvertently, played a not insignificant role in the rise of Hamas, not least by encouraging continued settlement building and continually snubbing President Abbas in the early days? Does he accept that there is no way forward on the two-state solution, which we all desire, unless all the parties with real power in the area, including Hamas itself, are part of the process?

Dr. Howells: We have never denied that Hamas should play a part, but it must be a constructive part. I would very much like it to play that role, which I believe the Palestinian people elected it to play. However, we cannot treat Hamas in the same way as other players in the region if it supports suicide bombers and if it plays a game of violence, and does not take a peaceful approach to the problem. There is no question but that Hamas was the democratic expression of the majority of the Palestinian people in the elections—that is not disputed—but the hon. Gentleman will agree that we cannot deal with a Government with elected representatives who advocate terrorism as a way of achieving some kind of political settlement in such a sensitive area.

Burma

13. **Julie Morgan** (Cardiff, North) (Lab): What recent discussions he has had with his EU counterparts on the situation in Burma. [146825]

The Parliamentary Under-Secretary of State for Foreign and Commonwealth Affairs (Meg Munn): I have not had any discussions on the situation in Burma with my EU counterparts. However, my right hon. Friend the Member for Derby, South (Margaret Beckett), the then Foreign Secretary, and her EU colleagues issued a statement at the General Affairs Council meeting in Luxembourg on 23 April expressing concern about the situation in Burma. EU Ministers and their Asian counterparts issued a further statement at the Asia-Europe Foreign Ministers meeting in Hamburg on 29 May.

Julie Morgan: Congratulations, Mr. Speaker, on your birthday.

I thank the Minister for her response, and I welcome her to her new post. Does she think that there is any more that the EU can do to help end the suffering and the abuse of human rights endured by many thousands of people in Burma? Those abuses, particularly the practice of portering—using detainees as porters in armed conflicts—were even condemned last Friday by the International Committee of the Red Cross, which usually remains neutral. That is the strongest example of its speaking out since Rwanda.

Meg Munn: I thank my hon. Friend for her warm comments, and I pay tribute to the work that she has done on Burma over many years. The EU common position is the best achievable policy. The EU acting as 27 carries more weight than individual members acting alone. However, we are deeply concerned that the ICRC has been forced to close two field offices in Burma, and we share the concerns that it has expressed. We will continue to keep the matter under review, and I entirely share the sentiments expressed by my hon. Friend.

Mr. Alistair Carmichael (Orkney and Shetland) (LD): I welcome the Minister to her new position. As secretary of the all-party group for democracy in

Burma, may I tell her that we enjoyed a very good relationship with her predecessor, the right hon. Member for Makerfield (Mr. McCartney), and I hope that we will enjoy a similar relationship with her? Her predecessor wrote to me last month explaining that the Government were pursuing the question of non-British companies investing in Burma through the British Virgin Islands. Requests were made for that claim to be investigated by the local authorities there, so can she tell me what progress has been made?

Meg Munn: I thank the hon. Gentleman for his comments and congratulate him on his work on the all-party group on Burma; that group is widely appreciated throughout the House. Unfortunately, during my few days in post I have been unable to attain the level of detail to be able to answer his question. I hope that he will bear with me by allowing me to write to him on it. I will certainly pursue the matter on his behalf.

Constitutional Reform

3.30 pm

The Prime Minister (Mr. Gordon Brown): With permission, Mr. Speaker, my first, most important and most solemn duty is to pay tribute to the five members of our armed forces who lost their lives in Iraq and Afghanistan over the past week. Corporal Paul Joszko of the 2nd Battalion the Royal Welsh, Private Scott Kennedy of the Black Watch, 3rd Battalion the Royal Regiment of Scotland, and my constituent Private Jamie Kerr, also of the Black Watch, were all killed on patrol last Wednesday in Basra. Captain Sean Dolan of the 1st Battalion the Worcestershire and Sherwood Foresters and Sergeant David Wilkinson of 19 Regiment Royal Artillery were killed at the weekend in Afghanistan. They served their country bravely, and the whole House will join me in sending our sincere condolences to their families.

May I also pay tribute, Mr. Speaker, to the professionalism of our police, emergency services and security services over recent days, and applaud the heroism and vigilance of ordinary members of the British public? We owe them all a great debt of gratitude.

All Members of this House and all the people of this country have a shared interest in building trust in our democracy, and it is my hope that, by working together for change in a spirit that takes us beyond parties and beyond partisanship, we can agree a new British constitutional settlement that entrusts more power to Parliament and the British people. Change, with a new settlement, is in my view essential to our country's future. For we will meet the new challenges of security, of economic change and of communities under pressure—and forge a stronger shared national purpose—only by building a new relationship between citizens and Government that ensures that Government is a better servant of the people.

Let me pay tribute to the contribution to our thinking—and to the wider constitutional debate—that has already been made by parliamentarians in all parts of the House. Because I want this process to be one in which we consult and involve not only all political parties but the people of this country, what I propose today is not, and should not be seen as, the final blueprint for a constitutional settlement, but a route map towards it.

The route map seeks to address two fundamental issues: to hold power more accountable and to uphold and enhance the rights and responsibilities of the citizen. Constitutional change will not be the work of just one Bill or one year or one Parliament, but I can today make an immediate start by proposing changes that will transfer power from the Prime Minister and the Executive. For centuries, they have exercised authority in the name of the monarchy without the people and their elected representatives being consulted, so I now propose that in 12 important areas of our national life the Prime Minister and the Executive should surrender or limit their powers, the exclusive exercise of which by the Government of the day should have no place in a modern democracy. These are: the power of the Executive to declare war; the power to request the dissolution of Parliament; the power over recall of Parliament; the power of the Executive to ratify international treaties without decision by Parliament; the power to make key public appointments without effective scrutiny; the power to restrict parliamentary oversight of our intelligence services; power to choose bishops; power in the appointment of judges; power to direct prosecutors in individual criminal cases; power over the civil service itself; and the Executive powers to determine the rules governing entitlement to passports and the granting of pardons. I now propose to surrender or limit these powers to make for a more open 21st-century British democracy which better serves the British people.

Let me set out the measures, the details of which are included in a Green Paper published today by the Secretary of State for Justice. Constitutional change should never limit our ability to deal with emergencies and should never jeopardise the security of our forces or any necessary operational decisions, but the Government will now consult on a resolution to guarantee that on the grave issue of peace and war it is ultimately this House of Commons that will make the decision. I propose, in addition, to put on to a statutory footing Parliament's right to ratify new international treaties.

We will also consult on proposals that this House of Commons would have to approve a resolution for any dissolution of Parliament requested by the Prime Minister and that, while at present members of Parliament cannot decide whether the House should be recalled, for the first time a majority of Members—and not just the Prime Minister—should have that right, subject to your authority, Mr. Speaker.

The House of Commons should also have a bigger role in the selection of key public officials. I propose, as a first step, pre-appointment hearings for public officials whose role it is to protect the public's rights and interests, and for whom there is not currently independent scrutiny. That includes the chief inspector of prisons, the local government ombudsman, the civil service commissioner and the commissioner for public appointments. For public offices where appointments are acknowledged to be market-sensitive, the Chancellor is setting out today how pre-commencement hearings will apply to new members of the Monetary Policy Committee, including the Governor of the Bank of England, and the chairman of the Financial Services Authority. I also propose that we extend pre-commencement hearings in this House to utility regulators and other regulators. I propose that we review too the arrangements for making appointments to NHS boards, and it is right that this House of Commons vote on the appointment of the chair of the new independent Statistics Board.

I can announce also that from now on the Government will regularly publish, for parliamentary debate and public scrutiny, our national security strategy. It will set out for the British people the threats we face and the objectives we pursue. I have said for some time that the long-term and continuing security obligations on us require us to co-ordinate military, policing, intelligence and diplomatic action—and also to win hearts and minds in this country and around the world. So following discussions over the last few months, I have decided to establish within Government a national security council, charged with bringing

[The Prime Minister]

together our overseas defence and security, but also our development and community relations efforts, to send out a clear message that at all times we will be vigilant and we will never yield in addressing the terrorist threat.

As the security agencies themselves recognise, greater accountability to Parliament can strengthen still further public support for the work that they do. So while ensuring necessary safeguards that respect confidentiality and security, we will now consult on whether and how the Intelligence and Security Committee can be appointed by, and report to, Parliament. And we will start now with hearings, held in public wherever possible; a strengthened capacity for investigations; reports subject to more parliamentary debate; and greater transparency over appointments to the Committee.

The Church of England is, and should remain, the established Church in England. Establishment does not, however, justify the Prime Minister influencing senior Church appointments, including bishops. And I also propose that the Government should consider relinquishing their residual role in the appointment of judges.

The role of Attorney-General, which combines legal and ministerial functions, needs to change. While we consult on reform, the Attorney-General has herself decided, except if the law or national security requires it, not to make key prosecution decisions in individual criminal cases.

To reinforce the neutrality of the civil service, the core principles governing it will no longer be set at the discretion of the Executive but will be legislated by Parliament—and so this Government have finally responded to the central recommendation of the Northcote-Trevelyan report on the civil service made more than 150 years ago in 1854. The frameworks for granting pardons and for issuing and withdrawing passports should also be set not by Government but by Parliament. And I propose that we reduce the advance sight that Government Departments have of the release of statistical information from as much as five days currently to just 24 hours.

Even as we now reduce the power of the Executive, we will also increase their accountability. Following the decision to revoke the provisions that previously allowed special advisers to give orders to civil servants, I am also publishing a new ministerial code today that provides for a new independent adviser to supervise disclosure, whom I can ask to scrutinise ministerial conduct, including conflicts of interest. I propose that we reinforce the accountability of the Executive to Parliament and to the public with a statement in the summer, prior to the Queen's Speech, on the provisional forward legislative programme, and this will start this month. Annual departmental reports will be debated in this House.

But just as the Executive must become more accountable to Parliament, Parliament itself must become more accountable. Given the vote in this House in March for major reform of the House of Lords as a second and revising Chamber with provision for democratic election, a statement will be made by the Government before the recess as we press ahead with reform. A statement on the reform of local government will propose a new concordat between local and central Government. We will fulfil our manifesto obligation to publish our review of the experience of the various voting systems introduced since 1998, and the House will have a full opportunity to discuss in detail, and to vote here in this House on, the legislation that flows from the European Union amending treaty.

Just as we have appointed Ministers for each region of England, I propose that, to increase the accountability of local and regional decision making, the House now consider creating Committees to review the economies and public services of each region, and we will propose a regular Question Time for regional Ministers. But while we will listen to all proposals to improve our constitution in the light of devolution, we do not accept the proposal for English votes for English laws, which would create two classes of Members of Parliament—some entitled to vote on all issues, some invited to vote on only some. We will do nothing to put at risk the Union. I am reminded—*[Interruption.]*

Mr. Speaker: Order. I want hon. Members and right hon. Members to listen to the statement. Obviously, there will be a chance for hon. Members to ask a supplementary question.

The Prime Minister: I am reminded of the statement in 1999 by the right hon. Member for Haltemprice and Howden (David Davis), the shadow Home Secretary, who said that English votes for English laws would cause constitutional chaos.

The right of all the British people to have their voice heard is fundamental to our democracy and to holding public institutions to account. Britain is rightly proud to be the pioneer of the modern liberties of the individual. I think it right to make it a general rule that in these areas there is independent oversight of authorities and accountability to Parliament. I encourage the House to agree a new process for ensuring consideration of petitions from members of the public. Disengagement is too often reflected in low turnout in elections. Britain is unusual in holding elections on weekdays, when people are at work, and the Secretary of State for Justice will announce a consultation on whether there is a case for voting at weekends.

The Government will also bring forward proposals to extend the period of time during which parties can use all-women short lists for candidate selections, and to give more time for all parties in this House to take up this new right, if they choose. While balancing the need for public order with the right to public dissent, I think it right—in consultation with the Metropolitan police, Parliament, the Mayor of London, Westminster city council and liberties groups—to change the laws that now restrict the right to demonstrate in Parliament square.

The measures that I have just announced represent, in my view, an important step forward in changing the way we are governed, but it is possible to do more to bring Government closer to the people.

Although our system of representative democracy—local as well as national—is at the heart of our constitution, it can be enhanced by devolving more

power directly to the people, and I propose that we start the debate and consult on empowering citizens and communities in four areas. The first is powers of initiative, extending the right of the British people to intervene with their elected local representatives to ensure action, through a new community right to call for action and new duties on public bodies to involve local people.

The second is new rights for the British people to be consulted through mechanisms such as "citizens juries" on major decisions affecting their lives. The third is powers of redress, and new rights for the British people to scrutinise and improve the local delivery of services. The fourth is powers to ballot on spending decisions in areas such as neighbourhood budgets and youth budgets, with decisions on finance made by local people themselves.

At the same time, we must give new life to the very idea of citizenship. All in this House would acknowledge that there are very specific challenges we must meet on engaging young people and improving citizenship education. I hope that there will be all-party support for a commission to review this and make recommendations. Although the voting age has been 18 since 1969, it is right, as part of that debate, to examine, and hear from young people themselves, whether lowering that age would increase participation. Consultation will take place with you, Mr. Speaker, and through the Leader of the House, with this House as to whether the Youth Parliament should be invited here in this Chamber once a year, on a non-sitting day.

What constitutes citizens' rights, beyond voting, and citizens' responsibilities, such as jury service, should itself be a matter for public deliberation. As we focus on the challenges that we face and what unites and integrates our country, our starting point should be to discuss together and then, as other countries do, agree and set down the values, founded in liberty, which define our citizenship and help to define our country. And there is a case that we should go further still than this statement of values to codify either in concordats or in a single document both the duties and rights of citizens and the balance of power between Government, Parliament and the people.

In Britain we have a largely unwritten constitution. To change that would represent a fundamental and historic shift in our constitutional arrangements. So it is right to involve the public in a sustained debate about whether there is a case for the United Kingdom developing a full British Bill of Rights and duties, or for moving towards a written constitution. Because such fundamental change should happen only when there is a settled consensus on whether to proceed, I have asked my right hon. Friend the Secretary of State for Justice to lead a dialogue within Parliament and with people across the United Kingdom by holding a series of hearings, starting in the autumn, in all regions and nations of the country, and we will consult with all the other parties on this process.

So the changes that we propose today and the national debate we now begin are founded on the conviction that the best answer to disengagement from our democracy is to strengthen our democracy. It is my hope that this dialogue of all parties and the British people will lead to a new consensus, a more effective democracy and a stronger sense of shared national purpose. I commend this statement to the House.

Mr. David Cameron (Witney) (Con): I join the Prime Minister in paying tribute to Corporal Paul Joszko, Private Scott Kennedy, and Private James Kerr, all of whom died in Basra, and to Captain Sean Dolan and Sergeant Dave Wilkinson, who were killed in Afghanistan. They died serving their country. I join the Prime Minister, too, in his praise for the work of the police, the emergency services and the security services and also in thanking the public both for their bravery and for their vigilance.

I thank the Prime Minister for his statement today. Let me begin by congratulating him on becoming Prime Minister. He has achieved his long-held ambition, and I hope that there will be opportunities for us to work together, not least on the issue of terrorism and the safety of our people.

The British system of government and politics needs real and lasting change. The country is too centralised, Parliament is too weak, Ministers do not give straight answers and people feel shut out of decision making. That is why we need change. We welcome much of what is in the statement: the national security council was in our policy review; confirmation hearings—one of our proposals; and neighbourhood budgets are in the Sustainable Communities Bill being taken through the House by my hon. Friend the Member for Ruislip-Northwood (Mr. Hurd). But we have to ask this of the Prime Minister: he says he wants to decentralise Government, but is he not the one who has imposed 3,000 central targets on our public services and local government? He says he wants to strengthen Parliament, but how can we forget the 10 years that he has spent on new ways of trying to avoid Parliament, with his stealth tax changes not even mentioned in his Budget? He says he wants all his Ministers to give straight answers, but when he was Chancellor he did not answer a single question about the tax credit system for which he was responsible for more than two and a half years.

The Prime Minister says he wants to restore trust in politics, but surely he has to recognise that he has been at the heart of the Government who have done more than any other Government in living memory to destroy trust in politics. He says he wants to get to the truth. In that case, I have to ask him why he opposes holding an inquiry into Iraq where, above all, we must get to the truth. That is why, when it comes to restoring trust in politics, we simply do not see that the Prime Minister can be the change this country needs.

Let us look at the detail. There are three key relationships: between Government and Parliament, between different parts of the United Kingdom, and between politics and the people. On Parliament, in May last year I said that Parliament should vote on peace and war and on international treaties, so I am glad the Prime Minister will be introducing that; it has our full support. In June this year, I called for real power for Select Committees. The Prime Minister said a lot about the Intelligence and Security Committee, but there was little in the statement about other Select Committees. Will they be getting more power? Three years ago, we sponsored a Civil Service Bill. Can the Prime Minister confirm that what he was talking about in his statement is a full civil service Act?

[Mr. David Cameron]

Does the Prime Minister agree that in changing the relationship between Government and Parliament, we should go further? Is it not time to give the House of Commons the right to determine its own timetable? Is not that the absolute key to restoring power in Parliament?

I listened carefully to what the Prime Minister said about electoral reform. I have to say this: as a Prime Minister who was not elected by the British people, he must understand that any attempt to alter the electoral system without the consent of the people will be seen for what it is—an attempt to change the rules to suit one party's interests and to cling to power.

As the Prime Minister did, let us turn to the relationship between different parts of the United Kingdom. Today, the situation is that neither he, nor I, nor any Member of the House has the right to vote on hospitals, schools or housing in his constituency or in other parts of Scotland, yet he is able to vote on hospitals, schools and housing in my constituency. We already have two classes of MP. Is it not the case that the only effective way to solve that problem is to give MPs in English constituencies the decisive say in the House on issues that affect only England? The Prime Minister has had 30 years to come up with answers to the West Lothian question, and I have to tell him that Question Time for regional Ministers just does not cut it. Does he not see that the failure to answer that question is actually putting the Union at risk?

Now let us look at the third and most important relationship—that between politics and people. Part of the Prime Minister's answer will clearly be the Bill of Rights and duties, but surely at this most serious of times we need greater clarity about the Human Rights Act 1998. Is it not the case that it is now almost impossible to deport foreign nationals who may do this country harm? That is why we believe a proper British Bill of Rights should mean replacing the Human Rights Act.

On the subject of things that have sapped trust in politics, why have the Prime Minister's Government systematically taken more power from local councils and given it to unelected regional assemblies? The only people who were asked their views about that—people in the north-east—gave a resounding no, so why does he not recognise today that regional assemblies are costly, unnecessary and unwanted and should be scrapped?

Above all, how can the Prime Minister possibly restore trust in politics if he will not give the people the final say on one of the biggest constitutional questions of all—whether to sign up to what is in effect the European constitution? He talks about citizens juries. Why not have a jury of all our citizens and ask them to give their verdict on that issue?

However worthy, however sensible and however desirable some of the changes that the Prime Minister has outlined, let us not pretend that they are the answer to restoring trust in politics. Constitutional change is not the solution to broken trust, because the constitution is not the cause of broken trust. It is broken promises that are the cause of broken trust. A vote on Europe, no tax rises, fixing the NHS—these are broken promises and people will ask how the person who broke this trust can be the person to mend it.

Four vital questions go to the heart of this statement. Does the right hon. Gentleman accept that real decentralisation must mean scrapping top-down targets? Does he accept that when there is constitutional change—transferring power from Westminster to Brussels—it should be put to the people in a referendum? Does he accept that real power for Parliament means the House of Commons—not the Government of the day—determining its own agenda? Does he not understand that real reform must mean answering the West Lothian question, which he failed to do today?

Now the Prime Minister tells us that he wants a proper debate in Parliament in which Ministers answer questions. He can start today—four straight questions needing four straight answers. We will engage in this constitutional debate, as we have for the last 18 months, but engagement must involve tackling the real reasons why people in this country are so disillusioned with their politics and the political process.

The Prime Minister: Let me thank the Leader of the Opposition for his welcome to me and also for the sentiments that he expressed about those who have lost their lives in Afghanistan and Iraq over the past week.

I am grateful that the right hon. Gentleman has expressed the agreement of his Opposition party to a number of the proposals that we are putting forward—on the power of the Executive to declare war, on the power of the Executive to ratify international treaties and on the power to restrict parliamentary oversight of the intelligence services. I welcome that. I hope that he will, in time, agree with the other proposals that I have put forward to restrict the patronage of the Executive.

I remember the right hon. Gentleman saying when he became the Leader of the Opposition that he hoped the era of Punch and Judy politics was over. Where we agree with him, I hope that we can make progress, and I hope that all other parties will join us in doing so. Where we disagree, I hope that we can have a vigorous debate that will lead eventually to a consensus in this country.

I want to take up the issues on which the right hon. Gentleman has expressed his disagreement with us. First, he mentioned a British Bill of Rights and the question of whether we can deport people from this country. I can do no better on this matter than quote the chairman of his democracy commission, the man he appointed to do the job of looking at the reform of the constitution and who said that the Conservative proposals for a British Bill of Rights were "xenophobic and legal nonsense". I can only also quote the former tutor to the Leader of the Opposition at university. He said of him:

> "I think he is very confused. I've read his speech and it's filled with contradictions. There are one or two good things in it but one glimpses them, as it were, through a mist of misunderstanding...I'd be quite happy to give him a few more tutorials on civil liberties."

Where we disagree on the European referendum, I can again do no better than quote the chairman of the democracy commission, who said—*[Interruption.]* We are seeking bipartisan agreement, but there is a case for

some bipartisan agreement within the Conservative party itself. The chairman of the Conservative democracy commission said that the treaty referendum proposal put forward by the Conservative party was "Frankly absurd". He said:

"a lot of intelligent, well-educated...businessmen type constituents...would think I was dotty"

—[Interruption.]

Mr. Speaker: Order. Hon. Members should not shout down any Member when he is addressing the House. It should not be done.

The Prime Minister: As far as the European referendum is concerned—and we have discussed it in the last few days—there is no other country but Ireland that is putting forward a proposal to have a referendum. The last Conservative Government did not have a referendum on Maastricht; they never had a referendum on previous treaties. I believe that the Conservative leader is making a grave mistake if he believes that this constitutional debate about the future of the country and the relationships between legislature, Executive and judiciary should be overshadowed simply by a debate on an issue that we will investigate in detail in the House of Commons when the legislation comes before the House in the next few months.

As for the third point of difference—again, I believe that we should seek consensus in the House on this matter—I have said that although I look forward to a discussion about the implications of devolution for our constitution, I do not believe that English votes for English laws is the answer. If the Conservative party wishes to continue to push that, it has to take into account the fact that the Executive would owe their authority to two different groups of people: on one occasion, to all Members of the House and on another occasion, simply to some Members of the House. That is why the shadow Home Secretary said in 1999 that it would cause constitutional chaos and why the right hon. and learned Member for Kensington and Chelsea (Sir Malcolm Rifkind) said only a few weeks ago:

"It would weaken rather than strengthen the United Kingdom."

Yes, we are prepared to look at proposals that will strengthen the United Kingdom in the light of devolution, but no, I do not believe that we will have a sensible debate if it is purely about English votes for English laws—something that would create two categories of Members in the House of Commons.

We will look carefully at all the other proposals that have been put forward by the right hon. Gentleman, but I hope that, on reflection, the Conservative party—which, in its democracy commission, has put forward proposals for the reform of the constitution—will see this as an opportunity for there to be common ground in this country about improving our constitution, making Parliament accountable to the people and renewing trust in our democracy.

Sir Menzies Campbell (North-East Fife) (LD): I join the Prime Minister in his expressions of sympathy and condolence and the tributes that he paid at the outset of his statement.

This is indeed a comprehensive statement and it is therefore not possible to deal with it all in detail in the time available, but we will give a considered response to the Green Paper. My starting point is that reform of our constitution is long overdue and that the United Kingdom deserves a constitution that is fit for the challenges and standards of contemporary Britain. If we are to restore public confidence in our political system, we must be both innovative and inclusive. I therefore welcome the proposals with regard to the prerogative powers and the principle that they should rest with Parliament. However, the Prime Minister used the words "surrender or limit" when describing what he proposed to do, and there is obviously an issue about what is to be surrendered and what is to be limited, and in what way.

I support the Prime Minister's determination that Parliament should have the final word in issues of peace and war, but I notice that he observed that that should be done by way of resolution. Will he consider whether that should be put on a proper statutory footing? I also support the intention to establish a national security council, but from where will members of that council be drawn? Will they simply be drawn from the Ministries or will there be opportunities for Members of Parliament to serve on the council? I also believe—*[Interruption.]*

Mr. Speaker: Order. There is far too much noise in the Chamber. It is unfair to the right hon. and learned Gentleman.

Sir Menzies Campbell: I also believe that we should all welcome the Prime Minister's intention to make the intelligence and security oversight much more transparent. As for Parliament square, it has been a source of great discomfort to many Members, on both sides of the House, that there has been such a limitation on legitimate protest so close to Parliament.

The Prime Minister did not mention in detail a strengthened Committee system. Does he have any proposals to strengthen the powers of Select Committees? He did not mention electoral reform—other than in the context of fulfilling a previous manifesto commitment. Does he understand that, for many people, the reform of the constitution in essence requires electoral reform? There should be fixed terms of Parliament. The best way in which to deal with those matters is through a written constitution.

On the issue of English votes for English laws, does the Prime Minister accept that once devolution is properly established in Northern Ireland, Scotland and Wales, it will be impossible to ignore the role of Members of Parliament from those three nations here in Westminster? That is an issue that simply cannot be dismissed. Finally, will the Prime Minister accept that if the public are to be properly engaged in the matters that he has outlined so comprehensively today, a constitutional convention would be the best and most effective way of ensuring it?

The Prime Minister: I agree with what the right hon. and learned Gentleman has said about the following issues. The first is the reform of the Intelligence and Security Committee—he supports us in that. The second is on the setting up of the national security

[The Prime Minister]

council—I am glad that he is prepared to support us on that. The third is the reform of the right to demonstrate outside Westminster—I understand that he is prepared to support a change in the way that we carry that out. Fourthly, I believe that he supports all the measures that we are bringing forward that will change the royal prerogative. I say to him that the door is always open if he wishes to discuss other matters.

On the questions on which we are not wholly in agreement, of course there is a debate to be had about the future of Select Committees, and it can be led from within the House. Of course I am open to discussing the implications of devolution for our constitution, but I think that the right hon. and learned Gentleman would agree that English votes for English laws would mean that we would no longer have one United Kingdom. As for the constitutional convention that he proposes, let me tell him that a constitutional convention of the great and the good is not as good as hearings that will be held in all parts of the country, that will involve people in different communities of the country, and that will be led by the Secretary of State for Justice after consultation with the other parties. I hope that the right hon. and learned Gentleman will join us in supporting the nationwide debate on the future of the constitution.

Mr. Paul Murphy (Torfaen) (Lab): I congratulate my right hon. Friend on a most remarkable document, but more particularly I welcome the proposals that he has put before the House on ensuring that the Intelligence and Security Committee, which I chair, will be more transparent and accountable. May I reassure him that all members of the Committee, from whatever party, look forward to examining the proposals to make the Committee more transparent, and particularly the proposals on holding more debates in this Chamber and the Chamber of the other place?

The Prime Minister: I am grateful to my right hon. Friend, who has been an excellent chairman of the Intelligence and Security Committee. He has led the way in suggesting that reforms can be made. I feel that the two functions of a Select Committee are first, to investigate, to interrogate and to examine events and what is happening in our country, and secondly, to persuade the country that important things are being done by the services that the Committees are monitoring. It is the second function to which we can now turn our attention. If we have a national security strategy, and if there is a debate on that both in Parliament and in the country, and if there is a power to call witnesses and to report on that, I believe that that second important job of a Select Committee, which is to inform the country of the good work that our services are doing, can be best achieved. I hope that my right hon. Friend will be able to take forward the proposals.

Mr. Alan Beith (Berwick-upon-Tweed) (LD): I welcome the fact that in setting out his encyclopaedia of proposals the Prime Minister has made it clear that they are for debate and discussion, and are not the kind of instant constitutional change that the Select Committee on Constitutional Affairs criticised following recent events. Will he show good faith by resolving the dispute with the senior judges about the arrangements for setting up the Ministry of Justice, and does he recognise that the transfer of power to Parliament will not be meaningful if the Government are able to wheel out their majority to suppress all dissent?

The Prime Minister: The right hon. Gentleman plays a very important role as chairman of the Constitutional Affairs Committee, and I hope that he will join in the discussions that we are having on the future of the constitutional arrangements about which he speaks.

My right hon. Friend the Secretary of State for Justice is holding discussions with the judges about the very issues that the right hon. Gentleman raised, and of course he will report back to the House on the resolution of them.

Sir Stuart Bell (Middlesbrough) (Lab): On behalf of the Church of England, and as the Second Church Estates Commissioner, may I say that the Church congratulates the Prime Minister and the Secretary of State for Justice on the proposals put forward today? They will be given a fair wind and there will be a constructive, positive response from the Church. I also thank the Prime Minister for the prior consultation with the Church of England, and particularly with His Grace the Archbishop of York. Following today's publication of the Green Paper, will there be appropriate consultation with the Church, so that it can modify its internal procedures to encompass the Government's proposals?

The Prime Minister: I am grateful to my hon. Friend. The important role that he plays as a Church Commissioner is reflected in his contribution today. At the same time as he has been commenting on these issues, there has been full consultation, where possible, with the Church of England. I have met the Archbishop of York, the Government have been in touch with the Archbishop of Canterbury, and I hope that we can proceed with the changes by consensus. I know that they reflect the views of many in the House.

Sir Patrick Cormack (South Staffordshire) (Con): If the Prime Minister truly believes in an effective bicameral Parliament, will he take steps to abandon the automatic timetabling of all controversial legislation, and will he not take steps to create a rival elected second Chamber at the other end of the Corridor?

The Prime Minister: I cannot assure the hon. Gentleman about the second matter, which is the subject of debate and where the will of the House of Commons has already been very clearly expressed. On the first matter, I know that it is the subject of discussions by the Modernisation Committee.

Mr. Robert Marshall-Andrews (Medway) (Lab): I congratulate the Prime Minister on his statement. At a time of change, nothing could be more significant than this abrupt departure from the past on central issues of civil liberty. Does he accept that although there may be problems with the letter of the statement, not least the

West Lothian question, it is the spirit in which it is made to the House that will give many of us cause for considerable optimism?

The Prime Minister: For any Prime Minister to be congratulated by the hon. Member is a unique occasion.

Mr. Michael Howard (Folkestone and Hythe) (Con): I welcome many of the proposals that the Prime Minister has put forward, but in rejecting the case for English votes for English laws, he said that he did not want to create two classes of Members of the House. Is it not a fact, as pointed out by my right hon. Friend the Leader of the Opposition, that we already have two classes of Members of the House—those who are able to vote on all measures affecting their constituents, and those who, on many measures, are able to vote only on measures affecting the constituents of others?

The Prime Minister: I disagree with the right hon. and learned Gentleman who, if he studies these matters, will note that devolution is devolution from this United Kingdom Parliament—a decision made by this United Kingdom Parliament and by all Members of the Parliament. I can only quote to him the right hon. and learned Member for Kensington and Chelsea (Sir Malcolm Rifkind), who said:

"Either you are a Member of Parliament or you are not. If you go ahead with this, you will have 100 MPs . . . who are second-class legislators."

That is the issue at stake.

Mr. Michael Meacher (Oldham, West and Royton) (Lab): I strongly commend my right hon. Friend's proposals, particularly his introducing them at the outset as the flagship of his new Administration. Does he accept that if Parliament is genuinely to hold the Executive to account, it must also have the right to set up its own parliamentary commissions of inquiry, where appropriate, into major issues that go beyond the resources and scope of current Select Committees, even in cases where the Executive may, for whatever reason, decline to set up its own investigation?

The Prime Minister: I am grateful to my right hon. Friend. I am sorry that he was not able to join me in the contest for the leadership of the Labour party. It is a matter for Parliament to decide whether to set up its own committees on such matters. That is a matter for Parliament to vote on, but I hope that he agrees that the progress that we are making today, with my proposals for the Intelligence and Security Committee, shows that we are aware of the need for our Select Committees not only to be able to conduct investigations within the House, but to be able to tell the nation, through public reports for which they are responsible, about the work of services such as the security services. By all means, let my right hon. Friend put forward his proposals for the House to decide—but I hope that he will agree that we have made progress on the Intelligence and Security Committee today.

Mr. Elfyn Llwyd (Meirionnydd Nant Conwy) (PC): I congratulate the Prime Minister on his appointment, and I speak on behalf of Plaid Cymru and the Scottish National party. In his statement, he referred to being beyond politics and partisanship, so in that spirit, will he review the convention whereby the Attorney-General's full legal opinion is not usually disclosed to the House of Commons? If not, does he envisage that at some time Parliament will be able to commission its own legal opinion?

I welcome the right hon. Gentleman's proposal to limit the prerogative powers, and we will do whatever we can to assist him in that in order to address the imbalance between the Executive and Parliament.

On devolution, will the right hon. Gentleman confirm that he will do all in his power to ensure that devolution in Wales—the unfinished business—will proceed accordingly and that eventually we will be able to put in place all the Richard commission's suggestions?

The Prime Minister: The last point is a matter for the Welsh Assembly and this United Kingdom Parliament to discuss. We will publish a consultative paper on the future of the position of Attorney-General. The matter that the hon. Gentleman raises about the publication of the advice given by the Attorney-General will, among many other matters, be a subject of that paper, and I have just made a statement today about how the Attorney-General proposes to deal with individual criminal cases in the future.

Mr. Ronnie Campbell (Blyth Valley) (Lab): Will that include consulting local people on local government reorganisation, as in Northumberland, where we do not know which way we are going, and where the people want two-tier local government but the Government seem to want one-tier local government?

The Prime Minister: There is a process for examining the very issue that my hon. Friend raises, and today I suggested that it would be a good thing if there was a concordat between local and central Government, but he will have to wait for a statement by the Secretary of State for Communities and Local Government on the matter that he raises.

Sir John Stanley (Tonbridge and Malling) (Con): Will the Prime Minister assure the House that the measures that he has announced today will in no way prevent the British Government from discharging their fundamental obligation to act in defence of the British people? In particular, will he assure the House that these measures will not have the effect of impeding or delaying the conduct of military or anti-terrorist operations against those who are planning to mount or may already have delivered an attack on the United Kingdom?

The Prime Minister: I am grateful to the right hon. Gentleman for allowing me to clarify the position and to give more detail about what is contained in paragraphs 28, 29 and 30 of the document before him. That explicitly states that we

"would provide sufficient flexibility for deployments which need to be made without prior parliamentary approval for reasons of urgency or necessary operational secrecy. We would want to avoid any risk that members of the Armed Forces could be subject to legal liability for actions taken in good faith while protecting the national interest in such deployments."

[The Prime Minister]

It goes on to suggest how we, as a House of Commons, might debate these issues and come to a resolution of them. I can assure the right hon. Gentleman, both in the detail of my statement and in the detail of the document, that the position that he represents is properly safeguarded.

Paul Flynn (Newport, West) (Lab): I warmly congratulate the Prime Minister on his splendid statement, which will reverse that damaging tendency of at least 50 years of concentrating more and more power in the hands of the Executive and the Prime Minister. I particularly welcome, on behalf of the 1,300 people who work in the Office for National Statistics in Newport, the news that the chairperson of the board, whoever he or she may be, will be elected by Parliament. That comes after the decision last night to accept the Lords amendments to the Statistics and Registration Service Bill, which will do a great deal to strengthen the validity of national statistics.

The Prime Minister: I am grateful to my hon. Friend. What we are proposing with an independent statistics board, with a chairman who is voted upon by the House of Commons, and with restrictions on the pre-release of statistics to Government Departments, is a major step forward in ensuring the independence of statistics in our country and will give greater confidence in the use of statistics in all areas.

Mr. Kenneth Clarke (Rushcliffe) (Con): I welcome the scope of the debate that the Prime Minister has opened today with his statement, and if it concludes successfully I hope that he will feel personally comfortable if he is the Prime Minister in a more open, accountable, collective and democratic Government.

If the House of Commons is to be properly strengthened vis-à-vis the Executive, surely it is essential that it have more control over its timetable so that there is some ability to debate matters when they are still timely and events are unfolding and might be influenced, and that it should strengthen Select Committees by reviving the proposal of the former Leader of the House, Robin Cook, when he was in the Cabinet, that the Chairmen of Select Committees should be selected by secret ballot of every Member of the House. If the right hon. Gentleman embraced both those propositions, we would make a substantial step forward towards strengthening Parliament vis-à-vis the Executive.

The Prime Minister: I am grateful to the right hon. and learned Gentleman for some of the proposals that he put forward through the democracy commission, which he chaired. I hope that there will be common ground, despite some of the earlier comments on future constitutional changes. In particular, I agree with him about the royal prerogative. On Select Committees and the House of Commons, the Modernisation Committee has made some proposals and it is open to hon. Members to make additional proposals. Perhaps we can move towards a consensus in that area, too.

Lynne Jones (Birmingham, Selly Oak) (Lab): I wish my right hon. Friend well—

Mr. Speaker: Order. I called Helen Jones; you are Lynne Jones.

Helen Jones (Warrington, North) (Lab): I do not know whether the conflation of the two of us is welcome or not.

What the Prime Minister has said today is welcome, particularly what he said about reviewing the way in which NHS boards are appointed. Will he provide an assurance that we will make NHS boards not only more accountable, but more representative of the communities that they serve, particularly in areas of health deprivation where people often have little or no representation on the boards that decide how the NHS should be conducted?

The Prime Minister: The virtue of the process that we are starting is that the very issue that my hon. Friend has raised can be part of the discussion in moving forward. I know that there is concern in some areas of the country about both the accountability and the representativeness of the people who sit on boards and committees. During the course of the debate, we can consider whether some of those issues can be addressed. I look forward to debating them.

Mr. Douglas Carswell (Harwich) (Con): In order to make Parliament more accountable, does the Prime Minister envisage some form of popular initiative to allow voters to have a say in the legislative agenda of this House?

The Prime Minister: I have suggested that the House could consider how it deals with petitions from members of the public. In the Scottish Parliament, there is a special procedure for dealing with petitions. In the original European treaty, there was a special proposal for dealing with petitions from members of the public. It may be that in the light of the discussion, the House will want to introduce a trigger mechanism under which, if a certain number of people have signed a petition, it is the subject of debate either in Committee or on the Floor of the House. I encourage hon. Members to examine how we can respond more effectively to public concerns by using the willingness of members of the public to sign petitions as a signal for us to consider how to debate them.

Lynne Jones: I apologise, Mr. Speaker—I am going a little deaf. I am pleased that the Prime Minister is showing signs that his listening capabilities have improved. I wish him well in achieving his aim, which I am sure that we all share, of improving our democracy in this country. I am sure that he is right that we need to work together more effectively. However, patronage and partisanship are not only between parties but within parties. I wonder whether my right hon. Friend has any ideas for dealing with that—I have a few suggestions.

The Prime Minister: The Government have just set up committees to look at the manifesto that we will produce for the general election, and my hon. Friend is welcome to contribute to them.

David Howarth (Cambridge) (LD): The Prime Minister did not respond to one of the questions asked by my right hon. and learned Friend the Member for North-East Fife (Sir Menzies Campbell)—the one about electoral reform. Will he state his personal view on electoral reform for this House? Does he recognise that having a Government who are invariably elected by a minority among the voters of this country undermines the legitimacy of all Governments?

The Prime Minister: The first stage of any future discussion will be the publication, soon, of the review of electoral systems, especially those that have been created since 1997. I hope that we can have a full discussion on the basis of that review.

Dr. Tony Wright (Cannock Chase) (Lab): On behalf of the Public Administration Committee, which has over the years recommended a good number of the measures that he announced today, may I say to my right hon. Friend that this is a genuinely historic statement? It is not unusual for an Opposition to say that they want to introduce measures to make Parliament stronger, but it is most unusual for a Government to say that. May I also say that the manner of the announcement—it was made here first—has been good for Parliament, too? It is the first time that I have had journalists phone me to ask if I knew what was going on. This is good for Parliament: long may it continue.

The Prime Minister: I am grateful to my hon. Friend, who does such good work as Chairman of the Committee. I believe that there is scope for bipartisan support for measures such as the ones that I have put forward. I have also suggested areas where the debate can move forward and where all parties should be involved. I know that his Committee, and the proposals that have come from it, will contribute to what final recommendations are made. That points towards a constitutional reform Bill, which I hope will, in the end, be capable of having all-party support.

Sir George Young (North-West Hampshire) (Con): The Prime Minister prefaced his remarks by saying that he wanted to give more power to Parliament. Would not Parliament have more power, and would not it do its job better, if the Committee that decides how to relate to the Executive was chaired by a Back-Bench Member of Parliament, not by a member of the Cabinet?

The Prime Minister: That, again, is a matter for the Modernisation Committee. Obviously, we are willing to discuss these issues. However, I have to tell the right hon. Gentleman that the proposals that we have put forward are a very significant transfer of power from the Executive to Parliament in all the areas that I have set out. The matter that he raises is one on which discussions can take place in this House.

Anne Snelgrove (South Swindon) (Lab): I welcome the depth and breadth of these proposals, especially those relating to local communities and young people. I also welcome the emphasis on regional communities and the regional committees. When my right hon. Friend sets up those committees, will he bear in mind that large communities such as Swindon often look across regional boundaries with regard to their economies?

The Prime Minister: That must always be taken into account in considering the role of regional Ministers or of regional committees. I am saddened that the Opposition parties have not welcomed what we are suggesting on the regions. We have regional planning areas and regional development agencies. We have, in many areas of the country, very active regional organisations and regional offices of the Government. In the spirit that organisations that are doing a public job should be fully accountable where that can be so, I would have thought that there should be all-party support for regional committees and for forms of accountability that hold regional offices to account.

Mr. Nicholas Soames (Mid-Sussex) (Con): The Prime Minister will of course be aware that there is much to welcome in his statement on both sides of the House. However, other issues will need to be looked at with great care and caution. If he is really serious about improving the opportunities of citizenship, especially for our young people, will he acknowledge that this is the only country in Europe, other than Iceland, that stops teaching history compulsorily before the age of 16? Does he understand that the teaching of history is extremely important for people to have an idea about the citizenship of the country to which they belong?

The Prime Minister: I think that the hon. Gentleman knows my views about the importance of teaching history, both in citizenship courses in the curriculum and in history itself—and I have the Children, Schools and Families Secretary sitting next to me.

Andrew Mackinlay (Thurrock) (Lab): The Prime Minister has given an awful lot of important portfolios to Members of the House of Lords. Does he recall how Aneurin Bevan used to draw the attention of the House to the need to speak to the organ grinder instead of the monkey? Can he ensure that we consider having Ministers who hold portfolios in the other House answering questions at this Dispatch Box and the other way around?

The Prime Minister: That would indeed be a constitutional innovation. The Executive must have members in both Houses, and having good Ministers, such as those whom we appointed in the House of Lords, is important to the Government's functioning. Obviously, the future of the House of Lords and the status of election in it is a central question that must be resolved first.

Steve Webb (Northavon) (LD): From his statement, it is clear that the right hon. Gentleman agrees that it is wrong for the Prime Minister to be able to call a general election on a whim, possibly for party advantage. Does not that equally apply to the governing party's power in the Green Paper to do precisely that? Will he therefore seriously consider fixed-term Parliaments, starting with the current one?

The Prime Minister: The document proposes that the dissolution of Parliament cannot simply be at the Prime Minister's discretion but should be by a vote in this House. That is what we shall consider and debate. I will listen to the hon. Gentleman's comments, but I

[The Prime Minister]

hope that he agrees that progress is made by our saying today that the dissolution of Parliament should be by vote of Parliament.

Mr. Chris Mullin (Sunderland, South) (Lab): May I, too, warmly welcome my right hon. Friend's statement, especially the suggestion that the Security and Intelligence Committee be made accountable to the House? The Select Committee on Home Affairs, which I once had the honour to chair, recommended that some time ago. However, may I say to him that, if the past is anything to go by, he will meet considerable resistance during his consultation from the agencies themselves and possibly from members of the existing, appointed Committee? At that stage, an act of political will, not a consultation, will be required.

The Prime Minister: I am grateful for my hon. Friend's comments, but I have to tell him that extensive discussion took place with the security services before the proposal was presented. As I said in my opening remarks, the security services recognise the strength that is given to their work if there is public support for their actions. As I reminded the House, Select Committees have two functions: one is to investigate events and the second is to win public support for the work of the services that they monitor. We should now direct our attention to the second function, and I believe that the security services will not only welcome, but benefit from, opening up the Committee in the way that is suggested.

Pre-Nuptial Agreements

4.31 pm

Mr. Quentin Davies (Grantham and Stamford) (Lab): I beg to move,

That leave be given to bring in a Bill to provide for the enforceability of pre-nuptial agreements; and for connected purposes.

The Bill would give legal effect to pre-nuptial agreements—*[Laughter.]*

Mr. Speaker: Order. The hon. Gentleman is entitled to be heard.

Mr. Davies: Thank you, Mr. Speaker. I emphasise that the Bill is a purely permissive or enabling measure. We should be especially careful when introducing legislation that would impose obligations on the citizen, thereby constraining his liberty. My Bill does nothing of that kind and simply adds to the liberty of the citizen.

The measure will provide the citizen with an option in the conduct of his personal affairs that he currently does not have. It will make it possible for him, when he contemplates entering into a marriage—and, though the short title does not make it clear, when he contemplates a new relationship or he or she is in a relationship—to make an arrangement, which will subsequently be enforceable by the courts, to determine in advance the basis—*[Interruption.]*

Mr. Speaker: Order. I know that the vast majority of hon. Members are courteous, but loud conversations are taking place. That is not good for the democracy that we hold so dear.

Mr. Davies: One or two Conservative Members are understandably sore about some home truths that I had to tell them the other day. I sympathise with that reaction, which does not entirely surprise me.

As I said, the object of the Bill is to give people an option that they do not currently have, thereby adding to the liberty of the subject. It means that, when people are in a relationship or contemplating a relationship or marriage, they can decide with their partner or potential partner the exact basis for the distribution of any assets or liabilities if the relationship fails. It is important to emphasise the voluntary aspect of the proposals.

My Bill would remove two major anomalies of the present time—most significantly a legal anomaly. At present, people can contract in all sorts of ways and reach agreements that will be enforced in the courts—purchase and sale contracts provide a good example, but people can also contract to make agency agreements, exclusivity agreements, service agreements, employment contracts and all sorts of agreements to do with the management and distribution of intellectual property. In all those cases, they can do so with the expectation that if there is a dispute, the agreement will be enforced subsequently in a court in accordance with its terms and subject to normal common-law safeguards, which would certainly apply to my Bill. I refer to safeguards such as no undue influence, no material non-disclosure and so forth.

Many contracts will be enforced by a court even if they are purely oral. It is only in the event of a contract that provides the transfer of real estate that a court will require a written agreement or a written contract.

There is only one other area where a signed agreement or a contract otherwise drawn up is not enforceable in law—and that is a gambling contract or arrangement. I happen to sympathise with that exception to the law, but I simply cannot think what gambling has to do with pre-nuptial agreements or why pre-nuptial agreements should be treated in the same fashion.

There have been a number of high-profile cases in the matrimonial courts recently. One thinks, for example, of the Miller case, the Charman case and the McCartney case, which is presently before the courts. Colleagues may think that those cases have inspired me to bring forward this measure at this moment, but that is not the case. In the context of some of these high-profile cases, it is true that judges have expressed the view that the present law is very unsatisfactory and unfortunately sends a signal to the public that one way of becoming supremely rich in one's own right is to marry someone who is very rich, stay with him or her for a few years and then walk off with half the proceeds. That is clearly an undesirable and unattractive aspect of the present law.

However, it was not those particular cases but rather the situation of people on very modest means that inspired me to propose this measure. I am thinking of people who have just a few assets, perhaps a family house, and who want to protect those assets not only for their own sake but more especially—I am thinking of specific cases now—to protect their children, perhaps their children from their first marriage. The first marriage may have ended in divorce or widowhood and the person may subsequently fall in love with somebody else and want to live with or marry somebody else—*[Interruption.]* Indeed, such changes do happen in life. Such people may want to protect the children from their first relationship from any dispute that might subsequently occur if the relationship breaks down. That is an important aspect of the potential injustice that currently occurs.

There have been suggestions that the law should be changed to provide the same regime as currently applies to married couples—in respect of the distribution of assets in the event of a breakdown—to co-habitees who are not married. I am not in favour of going down that road—*[Interruption.]* I have to say that if the House in its wisdom decided to go down that road one day, it would seem to be particularly important to have on the statute book something like the mechanism that I am currently proposing. Otherwise people currently in such a relationship would find that they faced an invidious and nightmarish choice of either ending the relationship or finding retrospectively that they face a whole number of risks and liabilities that they could not previously have contemplated and would never have voluntarily entered into.

Let me make one final point. I said that the most important anomaly that I was addressing with this Bill was a legal anomaly. I believe that to be the case, but the measure also resolves a curious geographical anomaly. In other major common law jurisdictions such as the United States and Australia, the option to sign pre-nuptial contracts exists and they are indeed enforced in law. That is also the case in a number of European Union countries where Roman law applies. One might think that the need for a pre-nuptial agreement would not be so great in such countries, because the relevant principle of Roman law states that, if a marriage is dissolved, the assets belonging to each party when the marriage was contracted are reserved to that party. Any dispute over distribution applies only to assets and liabilities that were accumulated during the course of the marriage. That principle applies in Scotland, which also has a legal system based on Roman law. Although the need for this measure might be less great in some other EU countries, the option nevertheless exists for their citizens to use it. It does not exist in England or, indeed, in Scotland.

It is time for the House to consider this measure; it is time that it was brought in. I have the honour to commend it to the House.

4.40 pm

Mr. John Redwood (Wokingham) (Con): I quite understand why someone who had been in a relationship for 20 years—a marriage that had ended suddenly in acrimony and bitterness—might want legal reassurances before entering a new marriage. They might wish to be reassured that whatever assets they were taking with them would not be abused by the new party. They might wish to lay down what their future course might hold in the new marriage. They might wish to know whether there were tasks or functions ahead that were particularly relevant to the decision that they were making.

However, I rise briefly to oppose the Bill because I fear that it has come all too late for the hon. Gentleman, who has already changed his marriage before his Bill has gone through.

Question put, pursuant to Standing Order No. 23 (Motions for leave to bring in Bills and nomination of Select Committees at commencement of public business), and agreed to.

Bill ordered to be brought in by Mr. Quentin Davies, John Bercow, Chris Bryant, Mr. Alistair Carmichael, Paul Farrelly, Mr. Edward Garnier, Dr. Julian Lewis, Ian Lucas, Rob Marris, Mr. Michael Moore, Mr. Robert Syms and Keith Vaz.

PRE-NUPTIAL AGREEMENTS

Mr. Quentin Davies accordingly presented a Bill to provide for the enforceability of pre-nuptial agreements; and for connected purposes: And the same was read the First time; and ordered to be read a Second time on Friday 19 October, and to be printed [Bill 137].

Opposition Day

[15TH ALLOTTED DAY]

Access to NHS Services

Mr. Deputy Speaker (Sir Alan Haselhurst): I must announce to the House that Mr. Speaker has selected the amendment in the name of the Prime Minister.

4.43 pm

Mr. Andrew Lansley (South Cambridgeshire) (Con): I beg to move,

That this House reaffirms its commitment to equitable access to high-quality NHS care, based on need not ability to pay; regards local access to NHS services as an important aspect of quality of care; urges the development of practice-based commissioning to incentivise primary care access and the integration of GP services, out-of-hours care, urgent care and NHS Direct services; calls on the Government to publish its review of walk-in centres and patient access survey results; notes the continuing threat to community hospitals, local accident and emergency and maternity services; calls for the preparation of evidence-based service models which seek to maintain local access to accident and emergency services, and to maintain community-based treatment and diagnosis and maternal choice; and further calls on the Government to ensure the fair allocation of resources, relative to burden of disease, to secure equitable access to NHS services.

It is a great pleasure to welcome the Secretary of State and his fellow Ministers to their new responsibilities. I look forward to our exchanges across the House, and I look forward even more to having the opportunity to work together to improve the legislative, regulatory and political framework in which the NHS seeks to deliver services to patients. Despite her travails in her post, it was always the Secretary of State's predecessor's great privilege, and often pleasure, to meet NHS staff, as it is my great privilege and pleasure to do so. If ever one becomes tired or distressed by what happens here at Westminster, one need only visit doctors, nurses and other health care professionals around the country to be astonished at, as well as immensely respectful of, what they achieve and the way in which they go about their tasks.

For the sake of the NHS, however, I hope that the Secretary of State does not emulate his predecessor. At the then Department for Education and Skills, the right hon. Gentleman's policies were rescued by the support of the Conservatives for his Education and Inspections Bill. The time has come for him to be rescued at the Department of Health, although not by our supporting his legislation, but by his supporting Conservative-inspired legislation. We have supported the right hon. Gentleman in the past—now it is his turn to support us.

The purpose of the motion is not to debate those proposals, as the Secretary of State plans to deliver a statement tomorrow. Following proposals from my right hon. Friend the Leader of the Opposition and myself for greater autonomy and accountability for the NHS, he will be aware that we recently suggested a White Paper containing legislative proposals. We are happy to work together to give the NHS core principles and values entrenched in legislation; a structure of greater autonomy, not only for medical professionals but for those responsible for commissioning services for patients; greater freedoms for those who provide services as well as the ability to invest and improve services; and a strengthened accountability structure that does not all track back to the Secretary of State, as it does now. All those proposals are included in our document, which I will leave on the Table for the Secretary of State to enjoy. I hope that in the weeks and months to come we can work together in a spirit of consensus which, according to the Government's rhetoric, is one of their intentions.

May I trespass away from the subject of the motion, and say a word about the arrest of a number of doctors in relation to the terrorist attacks last weekend? The House and the public will be shocked that members of a profession dedicated to saving lives should, it is at least suspected, conspire to take lives in an indiscriminate act of terror. I hope that the House shares my view that we should not let the action of a tiny, extremist minority ever prejudice our positive view of the way in which thousands of Muslim and overseas doctors form an integral part of health care in this country. NHS employers are responsible for ensuring that doctors meet the requirements for clinical practice and, for example, in language proficiency. Checks on those entering the United Kingdom include visa and criminal record checks, for which the Foreign and Commonwealth Office and the Home Office are responsible. It is important to note—I am sure that the Secretary of State has already done so—that the code of practice for the recruitment of health care professionals from developing countries includes Iran, Iraq and Jordan, which are countries from which the UK has agreed not actively to recruit. I am sure that the House will understand if, when he responds to our debate, the Secretary of State will explain how that code of practice and the highly skilled migrants programme have been applied, and what checks are undertaken on medics who come here.

The Secretary of State has to address urgent priorities in his Department, but if he has any doubts about the scale of the problems he must tackle, he need only read the capability review published about his Department last weekend, when, as they say in business, the Department was "kitchen sinking" on the issues that it had to deal with. The review said that

"the Department has not yet set out a clearly articulated vision for the future of health and social care and how to get there".

It had "serious concerns" about the setting of direction which, given the understated language of the civil service, is about as serious as it gets. There is no direction for the national health service, and there has been a failure of leadership and direction. Where my party leader has led, the new Prime Minister and the Secretary of State have followed in saying that the NHS is their priority. Constitutional affairs have turned out to be the new Prime Minister's priority but, none the less, we have led by making the NHS our immediate and first priority.

What the new Prime Minister means by all this amounts to the belief that

"we need to do better".

When he launched his leadership tour, he said that we must have

"more access to health services at weekends and outside normal hours, millions using NHS Direct, millions using walk-in centres, more access to GPs".

I was not sure whether that was a statement of what exists at present or of what the Prime Minister hopes will be the case. He is right that access to NHS care must be regarded as a vital aspect of the way in which quality health care is delivered. We have argued that that is the case, which is why we tabled the motion.

Mr. Nicholas Soames (Mid-Sussex) (Con): As my hon. Friend knows, reconfigurations are taking place throughout the country, especially in south-east England. Will he consider asking the Secretary of State if it is possible to call a halt to them for the moment as they are an attempt to impose one-size-fits-all structures on local health services? The Princess Royal hospital in Haywards Heath is 15 miles south of one the biggest airports in the world, five miles from a major motorway and located in a changing area where thousands of new houses will be built. It is to have its accident and emergency and maternity services taken away from it and transferred to an impossible place to get to in Brighton. Does my hon. Friend agree that it would be proper to reconsider that in light of what he has said?

Mr. Lansley: I am grateful to my hon. Friend for that intervention, and I entirely agree with his point. The new Prime Minister has stated that he must listen to what the public and NHS professionals are saying throughout the country, but he cannot do that when—as is happening in many places—top-down reconfiguration of services is being forced upon local health care economies. I was recently in Hastings in my hon. Friend's part of the country The way in which the reconfigurations are to be applied raises serious questions about both the evidential basis for them and to access the services that will result. I will say more about that.

Anne Snelgrove (South Swindon) (Lab): The hon. Gentleman believes that reconfiguration should be halted and the medical profession should be listened to. However, what he recommends is the opposite of what is being said by Professor Roger Boyle, national director of Heart Disease and Stroke. He said that reorganising services could lead to 500 fewer deaths, 1,000 fewer heart attacks and 250,000 fewer serious complications such as stroke. Does the hon. Gentleman not agree that that is a firm medical basis on which to reconfigure services?

Mr. Lansley: We have always argued that it is necessary to develop services; I am unsure whether the hon. Lady attended our debate on acute services reconfiguration. She is confusing the necessity for service development with the question of whether local access to services should consequently be abandoned. I have had discussions with Roger Boyle. I entirely agree with, and have argued for, propositions such as that patients suffering from a stroke should be admitted directly to a specialist stroke unit where they can access early scanning for possible thrombolysis and early stroke care. That would address a large proportion of the figures that Roger Boyle's cites. There is also the issue of access to primary angioplasty; a smaller number of specialist units will be required in order to provide access to such services. However, for such achievements in service development to be followed through in respect of less than 2 per cent. of accident and emergency attendances it is not necessary for access to accident and emergency services to be denied to the other 98 per cent.

The hon. Member for Grantham and Stamford (Mr. Davies) is sitting next to the hon. Lady. She can ask him about this matter. He and I have argued that it is not necessary for local accident and emergency services in Grantham to be shut down simply because specialist services are available in Nottingham. I invite him to agree with me on that.

Mr. Quentin Davies (Grantham and Stamford) (Lab): I am grateful to the hon. Gentleman for allowing me to do so. I am extremely grateful to the Government as we have now saved the accident and emergency unit at Grantham hospital. That happened several weeks ago. I received a great deal of sympathy on that matter from the then Health Ministers, my right hon. Friends the Members for Leicester, West (Ms Hewitt) and for Leigh (Andy Burnham), and no sympathy at all from the hon. Member for South Cambridgeshire (Mr. Lansley). We spoke about it, and he seemed entirely uninterested in the future health of the people of Grantham. He seemed about as interested in what I was telling him as he would have been if I had been talking about mediaeval numismatics or the number of potholes in New Zealand. I was getting nowhere at all with him, but I did rather well with the Government.

Mr. Lansley: I do not know what world the hon. Gentleman is living in, but he is not living in Lincolnshire, because I remember the conversation that he and I had with the chairman of the United Lincolnshire Hospitals NHS Trust; however, I will not go further down that path.

It is not only Opposition Members who believe that it is necessary for there to be a moratorium on the service reconfigurations that are proceeding in the absence of support or evidence. The new Secretary of State for Work and Pensions, in the deputy leadership election, at least had the honesty to say that

"we need a moratorium on structural change and reorganisation in the NHS."

So we have support from within the Cabinet ranks.

I will come back to accident and emergency departments, but I wish to start with primary care, because we seek a primary care-led service. I wondered where the new Prime Minister had been in recent years when, during his leadership election, he talked about access to GP services, because the GP contract has reduced GP access. We do not know to what extent, because the Department of Health has failed to publish the patient access survey that it commissioned at great expense. But we do know that the introduction of the out-of-hours contract was a shambles, according to the Public Accounts Committee. We know that NHS Direct has shut 12 of its 50 call centres, including the one in Cambridge, which I visited, because the planned expansion of NHS Direct has been abandoned.

Walk-in centres have been cut back. The figures for early 2006, compared with 2005, recorded fewer people attending walk-in centres. Indeed, fewer people visit walk-in centres in a year than visit GP practices in just three days. We have also seen community hospitals closed, local A and E services downgraded and birth

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centres and local maternity units threatened with closure. Care closer to home, which was a mantra of the previous Secretary of State, is turning, in many cases, into care further away from home. Care closer to home is not happening.

I welcome to the Front Bench the new Under-Secretary of State for Health, the hon. Member for Brentford and Isleworth (Ann Keen), who was president of the Community and District Nursing Association. We have fewer district nurses and health visitors now, but they are the very people we most need to deliver care closer to home and reduce demand for these services. It is only really when demand for hospital services is reduced that it would be safe or appropriate to reduce the supply of services. What we have at the moment is a structure that is trying to ration demand for care by restricting supply of care, and that is no good.

Helen Jones (Warrington, North) (Lab): Even the hon. Gentleman's colleagues accept that sometimes changes in services have to be made—

Mr. Lansley: I said that!

Helen Jones: Well, the hon. Gentleman mentioned community hospitals and if he will allow me, I will quote the hon. Member for Beaconsfield (Mr. Grieve), who said:

"there are occasions when community hospitals have to be closed. Politicians, we may not like saying it, but we've all fought for our community hospitals. Some community hospitals are very old and can't really be done up. So difficult decisions do have to be taken."

Does the hon. Gentleman agree with his hon. Friend or not?

Mr. Lansley: We have made it clear throughout that we agree that services must be developed, but that must be done in response to the changing needs of patients and the development of technology. Where community hospitals are concerned, it is not only the Conservatives who argue that they are an integral part of the delivery of care closer to the patient: the Government said so in the White Paper published in January 2006. That White Paper presented the rhetoric of support for community hospitals and that is why the Government ostensibly provided for a new capital fund to allow community hospitals to be developed. But too much of that money has been siphoned off to primary care centres and too little is being delivered. At the same time as the fund was being established, too many community hospitals did not have the revenue to enable them to continue to work. So community hospitals are being shut down in Cornwall, Devon, Wiltshire, near Bristol, Norfolk and Kent, and the list goes on. There are probably a hundred more that are still under threat because the Government have not delivered on the promises made in the White Paper at the beginning of last year that services would continue to be commissioned—including diagnostic services close to patients, out-patient clinics and, most importantly in some respects, access to in-patient services that allow step-up and step-down services to be provided.

John Bercow (Buckingham) (Con): My hon. Friend rightly focuses on the services provided by PCTs. The Government are right to emphasise the importance of early intervention, but in Aylesbury Vale there are no fewer than 400 young children who are not statemented—some of whom are pre-school children, while others are on school action or school action-plus—and have not received the speech and language therapy that they desperately need. Can my hon. Friend offer a way forward in terms of collaborative exercises and joined-up government, so that the children who desperately need help get it before it is too late?

Mr. Lansley: I entirely share my hon. Friend's concern, and he has been a redoubtable fighter for the interests of children who need speech and language therapy. There are two aspects to the problem. First, we must make sure that those who are in college training to be therapists find posts and are employed in the community. Secondly, I do not think that we are going to join up the services terribly effectively, given the present arrangements at the centre. It is not the job of those at the centre to join up services: instead, we should take budgets closer to the patient, allow GPs and PCTs to have access to those budgets, and make clear their responsibilities for commissioning services for young people with speech and language needs. That will mean that parents in particular will have someone to talk to, through whom they can access services. It should be as simple as that.

Tony Baldry (Banbury) (Con): Does my hon. Friend agree that the test of service reconfiguration is safety? Sir Ian Kennedy is the chairman of the Healthcare Commission, and he said the other day that people should keep an eye on safety considerations. Against that background, can my hon. Friend understand why my constituents in Banbury feel so desperate? They have had a consultant-led obstetrics and maternity unit for a long time, but it is to be taken away from them. The nearest consultant-led unit will be an hour away in Oxford, a distance of 26 miles. My constituents understandably feel that that will downgrade rather than enhance safety and access to NHS services.

Mr. Lansley: I am grateful to my hon. Friend for that very important point. We have argued in this House many times that both safety and access need to be considered when one is talking about maternity services. Safety is an essential element of quality of care, and choice and access are highly desirable elements, but the evidence base of safety is absent from service reconfigurations such as the one affecting his constituency. We are happy to see that the Under-Secretary of State for Health, the hon. Member for Bury, South (Mr. Lewis), still has his Front-Bench place. He is the Minister responsible for maternity services, and we have asked him many questions about how great should be the distance that people must travel between, say, a birth centre or a midwife-led unit and a unit providing consultant-led obstetric care. He does not know the answer and has provided no guidance, but at the same time the Department of Health is driving ahead with service reconfigurations across the country. Ostensibly, those reconfigurations are about safety, but no evidence is produced to support that. I do not see how one can have safety without evidence.

Mary Creagh (Wakefield) (Lab): Most of the reconfigurations of obstetrics and gynaecology services are going ahead not because the NHS wants fewer women to give birth in fewer hospitals, but because the royal colleges have said that consultants need a certain amount of labour-ward cover and experience of births to continue their professional development. If the hon. Gentleman were a woman in labour who had had to wait 12 hours for an epidural anaesthetic, he would know that being in a local hospital is no comfort if that means that she has to compete with people brought in from the trauma department. It is much better for a woman to give birth in a hospital with a dedicated obstetric anaesthetist, but not all hospitals across the country have one.

Mr. Lansley: The hon. Lady should have attended our debate on maternity services, when we made it very clear that of course we must have proper risk assessment, and that mothers giving birth in places of relatively greater risk must have access to proper obstetric care. I am aware that, around the country, managers are representing the case for service reconfiguration by saying that, as a minimum, there should be 40 hours of consultant cover on labour wards. They make direct reference to what the Healthcare Commission said happened with the 10 tragic maternal deaths at Northwick Park and, in general, they say that there must be 2,500 live births at each hospital. One then asks how many live births there were at Northwick Park at the time, and the answer is 5,000. Another maternity unit had recently closed and a substantial amount of responsibility and additional births had been transferred to Northwick Park, and the transfer was not well organised. In fact, it was tragically badly organised. So there are issues to consider that are different and separate from the mechanistic approach of insisting on 40 hours of consultant cover on labour wards. We have to deal with the evidence, not just with simple management assertions that are driven as much by the European working time directive and financial pressures as by genuine evidence of clinical safety.

Mr. Graham Stuart (Beverley and Holderness) (Con): Two years ago, during the general election campaign, my hon. Friend came to Hornsea and visited people there to join the campaign to save the hospital. He will remember that the local Labour party said that it was scaremongering to suggest that there was a threat to Hornsea cottage hospital. In fact, my hon. Friend was barracked by a Labour councillor at the event that we held. Since that time, the primary care trust has formally made the decision to shut every single bed at Hornsea cottage hospital and to betray local people. That Labour councillor feels that the Government have broken their word and let them down.

Mr. Lansley: I share my hon. Friend's distress about the matter. It is clear that, on the criterion of access to services, his constituency will be extremely badly served by decisions that have emanated from the Government and are contrary to all that was said in the Government White Paper in January 2006.

Let me come to the points that I hope that the Secretary of State will have in mind. I understand that he has been in his post for only six days, but we need to get the immediate priorities up front. The following are among the things that he needs to do. He needs to start by working with primary care and especially family doctors. GP-bashing, which seems to have been the preoccupation of Ministers, has to stop—it is no good going down that path. Hamish Meldrum, the new chairman of the British Medical Association, has said:

> "We are experiencing an unprecedented volume of misinformation, half-truths and politically-inspired doctor-bashing".

That does not mean that one should just let GPs do as they like, but we know that GPs will respond if they have the right framework and incentives. The clearly required principal incentive, which has not been present in the new contract, is empowerment, professional autonomy and the ability to take decisions as senior public service and clinical professionals about real budgets, real commissioning and real opportunities to shape services.

Today, the NHS is not a primary care-led service but a centrally controlled service. The top-down initiatives are not working. Measures such as the 48-hour access target have been counter-productive, driving patients and practices into an absurd 8.30 am telephone scramble. Choose and book has been hopelessly mishandled and has compromised the freedom to refer that GPs always had.

Out-of-hours services under the new contract have de-emphasised the role of general practitioners. The hon. Member for Grantham and Stamford will recall that we had to fight that one too, because GPs simply did not form part of the out-of-hours service in south Lincolnshire, and we had to persuade Ministers to involve them. *[Interruption.]* I know that I have mentioned the hon. Gentleman, but I will not give way: we are just agreed about that issue, and we will settle at that.

Things can be changed. Let us take practice-based commissioning. Ministers, after a decade, have finally realised that the fundamentals of fundholding need to be brought back. GPs can take control of the commissioning of services, and that should include the commissioning of out-of-hours services. They can integrate those services more effectively with their own services.

The Department has also failed to publish an urgent care strategy, despite the fact that, at the beginning of last year, the White Paper stated that one of the jobs for 2006 was to produce such a strategy. I do not know whether the Department has admitted it to the Secretary of State, but it should have been done last year and it has not been done yet, and we are in July. We need an urgent care strategy which says to patients, "It is very straightforward how you access urgent care. If it is an emergency, you ring 999." Some of our concerns about accident and emergency services would be met by such a strategy. We understand, however, that if someone is in an ambulance with a paramedic, they may not necessarily go to the local A and E, but instead go to a specialist centre for trauma, stroke and heart attack. Apart from that, however, we need a much more integrated urgent care structure. If it is not a 999 call and an emergency, the call should be made to 0845 4647, which would offer access not just to NHS Direct but to the necessary core handling and triage that determines whether an emergency response by an ambulance, a doctor response through the out-of-hours

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service, or a nurse or emergency care practitioner response is appropriate, or whether the person should be advised to attend a walk-in centre or an A and E department, visit their general practice the following day or receive advice on the telephone.

Anne Milton (Guildford) (Con): Does my hon. Friend agree that many people are completely muddled about what the Government are trying to achieve and the NHS that Labour Members describe? In my constituency, there have been cuts at Cranleigh hospital and Milford hospital. The whole of the Royal Surrey county hospital is under threat—accident and emergency, maternity and paediatric services are all under threat. That is not about increasing access for people and looking after them closer to their homes; it is about pushing all the care that my constituents in Guildford have been receiving further away from where they live.

Mr. Lansley: I am really grateful to my hon. Friend for making that point, because she sums up exactly the experience of so many constituents throughout the country, rather than the rhetoric we keep hearing. After the failed combination of arrogance and incompetence that has characterised the Labour party's approach to health policy for the past decade, the starting point should be the experience of constituents—what they are feeling and what they see happening in their health service locally. That is what our approach will be.

Anne Snelgrove: Will the hon. Gentleman give way?

Mr. Lansley: No, because I have already given way to the hon. Lady.

I was talking about what we need to do to co-ordinate urgent care. It is necessary for NHS Direct to be franchised out properly. As I have told the House before, NHS Direct call handlers, ambulance trust call handlers and out-of-hours call handlers can all be in the same room—for example, as they are in Cornwall or Norwich—yet they cannot have an integrated system of triage and referral to deal with patients. When patients ring in, they have to speak to each service separately. After all these years, that system is absurd.

Walk-in centres are another issue that has been left in the Secretary of State's in-tray. Two articles have been published, one of which said that walk-in centres have had no impact on access to emergency care locally and the other said that they have had no impact in reducing demand for GP services. Questions about the costs and benefits of walk-in centres need to be dealt with.

Somewhere there is a review of funding for walk-in centres. It has not been published, yet cover at the walk-in centre in Luton has dropped from about 107 hours a week, including weekends, to 20 hours during weekdays only.

Mr. John Redwood (Wokingham) (Con): Does my hon. Friend agree that people are not only upset about having to travel much longer distances to hospital, but worried that when they are in those large monopoly hospitals they will be more prone to hospital-acquired infections, which puts them at considerable risk when they are already vulnerable?

Mr. Lansley: I share my right hon. Friend's concerns. Furthermore, he represents a part of the country that secures the lowest per capita distribution of resources. The Select Committee on Health made it clear that, as we had argued, there should be a review of the resource allocation formula to make it fairer in distributing resources relative to the burden of disease. It is interesting that the Secretary of State's predecessor handed him one admission of our arguments. Only the week before last, the right hon. Lady said that the Advisory Committee on Resource Allocation should be given Bank of England-style independence. She acknowledged that we were right and that it had been the subject of political interference. In a letter to me on her last day in office, she also accepted our argument that the principal cause of variation in health-related need in the burden of disease is age, so as an urgent measure I look forward to an independent review of resource allocation to deliver a fairer distribution across the country.

The purpose of the debate is partly to set out the things that need to be done. Local services, such as accident and emergency and maternity services, should not be shut down in the absence of evidence of what constitutes safe, accessible and good-quality care. I hope that tomorrow the Secretary of State will say that he will have such a moratorium.

The Prime Minister and the Secretary of State should not be wandering around the country saying that they are going to listen and then overriding things before they happen. We need care closer to home to mean exactly that, and not have services taken away that people have relied upon for a great deal of time. We need to know whether the Prime Minister has any substance to add to what he said in passing at the outset of his leadership campaign, or does he, as it turns out, have hidden shallows to him? Where in the Government amendment is the recognition that they must do better? If that is what the new Prime Minister said in his leadership campaign, why is it not reflected in the Government's self-congratulatory amendment?

Morale in the NHS is at an all-time low. The *Health Service Journal* asked NHS staff about morale and published the results the week before last. It asked whether morale in the NHS was excellent and 0 per cent. said that it was. Some 4 per cent. said that morale was good and 30 per cent. said that it was moderate. However, 41 per cent. said that it was poor and 25 per cent. that it was very poor. That is nearly two thirds.

The Secretary of State is a former general secretary of a trade union and he must know that relations between the leadership of the NHS and the staff of the NHS are at all-time low. Even in his own Department, morale is low. Direction and leadership are badly needed, and we must have greater autonomy for health care professionals to re-empower and motivate them. We must have accountability to patients exercising choice and a public voice on these issues. We need evidence for the policies that are being pursued rather than simply a slash-and-burn pursuit of the Government's fiscal targets, which are delivering inequitable access to care in too many parts of the country. Not least, we need strong commissioning decisions taken closer to the patients and stronger primary care-led commissioning in urgent care.

We have a clear vision for an NHS that is patient-centred and professionally led. It is a vision of an NHS accountable for its outcomes and not hamstrung by targets, and in which we recognise that access to NHS care, as well the safety of care, is integral to quality services. It is a vision of what is, indeed, a national health service that respects the diversity and needs of patients at every level, and incorporates the essential principles that have stood the NHS in good stead for nearly 60 years, and puts them right at the centre of NHS care.

I hope that this is a starting point from which we and the Secretary of State and his ministerial team can work together positively and constructively to deliver a service that lives up not only to those principles, but to the ambitions of the people who work in the NHS and, not least, of those who depend upon it. I commend the motion to the House.

5.18 pm

The Secretary of State for Health (Alan Johnson): I beg to move, To leave out from "House" to end and add:

"supports the Government's trebling of investment in the NHS by 2008 and welcomes the recent confirmation of an extra £8 billion for 2007-08; congratulates the staff and the medical professions for their hard work and commitment in helping progress towards this Government's historic maximum 18 week wait from GP referral to treatment; welcomes the extra choice available to patients with new services more convenient for their lives including around 90 NHS walk-in centres and the £750 million programme for developing community facilities providing care closer to home; recognises the achievement of the NHS in delivering a wide range of quality personal services convenient for patients including NHS Direct, 23 new independent sector treatment centres increasing choice; further welcomes the 280,000 extra staff working for the NHS since 1997 including 80,000 more nurses and 35,000 more doctors; further welcomes the fact that over 85 per cent. of all GP practices have used Choose and Book to refer their patients to hospital and that over three million Choose and Book appointments have been made so far, allowing patients to choose appointments that are at convenient times to fit in with their lives; and recognises the need to ensure that the views of NHS staff and patients are paramount and that Government must engage fully in a dialogue with them about the future of the NHS.".

I thank the hon. Member for South Cambridgeshire (Mr. Lansley) for welcoming me to the Dispatch Box and for the copy of the Conservative party document. I have had my attention drawn to many documents that could profoundly influence the NHS, but this was not among them. I will have a look at it in good time.

I pay tribute to my predecessor. My right hon. Friend the Member for Leicester, West (Ms Hewitt) is a woman of great courage, great intelligence and great ability—more courage, intelligence and ability than the hon. Member for Beverley and Holderness (Mr. Stuart) possesses in his little finger, incidentally. I pay tribute to her for the tremendous work that she has done in my Department.

I have been in post for the equivalent of only 10 minutes, I suppose, but my party has been in government for 10 years, so perhaps the best way to open my speech is to look back briefly at the health service that we inherited in 1997. The service was starved of essential funding; indeed, we were investing, as a proportion of our GDP, at about the level of the Czech Republic and Poland and well below the level of France, Germany and Sweden. Every winter heralded a new crisis, waiting lists topped 1 million and the chronic bed shortage meant that elderly patients were turfed out in the middle of night while critically ill children were denied essential intensive care. All that has changed.

In 1997, patients were left on trolleys in accident and emergency departments for hours, or even days, waiting for admission. Now nearly 98 per cent. of patients are either admitted, transferred or discharged within four hours of arrival. In March 1997, 284,000 patients had been on a waiting list for an operation for more than six months. Today, that figure is less than 500. In 1997, half of all NHS hospital buildings had been built before the NHS was created. Now, thanks to the biggest hospital building programme ever seen in this country, it is less than a fifth.

Ten years on, the position has been transformed thanks to greater investment, difficult but necessary system reform and, above all, the tremendous work of those who work for the NHS. We have trebled the health budget and there are now almost 80,000 more nurses and more than 36,000 more doctors. Cancer death rates are down by 15.7 per cent., saving more than 50,000 lives. Death rates from heart disease are down by 35.9 per cent., saving nearly 150,000 lives. Since 2000, 231 new CT scanners and 158 new MRI scanners have been installed in hospitals.

Mr. Graham Stuart *rose—*

Alan Johnson: I will give way to the hon. Gentleman, who obviously wants to tell us about the tremendous new community hospital being built in Beverley.

Mr. Stuart: Uncharacteristically, the Secretary of State has not started with the humility that is needed, given the Government's record. The Conservatives recognise the increase in expenditure, but, like the public and those who work in the NHS, we have not seen value for money from that expenditure. Will the Secretary of State, on his first outing, accept that that is fundamentally true—as the Prime Minister appeared to in his leadership campaign—and tell the House that he feels we must do better in getting value for money for the vastly increased resources that—to give the Government credit—have been introduced to the NHS?

Alan Johnson: It was not worth giving way. I thought that the hon. Gentleman was going to tell us about the exciting developments in his constituency, but instead we heard the same mantra that the investment that has been put into the health service has not been matched by results. It is my genuine belief that, without a change of Government in 1997, the NHS would have weakened and withered with each subsequent year of neglect. That would have strengthened the position of those who oppose the whole concept of a national health service that is free to all and based on clinical need rather than the ability to pay. The mantra of such people is that no matter how much investment is put into the NHS, it will never work because of the principal basis on which it was founded.

Norman Lamb (North Norfolk) (LD): The Secretary of State has rightly drawn attention to the fact that there have been significant improvements in many

[Norman Lamb]

specialties in the past 10 years, but does he accept that there is a considerable distance still to go, particularly when the survival rates for conditions such as cancer and for strokes are compared with those in many other European countries?

Alan Johnson: May I say how pleased I am that the hon. Gentleman is the Liberal Democrat spokesman? We have history, the hon. Member for Norfolk South—*[Interruption.]* We have history, the hon. Member for North Norfolk (Norman Lamb) and I—although it does not extend to my remembering his constituency accurately. He is absolutely right: of course we will never be in a state of absolute perfection in the NHS. What I am setting out—and what I am using to counter the points made by the Opposition—is the fact that we are making huge strides forwards. I will come later to some of the issues that we still need to address, but it is right to put the debate in the context of where we were in 1997 and where we are now.

Mr. Charles Walker (Broxbourne) (Con): I welcome the Secretary of State to his new position. I knew him for a number of years before I came to this place and he is a man of great integrity and decency. As Secretary of State, he is in a profoundly important position when it comes to having an impact on the future of the NHS. In my constituency, we face the closure of hospital services in north London and services in the north of my constituency, in Welwyn. May I prevail upon him to grant me a 10 or 15-minute meeting so that I can discuss my concerns? We are between a rock and a hard place.

Alan Johnson: I would very much welcome a meeting with the hon. Gentleman to talk about the problems in his constituency.

Mr. Jim Cunningham (Coventry, South) (Lab): I hope that in his speech my right hon. Friend will draw attention to the fact that before 1997 we did not have enough doctors and nurses. In Coventry, we now have a brand new hospital.

Alan Johnson: My hon. Friend is absolutely right, and that is the story of the past 10 years. We have used investment to turn things around. The reality now is that no mainstream political party, whatever its natural instincts, would dare to fight an election openly saying that it would use public money to enable people to leave the NHS, as the hon. Member for South Cambridgeshire did when he visited the constituency of the hon. Member for Beverley and Holderness. That, of course, was the position of the Conservative party at the last general election.

Mr. Lansley: The Secretary of State will find that in our document, which he clearly has not read, we commit ourselves to accepting the 10 core principles signed up to by NHS organisations and the NHS plan 2000. Last December, his Department put forward a set of core principles from which one was omitted—the principle that public funds for health care should be used solely for NHS patients. We now subscribe to that principle, but apparently he does not.

Alan Johnson: I am pleased that the hon. Gentleman now supports the core values and principles in the NHS document. We have always believed that public money should go to NHS patients, and that we should not put that money into the private sector, as was the Conservatives' previous policy. *[Interruption.]* If the hon. Gentleman is talking about the £2 billion, that is not the case; the £2 billion that the Chief Secretary to the Treasury mentioned recently is still in the national health service, and still used for patient care. Having created the NHS and having rescued it from Tory ruin, the Government must now continue our transformation of the health service so that it can thrive in the face of the considerable challenges that affect our country in the 21st century.

Dr. Howard Stoate (Dartford) (Lab): I congratulate my right hon. Friend on his appointment, and I wish him luck for the future; I am sure that he will do a marvellous job for the NHS. Surely the real issue is the need to improve access to primary care, and therefore to improve capacity in primary care. Has he had a chance to read the report on the future of pharmacy that was produced by the all-party group on pharmacy? What plans does he have to ensure that pharmacists and general practitioners work together more closely to increase capacity in both primary care and community services, so that we can improve patient outcomes across the board and reduce some of the pressure on hospital services?

Alan Johnson: My hon. Friend is absolutely right: we can go much further as regards the 10,000 pharmacies in this country offering services. We can go much further on access to primary care services, too; I will come to that subject in a moment. Thanks to medical developments, we are all living longer, and the number of people over 85 is set to increase by two thirds by 2026. Technological advances mean that operations that were once considered miraculous are increasingly commonplace. I cite the case of the heart transplant given last week to 18-month-old baby Zoe Chambers in my constituency in Hull. We now live in a far more consumer-oriented culture, where customers rightly expect goods and services to be provided at times convenient to them.

That leads me directly to the issue of access, which is the topic of today's debate. We need to ensure that our provision is flexible and responsive enough to meet the demands of hard-working families, who face competing demands on their time. In 1997, surgeries were frequently shut at the times when patients needed them most, such as lunch time, after work and at weekends. It was hard to make an appointment, and the surgeries were often in a squalid state of disrepair. Since then, more than 3,000 GP premises have been rebuilt or refurbished. Nine out of 10 patients can now see a GP within two working days, and more than three quarters of patients say that they are seen as soon as they think it necessary. In 1997, just half of patients said the same thing.

Anne Milton: Nurses, and particularly community nurses, are an important part of access to NHS services. When he was Secretary of State for Education and Skills, the right hon. Gentleman sanctioned an unstaged pay rise for teachers of 2.5 per cent. However, nurses have been granted a pay increase of only 1.9 per

cent., owing to the Government's decision to stage their pay award. Will he reconsider that decision in light of the fact that nurses are critical to improving access to care?

Alan Johnson: Nurses are indeed critical, and their pay has risen over the past 10 years. With reference to this year's staged pay increase, it was a Cabinet decision—*[Interruption.]* We will not be looking at that again. We have made it clear—*[Interruption.]* We have made it clear that when one looks at how that works through the system, the pay increase for the majority of nurses is much—

Mr. Deputy Speaker: Order. I am sorry to interrupt the right hon. Gentleman. The hon. Lady asked a question. She should remain silent to allow the Secretary of State to reply.

Alan Johnson: Perhaps I might add that the teachers' pay increase comes later in the year. The NHS pay increase was due to come in on 1 April and the fear was—the Conservative Front-Bench team seems to be economically illiterate on these matters—that there would be built into pay increases this year an inflation figure that would fall by the end of the year.

Barbara Keeley (Worsley) (Lab): On access to premises, when I return to my constituency office every week, I see a new local improvement finance trust centre which is nearing completion. That new LIFT centre in Walkden will replace one of the oldest, smallest and most unsuitable GP surgeries—a small terraced house—which is used by some of the most deprived and disadvantaged constituents in Salford. The GP who built that up from scratch years ago in an area of very few GPs put up his plate and built up his list from zero patients. The patients in that disadvantaged area will have access to that wonderful new centre. Does my right hon. Friend agree that for a disadvantaged area to have a fantastic new LIFT centre is a key part of access?

Mr. Deputy Speaker: Order. Before the Secretary of State answers, may I say to the House that interventions are getting longer and longer? There is quite a long list of hon. Members seeking to catch my eye, and I remind the House of the Modernisation Committee report, which alluded to the problem of too many interventions, which Front Benchers generously allow but which nibble away at the time for Back Benchers to contribute to the debate.

Alan Johnson: Thank you, Mr. Deputy Speaker. I shall simply agree with my hon. Friend the Member for Worsley (Barbara Keeley) that that is a huge development in her constituency, as in mine. There have been tremendous achievements. We have put in place incentives for doctors to do more to improve access—the point of my hon. Friend's intervention—with the new GP patient survey directly rewarding those doctors who meet their patients' needs. *[Interruption.]* We will publish the document this month. The problem with publication is that the response was so high—2 million patients responded—that we needed a little longer to get the document into a fit state for publication.

Last weekend, the Prime Minister and I visited the Churchill health centre in Kingston, which is now open every weekday night until 8 pm and from 9 am till 12 midday on Saturday mornings. The centre does not provide such access because it is a national pilot or because it is in receipt of special funding; it is simply responding to the needs of its patients. The business case is clear, and the local personal medical services contract with the PCT provides for the practice to develop its service in this way.

We have invested more money in GPs through the GP contract, but this has been more money for better services. The quality and outcomes framework part of the contract pays GPs according to how effectively they care for their patients. This includes preventive work like gauging blood pressure more regularly.

The contract also incentivises better access. There are now around 90 NHS walk-in centres and 46 NHS treatment centres, including six commuter walk-in centres, offering free advice and treatment to all comers, without registration or an appointment. The centres are easy to access and they are open 365 days a year. They make a particular difference in improving services for the most vulnerable. We are closing the gap between GP referral and treatment times, so that waiting times are at an all-time low and more people are benefiting from earlier relief of symptoms, less anxiety and more convenient care.

We have also made it easier for patients to choose where they have their treatment. Patients needing a referral for elective care can now select from four different hospitals. Greater choice leads to better local services, and by making sure that funding follows the patient we have stimulated the development of more responsive, patient-centred services. One million people are seen by the NHS every 36 hours, and 1 million additional operations are now carried out each year. The maximum out-patient waiting time is now 11 weeks for over 99 per cent. of patients.

In-patient waiting lists are down by 476,000 since 1997, to the lowest figure since comparable data were first collected. The average wait for in-patient treatment is now six weeks. Virtually nobody is waiting more than six months for an operation. Cataract operation waiting times have fallen from two years to just three months, and waiting times for heart operations are also down to less than three months.

Almost all cancer patients are now treated within a month of diagnosis, while over 99 per cent. of suspected cancer patients are seen by a specialist within a fortnight of being urgently referred. In 1997, over a third of all suspected cancer patients had to wait longer than two weeks.

The service has been transformed since 1997, and this achievement has been a Herculean feat. I do, however, recognise that the financial turnaround and the reform programme have been delivered at some cost to staff engagement and public confidence. While those who use the NHS testify in ever greater numbers to its excellent treatment and improved resources, the public as a whole is not yet persuaded. The latest survey by the Healthcare Commission independently questioned 80,000 people with recent experience of in-patient treatment, and 92 per cent. found that treatment either excellent, very good or good, and only 2 per cent. found that it was poor.

Mr. Andrew Tyrie (Chichester) (Con) *rose—*

Alan Johnson: If the hon. Gentleman wishes to congratulate us on that achievement, I will of course give way.

Mr. Tyrie: I am glad that the Secretary of State has moved off his partisan opening remarks. What relevance does the White Paper "The Governance of Britain", which the Prime Minister has just announced, have for my constituents, 140,000 of whom signed a petition complaining about the threat to St. Richard's hospital in Chichester, which has existed for nearly two years? They just do not recognise the picture that the Secretary of State is painting. Will he say specifically whether my local community, which has

"tended to be seen as passive recipients of services",

will be given the power to take decisions, and whether, for example, it will be allowed to use the mechanism of citizens juries to influence the decision on whether that hospital should be closed or reconfigured? Does this document have any meaning at all for my constituents and those who want to keep St. Richard's?

Alan Johnson: We are still in consultation on the issue that the hon. Gentleman raises, but these issues are driven locally, and they are driven predominantly on the basis of clinical decision. *[Interruption.]* I am sorry, but Opposition Members have spent a long time putting forward scare stories about NHS closures, job losses and bad services. It is no wonder they do not wish to hear the Government's record over the last 10 years. *[Interruption.]* Opposition Members are asking for a moratorium on reconfiguration. These reconfigurations are being driven by local decisions in local NHS trusts, and they are driven by clinical need, not by any financial constraints. That is the simple fact of the situation.

Mr. David Burrowes (Enfield, Southgate) (Con): The Secretary of State will appreciate that he comes to his post at the very time that the plans to downgrade accident and emergency and maternity services at Chase Farm hospital have been published. Has he had an opportunity to look at the report, and will he join Sir George Alberti in recognising that there needs to be investment in primary care services and an expansion of the capacity of Barnet and North Middlesex University hospitals for the plans to be in any way viable? Does he recognise the cross-party opposition and fundamental local opposition to the plans?

Alan Johnson: In a moment, I will discuss some of the things that we need to do to take the argument forward. My point is that it is wrong to claim that proposals made in SHAs and PCTs across the country are driven by financial or political constraints; they are driven by the need to ensure a better service for the public. Overwhelmingly, that is the reason for those proposals.

Tony Baldry: It is impossible to explain to my constituents that taking away consultant-led maternity services, special care baby units and 24/7 paediatric cover in a general hospital that has had those services for years—Barbara Castle set up the inquiry that led to 24/7 paediatrics at Horton general hospital—is an improvement in NHS services. Conservative Members are not making partisan points, and the campaign in Banbury involves Labour councillors and others. We just want to maintain the existing level of NHS services.

Alan Johnson: I understand the hon. Gentleman's point. As constituency MPs, we all face those pressures. The difference is that Conservative Members say the process is driven by financial constraints or by people in Whitehall; we say that the changes are necessary, as I have set out, for reasons such as medical advances, technological change and demographic change. There has always been reconfiguration in the NHS, and we must ensure that the NHS is capable of meeting today's challenges and not the challenges of 1948. The decisions should be clinically driven, and they should not be driven by politicians.

There is the question of how the public feel about the issue. Those who have not experienced the changes at first hand are not convinced that they are getting value for the extra money that they have contributed, and—this answers the point raised by the hon. Member for North Norfolk—there is more to do before the NHS achieves everywhere the levels of efficiency and effectiveness that are essential if we are to cope with the huge challenges that I have set out.

Mr. Simon Burns (West Chelmsford) (Con): Will the Secretary of State help me? My local hospital has experienced a degree of financial pain after reaching the targets laid down by the Government on treatment times. Now, an independent treatment centre is going to be placed within eight miles of its location. The hospital trust, the consultants and the staff are fearful that in some of the specialties in which they meet all their targets, patients will be diverted away from the local hospital to the ITC, which over a three-year period will cause significant financial problems for the trust and the loss of staff, who may move to the ITC because that is where the work is going. Why will that necessarily be good for efficiency and for my constituents?

Alan Johnson: I am willing to consider the hon. Gentleman's particular case. Such developments should occur only where there is a capacity problem. If the hon. Gentleman contacts me, I will look at the case.

There is no question but that developments in recent years have damaged staff morale, with deficits in some health trusts placing unwanted additional strain on hard-working NHS employees. As we move to the next phase of the NHS transformation, there should be a much greater focus not on top-down reforms but on stimulating change among patients and practitioners. I want to maximise local autonomy for the doctors, consultants, nurses and managers who actually do the job, day in and day out. The policy framework that we set will be right only if the views of staff and patients are properly incorporated.

A modern NHS must move from a public sector monopoly to a truly patient-led public service. That means doing more than changing the relationship between Ministers and senior managers; it means transforming the entire relationship between the NHS

and the public and creating a system that is publicly accountable locally, as well as through the elected Government. My predecessors have already taken significant steps towards creating an independent, self-improving NHS, steadily removing power from the hands of politicians and transferring it to clinicians. In 1999, we created the National Institute for Health and Clinical Excellence to give clinical guidance on what the NHS should and should not do. We also established the Commission for Health Improvement, which is now the Healthcare Commission and is soon to merge with the other independent regulatory bodies that we have created. There are now 67 foundation trusts independent of Whitehall, accountable to their members and making their own decisions on how best to serve their patients.

That increased transparency and independence has brought undoubted improvements, but it has also had a short-term effect on confidence, revealing what was previously hidden. That has made our lives in Government more difficult because transparency always does, and that is no bad thing, but we were right to introduce these changes. In the internet age, transparent information is not only a powerful spur to improvement but a part of what the public expect. Patients need staff to take the time to explain the condition and the treatment options. Citizens need to know what is going on and to be properly involved in collective decisions.

However, it would be foolish to pretend that we have not also introduced more centralisation—more top-down direction and more command and control. We introduced national targets to eradicate the unacceptably long waiting lists. Without those targets, the NHS would not have seen the transformation of services that I described earlier. However, the treatment needed for the NHS then, when the whole system was in intensive care, is not the same as the treatment that it needs now, when it is well on the road to recovery. Of course targets have their limits. With targets, there is always a risk that Governments end up improving only the health care standards that they can measure. Targets can also have adverse effects if they are not properly researched and informed; and the top-down performance management that goes with them leads the NHS to look up to Whitehall rather than outwards to its patients and local communities. That is why we are determined to move away from targets as we transform the NHS from a top-down bureaucracy to a bottom-up, self-improving organisation with power in the hands of patients, their advocates, crucially GPs and other primary care staff, and of course staff themselves.

The heart of the NHS will always depend on effective collaboration by professionals around the needs of patients. That is why we placed a duty of collaboration on all providers in the NHS family. In future, a key measure of the quality of care given by every provider will be not only performance but the partnership established with the rest of the health service. With more than 600 organisations in the NHS, we need to ensure that each patient has a clear path to follow so that they can obtain the right treatment at the right place and time. Primary care trusts have already been given the authority and finance to develop and commission services around local needs, meeting national quality standards without being locked into historical practice.

Sandra Gidley (Romsey) (LD): The Secretary of State mentioned patients having a clear path to follow. Many patients find it difficult these days to find an NHS dentist—a subject that he seems to have avoided. How will access be increased rather than decreased, as has happened so far?

Alan Johnson: Sadly, I do not have time to go into that subject at the moment, but I assure the hon. Lady that she will have opportunities to raise it in future.

PCTs need to work with their GPs to devolve decision making and ensure that practice-based commissioning transforms services for patients. The NHS now looks very different from the way that it looked 10 years ago. [HON. MEMBERS: "Or 10 months ago."] Very different from 10 months ago—very different indeed. Like many in the country, I do not believe that the Conservatives' conversion to the principles of the NHS are credible. I think that my hon. Friend the Member for Grantham and Stamford (Mr. Davies) put it very well recently in his letter to the Leader of the Opposition. Only last month, the Cornerstone group of Tory Members of Parliament published a paper that called for the abolition of a tax-funded national health service. Of course, the party voted against extra investment in health. Its policy of sharing the proceeds of growth means that £21 billion less would be spent on public services this year.

The NHS is safe in the Government's hands.

Mr. Peter Bone (Wellingborough) (Con): On a point of order, Mr. Deputy Speaker. Is it correct that someone can, without foundation, characterise an article in a particular way?

Mr. Deputy Speaker: That is not a point of order for the Chair but a matter of continuing debate, which will doubtless be conducted in good spirit.

Alan Johnson: I was saying that the NHS is safe in the Government's hands. The Labour party has no equivalent to Cornerstone and, to be fair, neither do the Liberal Democrats. It exists only among Her Majesty's official Opposition.

As we move into the next phase of transformation, we will have created a modern NHS, in which its traditional values of care, compassion and universality remain enshrined, building the confidence of staff and public alike, so that that precious national asset is preserved for future generations.

5.51 pm

Norman Lamb (North Norfolk) (LD): I join in welcoming the Secretary of State and the rest of the ministerial team to their new roles. I believe that we all agree that the national health service is so vital that it is important that they do well in their respective roles. The Secretary of State is right to say that there is some history between us. I remember the Employment Bill in the previous Parliament and my role then as Department of Trade and Industry spokesman. He has always been good and courteous to deal with and I wish him well.

The Secretary of State was also right to allude to the state of the NHS in 1997. The proportion of GDP spent on health in 1997 was 6.8 per cent., compared with 9.1 per cent. in the rest of the European Union.

[Norman Lamb]

That was an enormous gap, which amounted to almost criminal neglect of the health service. The results were clear for all to see. I remember people coming to see me who had to wait three or four years for hip or knee joint operations; the cancer survival rates were appalling compared with other European countries—and so on. The Conservative party has nothing of which to be proud in its record in government. However, the picture that the Secretary of State painted of what has happened since is too rosy, and I want to raise some specific issues. I hope that he will take them seriously and reflect on them, especially the important matter of equitable access to services, which the motion rightly covers.

The motion is broadly uncontroversial—it is pretty much motherhood and apple pie. I am sure that the Government will vote against motherhood and apple pie, but we will support the motion because we agree with its content. Of course, it is easy to make the commitment, but much more difficult to achieve the motion's objectives. It is crucial to consider the way in which policies and proposals affect and influence the prospects of achieving equitable access. Like the Conservative spokesman, I want to acknowledge the extraordinary role that staff play in the NHS. We are remarkably lucky as a country to have such a dedicated work force, and we all rely on their work. They are a dedicated group of professionals.

Before considering equitable access, I want to highlight a part of the motion about which I am concerned. It is the Conservative proposal in their policy document, which I have read, and in the motion for a shift towards practice-based commissioning. There are limits to the extent to which it is sensible to proceed in that direction. Several organisations have expressed concerns about the impact of too much reliance on that. A couple of years ago, the Sainsbury Centre produced a report on the potential impact of practice-based commissioning on mental health. It stated:

> "Plans to allow GPs to commission a wider range of mental health treatments will result in substandard care".

The report referred especially to the previous fundholding scheme, which operated under the Conservative Government, and the risk of neglect of patients with severe and enduring illnesses. If we are holding a serious debate, it is important that the Conservatives understand and recognise the potential risks of practice-based commissioning.

In June last year, the Audit Commission criticised the Government's plans for practice-based commissioning. It said that the scheme risked "exacerbating financial pressures", "widening inequalities" and "wasting money". Those conclusions were based on where practice-based commissioning had been initiated and appeared to be working well. There are, therefore, concerns about the scheme, and conflicts of interest could arise when GPs can commission services from organisations that they set up.

Mr. Lansley: We have dealt with that.

Norman Lamb: I appreciate that the hon. Gentleman's report deals with that, but it is a legitimate concern.

Let me deal with equitable access to services and the related issue of health inequalities. The Secretary of State referred in his deputy leadership campaign to his specific concerns about health inequalities. I therefore know that he genuinely takes that seriously and I hope that the need to reduce inequalities will be a top priority for him. In 2002, the Government made a commitment—with which, I am sure, he is familiar—that by 2010 they would reduce inequalities in health outcomes by 10 per cent., as measured by infant mortality and life expectancy at birth. That is a legitimate direction in which to try to move.

However, this year's departmental report highlights a shift in the other direction: health inequalities in our country are increasing. On infant mortality, it stated that the gap had widened and that the rate for routine and manual workers was 18 per cent. higher than that for the total population, compared with 13 per cent. in 1997-99. The Department's statistics for 2001-03 show that among the most affluent, there were 2.9 infant deaths per 1,000 live births compared with 8.9 per 1,000 live births among the poorest members of our community. That is a stark contrast between the life chances of people born in good circumstances and those born in our most disadvantaged communities. I am sure that all Members are concerned about that and we need to find ways to reduce that gap.

The gap in life expectancy has increased, and it has done so most among women. The relative gap among women has increased by 8 per cent.; among men, it has increased by 2 per cent. Again, the Department's statistics for 2001-03 found that in the best area in the country—east Dorset, for some reason; it is a reasonably affluent area—men could expect to live to the age of 80, whereas in Manchester they could expect to live to the age of 71.8. That is a stark difference, which we should all find unacceptable.

Do those differences have anything to do with the health service or are they all to do with much broader factors? Clearly, many factors such as poverty, deprivation, lifestyle and so on, play a part, but health care is relevant. Let me draw the Secretary of State's attention to programme budgeting—a new development that the Department has pursued—which enables us to compare areas and consider not only how much is spent on each specialty, but the outcomes in each specialty. We can therefore ascertain the effectiveness of the money in each area of the country. A recent report concluded that there was a clear link between spending and health outcomes. If we commit resources where they are most needed, we can achieve improvements in health and longer life expectancy.

On the same issue of equitable access, I want to deal with access to GPs. In the least deprived PCT areas there are 62.5 GPs per 100,000 of the population, while in the most deprived there are just 54.2 per 100,000. Thus the areas with the greatest health problems have the fewest GPs as a proportion of the population. It is the wrong way around. All that points to a failure of policy—given that the Government highlighted the importance of the matter and set a target for reducing health inequalities in 2002, moving in the opposite direction is unacceptable.

What are the prospects for reversing those trends? I would like briefly to look at the issue of choice. There is a risk, which many people highlight, that increasing

choice actually has the effect of accentuating inequalities, the argument being that the middle classes can exploit those opportunities while others cannot. There is a very good report by the Institute for Public Policy Research, called "Equitable Choices for Health", which highlighted the potential risks. It referred to a pilot in London—the London patient choice project—in which disadvantaged people were given help with transport and given advice by patient care advisers about how best to exercise choice of hospital, treatment and so forth. The conclusion was that the pilot had had a positive impact on reducing inequalities. It had empowered people, particularly those at the bottom end of the income scale.

However, the report also pointed out that when the Government rolled out patient choice nationally, none of those support mechanisms was in place. There was no help with transport and no guidance on how people should exercise choice. The IPPR's conclusion was that under the Government's scheme, choice was likely to increase inequality. I hope that the Secretary of State will further examine those conclusions from the research and consider how best to ensure that choice actually empowers the least powerful in society, rather than accentuating differences in health outcomes.

I need to deal with the impact of deficits. The Secretary of State has perhaps arrived at a good moment because his predecessor had a pretty tough year. She made a political commitment to ensure that the NHS as a whole was in balance by the end of the financial year. She achieved that, but there are questions about the price that was paid to do so. The Health Committee drew attention to the fact that in the efforts to clear deficits some serious soft targets were hit. Particular attention was drawn to mental health services, which have been cut back in many parts of the country, including my own county of Norfolk. It is the same with public health programmes. Cutting back on alcohol prevention work, smoking cessation work and other programmes often hits the most disadvantaged people and again has the effect of accentuating inequalities in health outcomes. If the Secretary of State is serious about his commitment to reducing inequalities, those are the sorts of issues with which he needs to deal.

I also want to draw attention to the extent of geographical variation in access to health care—the so-called health care lottery. It is often said that one of the risks of moving towards a more decentralised system—one that I favour—is that we end up with a postcode lottery. Well, the fact is that we already have a postcode lottery with a vengeance under the existing highly centralised system. Another problem is that there is no local accountability to achieve any change. One example of variation in access to services is care of the elderly. There is massive variation in how the criteria are interpreted from one area to another, so that people in one area can get access to free long-term care for the elderly under the NHS, but people in another area cannot. The Secretary of State should also look further into audiology—another example of where the variations are enormous. Hundreds of thousands of people are on a waiting list for digital hearing aids. In some parts of the country, there is no wait at all—the Health Committee looked into that—while in other areas people are waiting two or more years for access to and the fitting of a digital hearing aid. Reassessments for people who have had an analogue hearing aid and who want a digital one can involve a wait of up to 260 weeks—five years.

Macular degeneration—a condition under which people lose their sight—provides yet another example of where people in some parts of the country can get access to the drugs that prevent sufferers from going blind and others cannot. People living in the no-access areas who have money are okay because ultimately, they can pay for the treatment, but people who have no money go blind. It is as simple as that. I would hope that we all find that completely unacceptable, yet it is happening now and it needs to be dealt with. The excuse provided by many PCTs is that they are waiting for a ruling from NICE. In fact, NICE has provided a rather unfavourable ruling, which leads me to question the criteria that it follows.

Variations across the country are enormous. The subject of dentistry and orthodontic waiting times may have been mentioned in an earlier sedentary intervention. The waiting time is enormous in some parts of the country. More general access to NHS dentists is another problem. In some areas, it is almost a thing of the past. Many people moving to a new area can often simply not get access to an NHS dentist.

Mr. Graham Stuart: I understand that the wait for orthodontics for children in Hull—the Secretary of State's constituency—is now more than 60 weeks.

Norman Lamb: I am grateful for that intervention and I suspect that the Secretary of State will be aware of that. Waits of that length are unacceptable. There is a genuine and serious debate to be had about how best to use public funds to ensure access to top-quality dental care for those who need it most.

Two or three years ago, the Audit Commission was very critical of the ineffective use of public money to ensure access to NHS care for those who cannot afford the option of going private. The King's Fund pointed out massive variations in spending on mental health across the country last year, while Sir Liam Donaldson also highlighted concerns about treatment following a heart attack, which varies enormously from one part of the country to another.

I would like briefly to consider the Conservative party proposals set out in their paper. The Conservatives have campaigned vigorously over recent years against reconfigurations, hospital closures and so forth, but I believe that the inevitable consequence of their proposals will be to make reconfigurations and closures more rather than less likely. The critical issue then becomes: who decides, under Conservative policy, if and when a hospital should close? As I have already said, the Conservatives propose a substantial shift of budgets towards practice-based commissioning, very much giving power to GPs rather than to PCTs. They also propose a significant shift towards using the private sector, while their document also endorses, of course, the principle of payment by results. The inevitable consequence will be that some hospitals will become unviable. The Conservative spokesman referred to the importance of care closer to home, which is again likely to make some hospitals unviable.

[Norman Lamb]

I would like to see a degree of honesty from Conservative Members on this issue—*[Interruption.]* The critical issue, as I have said, is who decides to close the hospital. Ultimately, it will be the national NHS board. If and when the system came into force, local people would end up asking why an unaccountable, national, remote quango was closing their local hospital. That is the inevitable consequence of what is being proposed. The board will take decisions, independently of Parliament, to close local hospitals.

I consulted the Library to check that my understanding of the document was correct and it appeared to agree with me. Specific reference was made to paragraph 2.17, which talks about HealthWatch, the new body to safeguard patients' interests.

It states:

"HealthWatch will have statutory rights to be consulted over decisions which affect how NHS care is provided in an area. It will also be able to make representations to the NHS Board in relation to the planning of NHS services, such as where an Accident and Emergency Department closure is proposed."

That is remarkable. In a decentralised world—which I thought the Conservatives believed in—we would have the NHS board deciding whether to close an A and E department. That is utterly ridiculous. I can imagine what local people would feel when such a decision was taken by a remote national quango. I do not think that it would be as attractive a proposition in reality as it might seem in theory.

I accept that tough decisions have to be made and that services sometimes have to be reconfigured. We have to ensure that health care is delivered in the safest possible way.

Dr. Stoate: Does the hon. Gentleman share my view that it is far better to have planned reconfiguration of services resulting from a proper discussion on where is the best place to provide them, rather than adopting a practice-based commissioning approach—under which some hospitals might end up doing things that were not necessary and others would inevitably wither on the vine—in a completely unstructured fashion, with almost no control for local people? Surely that would be the greater evil by far.

Norman Lamb: As I have already outlined in some detail, there is a real risk that, in achieving the result that the Conservatives say they are concerned about, we might lose local hospitals even though they are socially important for delivering care to a particular area, because of the drift of the market following decisions made by GPs. There would be no powerful local body with a role to play in such arrangements. The public would have no say in what happened and, ultimately, it would be the national board that made the decision to close the local A and E unit, for example. I do not think that that would be the right way to proceed.

As I was saying, I accept that tough decisions have to be made, but they should be made locally. This is where I disagree with the Government's approach. Interestingly, one of the Labour deputy leadership candidates floated the idea of locally elected boards. Even the former Secretary of State floated the idea of elected boards. It was interesting to hear the new Secretary of State, towards the end of his speech, using words that were identical to those in a speech given by the former Secretary of State at the London School of Economics about three weeks ago. Perhaps there will not be too much change of approach. It is interesting that, after all the tough experiences that the former Secretary of State has had, she recognises that there is a democratic deficit that has to be addressed.

The motion also refers to the importance of community hospitals. The hon. Member for Beverley and Holderness (Mr. Stuart) has been prominent in his campaigning for community hospitals and I applaud his work. I have been campaigning in my constituency to protect a number of community hospitals that are under threat. I urge the Government to recognise the value that local communities place on those institutions. There is, perhaps, something rather nebulous about it, but they are seen as very important local institutions.

It is remarkable how much money is raised by local communities for their community hospitals. On Sunday, I took part in the Great London Run to raise money for Wells hospital, which is now run as a charitable trust. That is an interesting development, and one that the former Secretary of State highlighted in Parliament last year when launching the White Paper. The idea of social enterprises of that sort running the local cottage hospital is an attractive proposition that ought to be explored further. If we close those local units, we lose the community involvement, the fundraising effort and the voluntary money that is going into our health service. We also lose a valuable local institution.

The motion rightly draws attention to the importance of choice in maternity services. There is a sense at the moment that the funding of maternity services is unbalanced. We now have a remarkable situation in which 23 per cent. of births involve a caesarean section—

Sandra Gidley: It is 24 per cent. now. It has gone up.

Norman Lamb: It is now 24 per cent. The World Health Organisation says that when we get beyond about 15 per cent., we achieve no health benefits, yet we are committing enormous resources to caesarean sections for the 24 per cent. of women who give birth in that way. Only 3 per cent. of women give birth at home, compared with about 30 per cent. in Holland. There is something wrong there. That suggests to me that women are not effectively being given a proper, informed choice—

Dr. Andrew Murrison (Westbury) (Con): They might not want that.

Norman Lamb: The hon. Gentleman might say that, but the remarkable difference between this country and Holland, where women are given a full opportunity to make a choice, suggests something rather different.

Dr. Murrison: Of course women want choice, but the point that I was trying to make was that they might want to have their babies in midwife-led units, such as the one that is about to be shut down in my constituency.

Norman Lamb: I do not think that we are in any disagreement. I absolutely agree about the importance of choice—*[Interruption.]* This argument is not going anywhere. The hon. Gentleman and I agree on the importance of choice in maternity services.

On access to GPs, there are clearly problems with out-of-hours services and with the straitjacket that the Government have placed on GPs' hours through the contract. There is an urgent need for that to be reviewed. I would be grateful if the Minister would also respond to a concern about independent sector treatment centres. There was a report in the press last week that two proposed new independent sector treatment centres had been cancelled. I would be interested to find out whether that suggests a change of approach, or whether the Government have at last recognised that it is not sensible to impose these private sector treatment centres from the centre. Such decisions should be made locally.

The NHS chief executive's annual report described

"the biggest reform programme for the largest publicly funded health care system in the world".

He went on to ask:

"How can you drive this degree and nature of change from the centre? The simple answer is you can't."

The former Secretary of State, learning from bitter experience, drew attention to the fact that if the NHS were a country, it would be the 33rd biggest economy in the world. It would be larger, for example, than Romania or Bulgaria, and four times larger than Cuba—and, as she pointed out, "more centralised" than Cuba. It is the fourth largest employer in the world after the Chinese army, Indian Railways and Wal-mart. It is a remarkable organisation, but it cannot continue to exist as such a centrally driven institution.

The former Secretary of State admitted that there was a democratic deficit in health services and, as I mentioned earlier, she floated the idea of locally elected boards. Local accountability and local responsibility are absolutely crucial and provide the best way to secure services that are relevant to the local area, combined with national entitlements for citizens so that they know what to expect from their health service. In his statement today, the Prime Minister talked about devolving power in the delivery of public services. Will that be a reality in the health service? It is badly needed.

Several hon. Members *rose—*

Mr. Deputy Speaker: Order. There are 51 minutes left before the wind-ups are due to take place. Eight hon. Members are seeking to catch my eye, and Mr. Speaker has placed a 10-minute limit on Back-Bench speeches. I hope that favourable deductions will be concluded.

6.19 pm

Anne Snelgrove (South Swindon) (Lab): May I add my congratulations to my right hon. Friend the new Health Secretary on his flying start today? I also offer my best wishes to his new health team in their new roles. May I also add my tribute to the previous Health Secretary, my right hon. Friend the Member for Leicester, West (Ms Hewitt)? I was her Parliamentary Private Secretary for the past 10 months. It was a privilege to serve her. I wish to say so in public, because I have said it to her in private. Her intellect, tenacity and dignity under fire were amazing. She will be remembered for having the courage to tackle the difficult issue of NHS deficits and pulling that off, which many Members on both sides of the House thought that she would not achieve. I hope that she enjoys her time on the Back Benches, but I hope that it will be a limited time.

Access to health care has improved around the country, and in my Swindon constituency. Local plans are under way to improve it still further. The hon. Member for South Cambridgeshire (Mr. Lansley) has once again shown a fondness for picking isolated cases and testimonies, then manipulating and exaggerating them. For example, he mentioned the reorganisation of NHS Direct, and criticised the Government in a sweeping statement for reducing the number of call centres. In fact, that was a patient-led change. People's habits change, medicine changes and organisations change over time. NHS Direct was reorganised because more people were using the web service, and fewer people were using the telephone service. It was rightly reorganised because people's habits and demands had changed, and the hon. Gentleman should pay attention to that. His criticisms, both today and in previous Opposition day debates, are empty, and they do not add up to an holistic health policy.

Fay Howard, a councillor and a nurse in my constituency, works at the Great Western hospital, which was built by Labour and opened in 2003. She is part of an NHS team treating more patients more quickly with better outcomes and higher patient satisfaction every year in Swindon. Apart from better access to GPs, accident and emergency services, and emergency care, Fay thinks that Labour's programme of delivering care at home is crucial, and she gave me powerful anecdotal evidence:

"Some patients arrive with notes of visits and treatments they've been having at home which we didn't used to see. But the big units are still there when people need them, as well as NHS Direct, the walk in centre, the kids day treatment unit".

Things have changed, because health care has changed and people's expectations have changed. My constituents expect the best: they also expect choice and appropriate treatment in the most appropriate place, whether that is in a hospital, a GP's surgery or at home.

On a local level, front-line staff in Swindon are innovating to improve access, and I pay tribute to their hard work and dedication. The Government need to acknowledge that more: we must tell our NHS staff that they are doing a fantastic job, and listen to their views of the improvements and changes that we need to make. Swindon and Marlborough NHS trust is considering setting up a birthing centre to allow women with uncomplicated pregnancies to give birth in a homely environment, cared for by the midwifery team. That obviously improves access, but it also improves patient choice. Our sexual health clinic has developed a patient numbering system to protect anonymity, which encourages people to seek help. It also uses mobile text messaging for patients, which keeps the service anonymous so people return, which is crucial.

The cardiology department launched a new service in May for heart patients who need angioplasties. It carries out procedures under local anaesthetic on 100 patients

[Anne Snelgrove]

a year who would otherwise have to travel 50 miles to Bristol. Our radiography waiting times are among the lowest in the country. There is a filmless radiography department—it is all digital. If people transfer to Bristol, their X-ray can be e-mailed to the doctor, which means that there is no waiting. I am pleased that my local health service is listening to patient feedback. People wanted the audiology clinic to extend its opening times; it has done so, and likewise the booking centre. We have been helped by the Department of Health. Last month, it published progress on the 18-week target and everyone in my community was concerned that Swindon was low on the list. I am pleased that an action plan is in place, and that there will be regular consultations with MPs. I hope that the new health team will continue that excellent initiative, because we need to know how well our health service is doing.

As well as acute care, primary care services have provided better access to patients in Swindon. Our walk-in clinic is a local success story, and constituents tell me that it is a great improvement on waiting to see a GP or going to accident and emergency. They have also praised increased pre-emptive care initiatives such as the falls clinic, which helps the elderly both to deal with falls and to prevent them at home, and the Alzheimer's clinic, which has become well known in Swindon under the leadership of Dr. Bullock. There is therefore increased access, choice and patient satisfaction. From next week, a new Government initiative—the telehealth initiative—goes live in Swindon. It will provide specialist monitoring equipment at home for people with respiratory disease, and is another measure that brings health care closer to home. It is a Labour initiative, and we are proud of it. It helps to explain why, throughout the country, we have 98 per cent. satisfaction rates among patients using the national health service. *[Interruption.]* The Opposition are heckling me; because they do not want to hear that 98 per cent. of people who use the health service, whether in a Tory, Liberal Democrat or Labour constituency, are satisfied with it. Patients love our local NHS, but they often tell me that the reports they read in the paper suggest that their experience is not the norm. Even though I am biased when it comes to Swindon, I can confirm from my time on the Government's health team that the NHS is good and improving all over the country, as I am sure we will hear from colleagues.

We in Swindon remember the national headlines about lack of access: 60,000 general and acute beds were lost, waiting lists rose by 400,000, and the total number of hospitals went down under the Tories. They closed our local hospital—the Princess Alexandra—and let our other hospital go to rack and ruin. Then, as now, the Conservative party had no proper strategy for increasing access. It has been my dubious pleasure to listen to every health Opposition day debate for the past 18 months. I have been proud to be on the front line since 2005. The Government will continue— *[Interruption.]*

Mr. Deputy Speaker (Sir Michael Lord): Order. We must not have continual chuntering.

Anne Snelgrove: I am about to finish, but I am grateful, Mr. Deputy Speaker. The Opposition are chuntering, because they do not like it. The new Parliamentary Private Secretaries, along with other Labour Members, will defend the improvements against the mud slinging from the Opposition.

6.27 pm

Mr. Peter Bone (Wellingborough) (Con): It is a great pleasure to follow the hon. Member for South Swindon (Anne Snelgrove), who made her points very powerfully. I will help her, I hope, with the points that I want to make.

I should like to concentrate on the final part of the motion on access to NHS services, which urges the House to call

"on the Government to ensure the fair allocation of resources, relative to burden".

First, however, I pay tribute to the consultants, doctors, nurses and other professionals who work in our health service. They are a tremendous asset to the country, and their dedication, professionalism and care know no bounds. Many nurses and doctors work longer than required to put patient care first, but they are often unrewarded financially for doing so. They are an asset to the country, and were it not for them, the NHS would be in crisis.

Unfortunately, in past years and months, and even in the past few weeks, I have had to attend a number of NHS hospitals across the country. The one thing that all the staff wanted me to say in the House of Commons when they found out that I was a Member of Parliament was that morale is at rock bottom. I did not know before today's debate that my hon. Friend the Member for South Cambridgeshire (Mr. Lansley) had the figures from a survey to prove that, but that was just what they told me. Wherever I was, they said that morale was at rock bottom. When I asked why, they said that the main reason was that the Government set them priorities and targets. They head in that direction for six months, but then the Government change the priorities and targets, and they head off in the opposite direction. They thought that clinical judgment was not appreciated, and was not being used. A very senior consultant—one of the top cancer care specialists in the country—said that the book and choose system has had an adverse effect. He said that part of every surgery must be reserved for people using that system. He said that as a result he sees people who could be seen by a junior doctor rather than people who are seriously ill whom he should see. That is because of direct Government intervention on his clinical judgment.

The hon. Member for South Swindon made a powerful speech about how well things are going in her area and how much extra investment there is. That highlights an aspect of my argument: the situation is not the same across the country. The national capitation formula is supposed to produce fair play across the whole of the NHS, but north Northamptonshire does not get a fair deal. By the Government's own figures, over the past five years north Northamptonshire has been underfunded by £111 million. If we in north Northamptonshire had £111 million extra, we would not be denying patients access to certain treatments. I want to highlight such patients to give a few examples of what underfunding actually means. I am not trying to claim that the Government do not want to invest; I do not believe that

the Government want what is happening to happen, but because of how they have run the NHS—top-down, in a Stalinist manner—it is happening.

A 92-year-old constituent of mine has gone deaf. He currently manages to live on his own, but he cannot make do without a hearing aid. The waiting time to receive a hearing aid for that 92-year-old is 15 months, and yet they can, of course, be bought off the shelf. He has been let down; access to that has been denied him. There is also the case of a lady who needed a hysterectomy. My primary care trust has introduced a minimum five-and-a-half-month wait. When she eventually got into hospital, she was gowned up and had done all the tests when she was told at 5 o'clock in the evening, "Sorry, we can't do it because the doctor's run out of hours," so she had to go back into the queue again.

There is also the issue of cancelled operations. I sat in a mixed ward and witnessed a consultant telling a patient on the other side of the room, "I'm sorry that we had to cancel your operation that was scheduled for six months ago. Unfortunately, your cancer has now got worse and the operation will be much more complicated." That patient did not survive; he died on the operating table.

Let me give another example of a lady in my constituency who is almost 80 years of age. She went to hospital; it was not the local hospital as there is no hospital in my constituency, so she had to go to one in a neighbouring constituency. She was told that she was going blind and had macular degeneration and that the only way to fix it was to have injections of a drug called Avastin. The consultant told her that it was not available on the NHS but that if she went to the place down the road, she could have it done for £3,300. It is incredible that although we are supposed to have a national health service with access for everyone—and with great facilities in South Swindon—I have a constituent who will go blind unless her family finds £3,300. That cannot be the basis on which to run the NHS. It cannot be right that patients in my constituency can go blind because people in Whitehall will not fund the treatment they need.

6.34 pm

Mary Creagh (Wakefield) (Lab): I wish to speak briefly about the health care system in Wakefield, which presents a challenge, not least because we have to provide health care for two prisons. We have to provide mental health care, drugs and alcohol support and primary care in a women's prison, a young offenders institution and in Wakefield prison, which is high security. A remote electrocardiogram system is now in place in Wakefield prison so that prisoners who might be having a heart attack can be remotely assessed by hospital clinicians, thereby avoiding the security risks involved in transporting prisoners to and from hospital, such as opportunities for escape.

According to the latest statistics, Wakefield has a positive first set of figures for the number of people waiting no more than 18 weeks to receive their treatment. At my local hospital, Pinderfields general hospital, 54 per cent. of patients received their treatment within 18 weeks. In a specialty such as gastroenterology, the proportion was more than 90 per cent. and in cardiology it was more than 70 per cent. Therefore, it is clear that targets are driving down waiting times, and it is vital that we keep them in order to improve patient care. Nationally, targets have resulted in 50,000 extra lives being saved from cancer and 150,000 lives saved from heart disease. That is also linked to our target to treat people in accident and emergency units within four hours. Anybody who had to wait in an accident and emergency unit 10 or 15 years ago with a sick child, a relative or a friend in pain, wondering when they were going to be seen—as many Members must have done—will welcome that maximum four-hour waiting target. It simply did not exist 10 years ago.

I also wish to address accessibility to GP surgeries for people in wheelchairs and those with sight and mobility problems. Last year, I visited Kirkburton health centre in my constituency. It has a fantastic new centre, which was built under the LIFT—local improvement finance trust—scheme. It is fully compliant with disability and discrimination legislation, unlike some of the terraced housing that was all too prevalent under the Conservative years of NHS underfunding.

In Wakefield we have had a problem with access to dental surgeries. I am delighted that that has been greatly relieved by the opening of a new dental practice in Queen street, which last year took on 8,000 new patients and is this year due to take on another 8,000 patients—a total of 16,000 people, most of them my constituents, who have never had access to dental care, or who have not had that for many years. I visited the surgery on Friday; goodie bags were being given to children, containing little toothbrushes that could stand up, little balloons that carried the message,

"Twice a day for two minutes",

and a special egg-timer—because we all know that it is not just about encouraging children to brush their teeth, but encouraging them to do so for a considerable period of time and many young children do not have the patience to do that. Wakefield is seeing its share of the £400 million national investment in dentistry.

Like other areas, our local primary care trust has been underfunded. However, I am delighted that no PCT will be more than 3.7 per cent. below its target by the end of this financial year. There have been huge real-terms cash increases for our PCT, and in terms of our secondary and acute sector it was announced today—the celebrations are taking place—that Mid Yorkshire Hospitals NHS Trust's £340 million private finance initiative to build new hospitals on the Pinderfield and Pontefract sites has been signed, sealed and delivered. I pay tribute to John Parkes, the former chief executive, Julia Squire, the current chief executive and Sir Hugh Sykes, the chair of the trust board, for reducing the in-year deficit of one of our hospitals from £30 million two years ago to £13 million this year. The projection is that balance will be achieved by October this year.

I am also delighted that we have finally got £1 million transferred from the PCT to the acute hospitals to improve the hearing aid services for my constituents. My constituency is in an old industrial area where many people were involved in mining and there is a clear link between such heavy industry and drilling activities and hearing loss. As for the rhetoric about digital hearing aids, may I say, as a former hearing aid user, that people suffering hearing loss are not

[Mary Creagh]

necessarily always best served by a digital hearing aid? Analogue hearing aids can provide required levels of volume and clarity without the long waits that are associated with the fitting of new digital hearing aids.

To pick up on the points made by the hon. Member for North Norfolk (Norman Lamb), there are health inequality issues in Wakefield. People in my constituency live on average one year less than the national average life expectancy and seven years less than those with the highest life expectancy in Britain. Some 25 per cent. of the adult population are obese and we need to look at placing a statutory duty on primary care trusts to reduce those types of health inequalities.

In terms of access to health care, the new NHS choices website that was launched a couple of weeks ago provides patients with a great deal of information about what their local hospitals provide. For example, pregnant women in my constituency can look up Pontefract general infirmary and see vital information such as the number of women who knew their midwife in labour—in Pontefract it was 45 per cent. compared to an average of 22 per cent. They can also see if their local hospital has a neonatal intensive care unit or a special care baby unit, or a dedicated obstetric anaesthetist, which is related to my earlier intervention about waiting for an epidural. Crucially, women can discover whether, post-birth, they will have access to breastfeeding support—something that every mother would like to know. As we roll out choice and achieve greater transparency, we will see waiting lists and times coming down further.

The Conservatives will the ends but not the means when it comes to health care access. They voted against the national insurance increase that saw a huge cash injection for the NHS. They talk about abolishing targets that have been crucial in driving down waiting lists and tackling the scourge of hospital-acquired infections. I am delighted that the hon. Member for Wellingborough (Mr. Bone) is in his place. He did not mention his Cornerstone document, although some of the case studies that he mentioned came from it. He wants people to take out health insurance to cover all their family's medical expenses. That would be

"set at a level to cover all your family's medical expenses greater than 5 per cent. of your family's income."

That challenging new system would

"cover all serious medical conditions which could require significant costs."

But the real driver of the document is in this sentence:

"An added bonus of this shift in policy would be a massive cut in taxation without penalising public services."

The second part of that sentence is highly debatable. As in so many instances, the Conservatives offer warm words, but lying beneath them is cold comfort for families and patients in my constituency. We need to put our money where our mouth is, invest in the modern facilities that people deserve, and ensure that our NHS is safe as it approaches its 60th birthday and safe for the next 60 years.

6.42 pm

Tony Baldry (Banbury) (Con): Geography is not convenient: the Horton general hospital in my constituency serves a large part of north and west Oxfordshire, south Warwickshire and south Northamptonshire. It has been a general hospital for more than 100 years, but it is now facing the prospect of a serious downgrading of hospital services, including the removal of 24/7 paediatric care.

That level of paediatric care at Horton came about because of the death of a child. In 1974, Barbara Castle, then Secretary of State for Health, ordered an independent public inquiry, which ruled that there should be 24/7 paediatric care at the Horton. As a consequence of losing that care, we have the prospect of losing the special care baby unit and consultant-led obstetric and midwife maternity services.

When the Oxford Radcliffe NHS trust made those proposals, 86 GPs made a joint statement saying that they were unsafe and inhumane. As a consequence, the trust took its proposals off the table and set up two clinical working groups, which—slightly bizarrely—met and worked in secret. Many of us thought that their purpose was to wear down GP opposition to the proposals. Indeed, several GPs now say that although they are very unhappy about what is proposed, they consider it to be—and we should take note of this sentence's construction—the least worst option. I do not want an NHS in my constituency that is the least worst option. Nor do I believe that Ministers want that.

The trust also set up a stakeholders' group, with many members, including Labour councillors Surinder Dhesi, George Parish and Dr. Peter Fisher, who for many years was a consultant physician at the Horton and a Labour county councillor. The group has published a unanimous report, a bit like a Select Committee report, in which it expresses concerns. It says that

"health services must be designed in the best interests of patients and education and training should support that objective. Instead in Oxfordshire and other parts of England educational concerns are leading decisions about the pattern of healthcare with patient needs coming second. The position in maternity services is particularly acute as we understand that many more units across the country may be threatened by these changes to medical education and working hours."

The group request that the trust

"raise this matter at a national level".

I am glad that I have the opportunity to do so in the House today.

The group's document also states that

"instead of being asked to consider a positive vision for the future we have found ourselves being asked to choose between the lesser of two evils—on the one hand there are the clinical risks inherent in the current service arrangements; on the other there are the proposals that by addressing the clinical risk will worsen access to services for local people. Both 'evils' are being driven by national policy changes which should be challenged...None of us believe that they"—

the changes—

"are desirable."

I have two questions for Ministers. First, how are any of us to explain to people that a substantial downgrading of NHS services is an improvement? I would welcome any Minister who wished to come to Banbury for a rational debate—this is not a partisan issue. As I say, the chair of the "Keep the Horton General" campaign is a Labour district councillor and the campaign has broad support across the community.

How can we explain that we are going back to pre-Barbara Castle days and that that is in some way an improvement?

My second question is what will Ministers do to protect smaller general hospitals, or are they content to see them downgraded? The stakeholder group concluded:

"The proposals that the clinical working groups have put forward may be a 'least worst' scenario but they represent a significant downgrading of access to services and a worsening of choice for women and children in the Banbury area."

I cannot imagine that Ministers, or anyone, want to see a downgrading of access to the NHS for women and children.

Ministers should be concerned, because the Oxford Radcliffe trust seemed to suggest that the Royal College of Obstetricians and Gynaecologists had said that a maternity unit is not viable unless it has 2,500 births a year. The group points out that the college's document, "Safer Childbirth: Minimum Standards for Service Provision and Care in Labour", published in November 2006, actually says that units such as the Horton with fewer than 2,500 births should

"continually review staffing to ensure it is adequate based on local needs".

The group comments:

"This does not seem to be saying that 2,500 is the minimum figure for births in an obstetric-led unit. Rather it seems to suggest that fewer hours consultant support would be required for this number of babies and that staffing levels should be determined locally."

I would hope that Ministers would feel able to try to work out how health care provision in smaller general hospitals can be protected.

Sir Ian Kennedy, the chairman of the Healthcare Commission, in a recent speech, observed that

"it is terribly important that services and particularly maternity services, in the light of recent proposals from government and professional groups, keep their eye on the ball of safety as they go through the forthcoming period of change and development."

I do not believe that making expectant mothers travel 26 miles, or more than an hour, to Oxford will necessarily enhance safety.

I hope that Ministers will hear what I have said and accept that it was not intended to be a partisan speech. Instead, I was making a genuine plea that they get a grip on what is happening in the NHS. They need to find ways to protect the services provided by smaller general hospitals, because people do not accept that the substantial downgrading of services in NHS hospitals is a way to improve the health service.

6.50 pm

Mr. Quentin Davies (Grantham and Stamford) (Lab): I wholeheartedly agree with a number of the ideas that have been thrown around this afternoon. First, it would be excellent to have elections to the boards of NHS hospital trusts, and the introduction of such elections would be thoroughly consistent with the spirit of the Prime Minister's announcement this afternoon.

Secondly, I very much agree with what has been said about macular degeneration. It is a real problem, and the fact that some PCTs ration treatments for it is a disgrace. We are talking not about a condition that causes minor discomfort but about an illness that affects a person's sight—a faculty that is desperately important to everyone. Under no circumstances should PCTs try to save money in that way; indeed, almost any other health programme would provide a better vehicle for saving money.

We have very little time, so I shall make only two, connected points. First, there has obviously been the most astonishing turnaround in the NHS over recent years. It would be churlish and an example of bad faith to deny that—

Mr. Brian Binley (Northampton, South) (Con) *indicated dissent.*

Mr. Burns: Will the hon. Gentleman give way?

Mr. Davies: No, there is no time. I am sorry, but the hon. Gentleman must understand that.

The figures are amazing. There is no doubt that a lot of credit for that attaches to my right hon. Friend the Member for Leicester, West (Ms Hewitt), and I am very glad that my hon. Friend the Member for South Swindon (Anne Snelgrove) said what she did in that respect. It does not make much sense to talk about waiting lists: having 1.2 million people, say, wait a month for some form of elective treatment would be reasonable, in fact desirable, but it would be totally unacceptable to have 100,000 waiting for a year.

Instead, we must talk about average and maximum waiting times, They have been falling dramatically, and I hope that we will achieve the 18-week target this year. In addition, it is remarkable and very gratifying that we have achieved the target of ensuring that urgent cancer cases go from identification of symptoms and diagnosis to treatment in a maximum of two weeks. That is an absolutely vital achievement.

My second, related point, is that we would not have secured those improvements without targets. There is an enormous amount of confusion among my former hon. Friends in the Opposition about that. Indeed, it may be worse than confusion—perhaps there is an element of opportunism in their approach. At present, the Government are having a row with the health service unions, so Opposition Members ask themselves why they should not curry some short-term favour with the unions by promising them something. It does not matter how irresponsible the promise might be, so why not promise to get rid of targets in the NHS?

I am sorry to voice such suspicions, but that is the pattern of the Opposition's behaviour over the past few months. It is deeply depressing, and needs to be exposed. Perhaps my exposure of their approach will make my former colleagues on the other side of the House think twice before they go in for a kind of politics that I deplore.

Mr. Burns: Will the hon. Gentleman give way?

Mr. Davies: Of course I cannot, as we do not have time. The hon. Gentleman must understand that.

It follows that we must be very cautious about getting rid of targets. There may be too many of them, and some of them may be the wrong ones, but the new Administration gives us a good opportunity to look

[Mr. Quentin Davies]

through them again. All targets risk having perverse consequences: when they do, they should be looked at again and either revised or strengthened. However, very stern measures should be taken when targets are abused.

One hears stories—I have no idea whether they are true—about accident and emergency departments keeping people in ambulances on the hospital forecourt so that they do not miss their four-hour target. People who do that are in breach of the fundamental Hippocratic principles according to which they are supposed to work. The whole point is that the spirit of those principles is important, because it means that people in the medical profession should always put the patient's interest first, maintain the highest standards of professional behaviour and be attached to medicine's scientific principles. Those principles are non-negotiable. They are deeply ingrained in every self-respecting doctor or nurse, and anyone who abuses them in the way that I described should be sacked. It is as simple as that.

Nevertheless, I share the view that many hon. Members have set out—that it would be splendid if we could provide a reasonable set of outcomes and outputs from the health service using only market disciplines—but that is never possible. Of course I want liberalisation of the supply side in health, especially in the secondary sector, and there is more that we can do to bring in the private sector in certain circumstances. The competition in central London between large general hospitals is a good thing and should be encouraged.

Of course we want patient choice too, but it is utterly delusory to think that the health service could be run according to market principles and mechanisms alone and still do the job for the country that it was designed to do in 1948—and which I hope it will continue to do for at least another 60 years, or even longer.

Mr. Stephen O'Brien (Eddisbury) (Con): Will the hon. Gentleman give way?

Mr. Davies: I am sorry, I have no time. The hon. Gentleman will have his chance in a moment. I always give way with pleasure in this House—*[Interruption.]*

Mr. Deputy Speaker: Order. The hon. Gentleman has indicated that he will not give way at this stage.

Mr. Davies: The Opposition are merely attempting to disrupt my speech, Mr. Deputy Speaker. Their actions are childish, given that there is an agreement between the Whips that we should all try to limit our remarks so as to get as many people in as possible. I certainly intend to observe that request.

Where possible, I want the amount of competition and patient choice to be increased substantially, but there can never be redundancy, duplication or competition in disciplines such as neurosurgery, intensive care or ophthalmic surgery, for example. We have a choice with them, and one option would be to leave the producers to deliver what they want when and how they want, but that is never acceptable. If health producers are subject to no discipline or no counterbalance to their own inclinations, it is tantamount to our saying that we cannot influence the monopoly, which must be left to deliver whatever it wants to deliver. To say that would be an abdication of the responsibility that Parliament assumed when the National Health Service Act 1946 came into force in 1948. It is a hopeless way forward, and I am very sorry that my former hon. Friends in the Opposition have gone down that road, possibly for totally the wrong reasons.

I want to give the House another example. The Medical Training Application Service was a debacle because there was too much producer orientation. Ministers set up a quango and then declined to second-guess its results. I understand that it is difficult for a Minister to second-guess senior consultants and the people running the royal colleges, but it is clear in retrospect that that is what should have happened. Unfortunately, however, the senior doctors were influenced by their own interests: they thought that spending so much time interviewing junior doctors was boring, and that it would be a thoroughly good thing to allow a computer to do all that. That is an example of how producer orientation and monopoly power can go wrong—in medicine, as in other areas of human activity.

We set up the health service, and we in this House are proud if it. We have the responsibility to make sure that it produces the outcomes and outputs that the public demand and require, which means that rules and targets must continue to be imposed from the centre.

6.58 pm

Mr. Graham Stuart (Beverley and Holderness) (Con): It is interesting to find myself following the hon. Member for Grantham and Stamford (Mr. Davies), especially given that, in his election address of just two years ago, he said:

> "The Health Service is in many ways worse. Average hospital waiting times (the key measure) have increased from 90 to 95 days and deaths from diseases caught in hospital have more than doubled. The GP service has been run down. NHS dentistry has all but disappeared."

The hon. Gentleman's new friends may be interested to hear all that, but my hon. Friends and I know that personal slights and slighted vanity count for more with him than does fighting for the NHS. That is the central priority of the Conservative party, under its current excellent leadership.

Mr. Burns: Does my hon. Friend agree that the election address to which he referred has more to say? It goes on:

> "The country deserves better. Can a Conservative Government provide it? I believe we can".

Mr. Stuart: I think that we have dealt with the hon. Gentleman fully.

Like many other hon. Members I should like to welcome the new health ministerial team. Before today, I thought that the new Health Secretary and his Ministers would offer new hope to the Department—at least compared with their predecessors, who left NHS staff and patients both demoralised and discontented. I hope that Ministers will learn from that history and perhaps show greater humility, given the recent record, than the Secretary of State showed today. He said that

the former Secretary of State carried more political nous or ability than I had in the end of my finger. That is about my assessment: I think that she has got more ability than I have in the end of my small finger.

The hon. Member for Wakefield (Mary Creagh) said that we needed targets. She is absolutely wedded to targets. I am glad to say that the Secretary of State has taken a lesson from the consistent, hard-working and excellent Conservative Front-Bench team on the need to get rid of targets and has said that he will move away from targets. The hon. Member for Wakefield may resist that, but I am glad that there was one bright spark in the speech of the new Secretary of State.

In the few minutes that I have, I want to talk about community hospitals. When I came to this place, I found that hon. Members across the House had problems with community hospitals. I see some of them here this evening on the Labour Benches. Vital services were threatened with cuts or closure, so in November 2005 I formed community hospitals acting nationally together—CHANT—a cross-party group supported by Liberal Democrat, Labour, Conservative and Independent Members and patrons from both Houses of Parliament. I am not sure whether the hon. Member for Grantham and Stamford is a supporter or not. CHANT has fought to raise the issue of community hospitals in this House. We were delighted by the Government's White Paper, which suggested that at last community hospitals were going to be saved.

When CHANT was established in November 2005, about 80 community hospitals were threatened with cuts or closure. That number, according to the Community Hospitals Association, is now more than 166. Across the country, especially in rural communities, we have seen services cut. In my local area, we have seen the 24-hour minor injuries unit service at Withernsea hospital cut to day times only. We have seen constant battles by the whole community, on a cross-party basis, as my hon. Friends, who have not been seeking to make partisan points, have pointed out. Proposals were put forward at one stage to close every bed in Hornsea cottage hospital on some spurious urgency grounds. That had to be resisted by the threat of going to court, which led to the trust backing down.

Then the primary care trust came forward with proposals that would have seen every NHS bed closed in my constituency—beds in Withernsea, which is a highly deprived, isolated community, Hornsea and Beverley as well as Driffield. The plan was that the only NHS beds to replace those closed beds would be in Goole and Bridlington—a four-hour round trip. Who knows how long it would take by public transport for the typical elderly patient and their spouse if they had to get to those hospitals? The community came together as one. The one benefit of the consultation was the way in which it brought the community together. They were united in opposition to the plan, as people have been in so many other parts of the country.

In fact, 3,500 submissions were made to the PCT. It was overwhelmed and had to delay its response. Tens of thousands of people signed petitions. I am pleased to say that every Member of Parliament in the East Riding of Yorkshire and the leaders of the Labour party, the Liberal Democrats, the Independents and the Conservatives on East Riding of Yorkshire council jointly signed a letter to the PCT board saying that it must stop the attack on vital services. I am pleased to relate that that did have an impact, such was the opposition. The trust has recognised the need to maintain beds in Beverley, which is a major step forward, and Withernsea. It has not saved any beds in Hornsea, although I hope still that there will be an opportunity for us to keep some beds in what I believe is the largest town in England that does not have an A road to it. It has B roads, which are all too often blocked by traffic in the summer. Local people need local services in that sparsely populated rural community. They should not be judged on the same basis as a unit in the centre of a city.

I congratulate the whole community, the newspapers, and the television stations. The *Hull Daily Mail*, the *Holderness Gazette* and the *Beverley Guardian* worked on the campaign. Political parties, voluntary groups and others came together and fought the decision, and the PCT was made to listen. However, we are losing beds in Hornsea and there is a pattern of such closures across the country. I hope that the new ministerial team will look again at the White Paper and send out messages from the centre that community hospitals will be supported.

There has been chaos in the way in which the Department has responded. Fortunately, there was a major effort in the House to put pressure on Ministers in the previous Administration. There was a response last summer from the previous Secretary of State; she announced £750 million of capital funding for community hospitals. That was supposed to be a five-year programme. Perhaps I may ask the new Minister of State to investigate the programme. My PCT was told by the strategic health authority with only a few weeks' notice that it had to pull forward and get its bids in by the end of June—now postponed to the end of July. Yet it was supposed to be a five-year programme with full consultation. I ask the Minister to look again at community hospitals and ensure that the vision laid out in the White Paper, which had support across the House, can be delivered on the ground. Too often, Government rhetoric has not been matched by the reality that local constituents have had to put up with.

7.6 pm

Dr. Richard Taylor (Wyre Forest) (Ind): I have four minutes to bring to the attention of the new Ministers, whom I welcome, some practical suggestions. I have the amazing opportunity to bring together what the Secretary of State and the hon. Member for South Cambridgeshire (Mr. Lansley) said. The Secretary of State said that each patient must have a clear path to follow. The hon. Member for South Cambridgeshire pointed out the confusion about the path to follow for access to emergency care. That is what I want to talk about.

Ordinary patients have at least eight options for access to emergency care. They can dial 999; they can walk into an A and E department, a minor injuries unit or a walk-in centre; they can contact their GP if it is during the one third of the week when he or she is on duty; they can telephone the GP out-of-hours service; they can phone NHS Direct; or they can drop into a

[Dr. Richard Taylor]

primary care out-of-hours centre. People are confused. Emergency access has to be clarified, and it is easy to clarify it. There must be just two options—go to the A and E if there happens to be one, or use a single telephone number.

If only the telephone triage service could be rationalised so that there was one number for everyone to phone across the country and a standardised triage system at the end of the phone, we would sort out the problems of access to emergency care in a moment. The huge point is that the Department of Health has the means to do that. I urge the Minister to look at NHS pathways, which has defined exactly the standard questionnaire that can sort out anybody. I tested it on a small boy who, sadly, died in my constituency as a result of inadequate triage. After about the fourth question, NHS pathways would have picked up the fact that the little boy needed to be admitted to hospital. I plead with Ministers to look at NHS pathways. It is being piloted in the north-east by the ambulance service there, which is to report in September 2007. It is being piloted in Croydon by the out-of-hours service, which is also to report in September 2007. The results are expected to show tremendous success and benefit.

I believe that NHS Direct should be limited to giving advice to patients about illnesses, and should not give advice on access to emergency care. Ministers should look at NHS pathways seriously to see why it cannot be rolled out to cover the whole country. It would have huge benefits, solve the problems with NHS Direct and release nurses to nurse, because the triage is so organised that it can be done by trained lay people. I urge the Minister to make it a high priority to create only two options for emergency care—A and E or a single phone number connected to NHS pathways.

7.10 pm

Mr. Stephen O'Brien (Eddisbury) (Con): I welcome the Minister of State, Department of Health, the hon. Member for Exeter (Mr. Bradshaw), to his new responsibilities and I look forward to our exchanges at the Dispatch Box. I am sure that he will soon realise that nothing is more important to our constituents than their security and their health, so, in view of the values of the doctors' pledge—the Hippocratic oath—it is poignant that we are meeting as we learn of the doctor arrested in Brisbane, Australia, who had worked in a hospital in my home and constituency county, treating my constituents and those in neighbouring constituencies.

We have had a good, wide-ranging debate, throughout which Conservative Members have defended the NHS from the ravages and ramifications of the Government's poor planning and the even worse implementation of their top-down targets. The Secretary of State, who has just returned to the Chamber, had a prize opportunity to steal our clothes, but instead he dug in and defended everything done by his predecessor, who of course paid the ultimate political price for just that.

As we have said before, we remain concerned that the Government's basis for their NHS policy decisions is a desperate scrabble for cash rather than a focus on the health outcomes for the people of our country. The hard-working staff of the NHS, to whom we all pay tribute, deserve far greater support than they are receiving from the Government, so we have presented the new Prime Minister's team with a copy of our "NHS Autonomy and Accountability" white paper. Although the Prime Minister seemed to distance himself from the idea of taking politics out of the NHS in the closing days of his non-campaign, at the weekend he told the *News of the World* that he would be pursuing our policy. Clearly, he has found "all the talents" for NHS policy in the Conservative white paper.

Ultimately, whatever specific issues we have debated today, the future of fair access to our NHS services lies in the autonomy of the NHS to make decisions based on clinical, not political, criteria, and its accountability to the House and to the public and patients who use it every day. The case was made fairly and forcefully by my hon. Friend the Member for South Cambridgeshire (Mr. Lansley), supported by an excellent and powerful speech from my hon. Friend the Member for Wellingborough (Mr. Bone). In addition, I pray in aid the following quotation:

> "The NHS was the creation of all three parties. Its fundamental principles have never been under greater threat."

Those words appeared recently on the website of none other than the hon. Member for Grantham and Stamford (Mr. Davies).

My right hon. Friend the Leader of the Opposition has constantly confirmed our commitment that the NHS is our No. 1 priority, and that under an incoming Conservative Government it will continue to be a public service free at the point of need, with access based on need, not on ability to pay. I hope that even at this late hour the Government will support that part of our motion—interestingly, their amendment would delete that crucial overriding principle and value without repeating it or replacing it with words of their own. What do they mean by that?

Last December, when he was a Health Minister, the new Chief Secretary to the Treasury undertook the Government's consultation on the core principles of the NHS, which we have committed to enshrining in legislation. In that consultation, the Government omitted the principle that

> "public funds for healthcare will be devoted solely to NHS patients".

What do they mean by that? Perhaps the new Minister will tell us whether he still wants to get rid of that central pillar of the NHS.

Amidst the various disasters that befell the NHS on the watch of the right hon. Member for Leicester, West (Ms Hewitt), the negotiation of the new GP contract will be remembered as one of her biggest political tombstones. The cost was over £250 million more than the Government had originally intended, for a service that had been slated by the National Audit Office—*[Interruption.]* I am happy to take all bids for admission of failure.

What does the Minister intend to do about those costs? As the motion makes clear, our recommendation is that practice-based commissioning be developed to provide greater incentives for the integration of GP services with out-of-hours care. I hope that the Minister will not be tempted to repeat the point that 96 per cent.

of practices have taken up practice-based commissioning. As I have discovered through parliamentary questions, his Department only counts GP practices that take up component 1 of the PBC incentive payment, which is, in effect, free money: 95p per registered patient if the practice submits a plan on how it intends to deliver direct enhanced services. The practice receives that money whether or not it delivers on the plan. Component 2 of the payment is made available when it actually delivers, so I was not surprised to discover that information about the take-up of PBC is collected only at primary care trust level. Will the Minister tell us what percentage of GP practices have taken up component 2?

We also recommend the use of PBC to integrate urgent care. Will the Minister give us the timetable for publication of the urgent care strategy? The White Paper, "Our health, our care, our say" promised:

"During 2006 we will develop an urgent care strategy for the NHS."

However, we are halfway through 2007 and all we have from Ministers is a commitment to publish "in due course". We also await the review of walk-in centres and the patient access survey results. As regards the former, a year ago last month, according to the Under-Secretary of State for Health, the hon. Member for Bury, South (Mr. Lewis)—who has not returned to the Chamber:

"The matters are still under consideration."—[*Official Report*, 13 June 2006; Vol. 447, c. 1161W.]

What is the hold-up? Perhaps the answer is in the new Minister's in-tray, or walk-in tray, or his kick-it-into-the-long-grass tray. Who knows?

My hon. Friend the Member for Beverley and Holderness (Mr. Stuart), who has been a tireless campaigner on behalf of community hospitals, made a justifiably impassioned late contribution on the subject. Since 1999, more than 3,000 community hospital beds have been lost, 27 hospitals have experienced closures and 139 are under threat. Only £50 million of the £750 million community fund budget announced last summer has actually been allocated to community hospitals, with a further £50 million to polyclinics. Moreover, the Government have dropped their 2005 election manifesto pledge to build or refurbish 50 community hospitals. When will the Minister start defending community hospitals, which are the key to delivering care closer to home?

We have heard from Members on both sides of the House who face the threat of closure of their local accident and emergency departments. In April, when questioned by my hon. Friend the Member for South Cambridgeshire, the former Secretary of State refused to say whether she endorsed or rejected the Department of Health guidance on the subject. Will the new Minister tell us what he thinks? I caution him that if he accepts the Department's guidance

"that to be viable, a full A&E Department in the future would need to be supported by a catchment population of between 450,000 and 500,000 people"—

a claim for which we have seen no evidence, but which is being prayed in aid by strategic health authorities hoping to close A and E departments—he will be condemning 92 of England's 204 A and E departments to closure, as was highlighted in an intervention about Haywards Heath by my hon. Friend the Member for Mid-Sussex (Mr. Soames).

Mothers-to-be in England might take heart from the elevation under the new regime of Government campaigners for maternity services. The new Secretary of State for Communities and Local Government is protesting against the closure of maternity services at Hope hospital in Salford. The new Home Secretary is protesting against closures at the Alexandra hospital in Redditch. Mothers-to-be will be pleased to hear that the Under-Secretary, who is still not in the Chamber, and who protested against the closure of maternity services at Fairfield hospital in Bury, is the only Health Minister from the previous line-up to keep his job.

Unfortunately, what the hon. Gentleman does in his constituency seems to bear no relation to the policies he signs off at Westminster. We have repeatedly asked for clinical evidence for reconfigurations of maternity services. The report failed to provide it and the hon. Gentleman confirmed that the necessary research will not be concluded until 31 August 2009, yet the mad march of threatened closures continues—such as the closure at Horton, as has been repeatedly and ably pointed out by my hon. Friend the Member for Banbury (Tony Baldry). Sixty per cent. of those services are operated by providers that finished the 2005-06 financial year in deficit, and 65 per cent. of them are situated in parliamentary constituencies held by Opposition MPs.

It is depressing that yet again the choose and book statistics have been run out. As long as a person has made just one phone call, even if it is completely useless, it is counted in the 85 per cent. "successful use" figure.

In the spirit of consensus building so beloved of the new Prime Minister, we have today taken a constructive approach and offered a positive way forward, but neither in their motion or in the debate have the Government attempted to answer any of our points. Perhaps the Minister, who is fresh from ducking the issues on badgers and controlling the spread of bovine TB, can set a new example of Government transparency when he speaks. Spending is not the same as delivering.

Surely now that the clunking fist of the ex-Chancellor has grasped power, the Government should recognise that there is a large elephant in the room, which is, as they say in the motion, their suggestion that the staff and the medical profession have worked hard to deliver the Government's targets. No—they have worked hard to deliver better patient care and they have done so by working not necessarily with and for the Government, but often despite the Government who have set the top-down targets. That is why we need a new freedom of access and free access that is equitable across the country. I ask my hon. Friends on the Opposition Benches, and perhaps some good-thinking friends on the Government side, to support the motion.

7.20 pm

The Minister of State, Department of Health and Minister for the South West (Mr. Ben Bradshaw): This has been a mainly good debate and many important points have been raised. I acknowledge the warm welcome that Members on both sides have given to the new team on the Government Front Bench.

[Mr. Ben Bradshaw]

The health service we inherited in 1997 was starved of essential funding. Every winter heralded a new crisis, cancer death rates were going up, waiting lists topped 1 million, there was a shortage of beds, patients were left on trolleys in A and E for hours, and half of all hospital buildings had been built before 1948. Ten years on, the position is transformed thanks to greater investment, difficult but necessary system reform and, above all, the tremendous work of those who work in the NHS.

As recent successive independent surveys have shown, patient appreciation of the health service is at record levels. The Healthcare Commission survey, in line with previous years, showed that more than nine in 10 people rate their care as excellent, very good or good. The recent Commonwealth Fund survey of international rankings looked at the health services of the UK, Australia, Canada, Germany, New Zealand and the United States against health system indicators of quality, equity, healthy lives, access and efficiency and it placed the UK first, an increase of two places since 2006.

Mr. Lansley: Will the Minister give way?

Mr. Bradshaw: Certainly not. I very much regret that not all Back Benchers were able to contribute to the debate because the Opposition went on for too long. I will not give way in the 10 minutes that I have left to respond to the very important points that Back Benchers have made.

The Government accept that the transition that we have put through since 1997 has been delivered at some cost to staff engagement and some measure of public confidence. Those who use the NHS testify in ever greater numbers to its excellent treatment and improved resources, but the public as a whole are not yet persuaded. Deficits in some health trusts place unwanted additional strain on hard-working NHS staff.

I now come to some of the points that have been made in the debate. The hon. Member for North Norfolk (Norman Lamb) was absolutely right when he said that health inequalities remain a major challenge. Access to GPs, for example, differs widely even within regions of the country. In the north-east, there are 133 per 100,000 of population in Northumberland compared with 25 per 100,000 in neighbouring Redcar and Cleveland. He is right to say that we have more to do on that, and we are doing so through the fairness in primary care procurement. We have been working with the 30 primary care trusts with the fewest GPs for their populations, and contracts with new providers should improve access to services for thousands of people living in those areas. Advertisements for the initial four—Hartlepool, Nottinghamshire County Teaching, County Durham, and Yarmouth and Waveney—were placed in April. Advertisements for a further six PCTs were published for Ashton, Leigh and Wigan, Bolton, East Lancashire, Luton Teaching, Manchester and Trafford.

The hon. Gentleman is also right to point to the problems that we still face in audiology. We acknowledge that waits for hearing aids are still too long and we published a framework for tackling the problem in May. The Under-Secretary of State for Health, my hon. Friend the Member for Bury, South (Mr. Lewis), will publish the Government's response to the Health Committee's recent report shortly.

I can reassure the hon. Gentleman that there will be no change in the Government's approach to independent sector treatment centres, and he is also right to say that challenges remain in orthodontics. As he will know, the old system led to huge variations in the provision of orthodontic services, because orthodontists could decide for themselves where to set up practice and how much work to do for the NHS. Last year's reforms will address that issue, but I have to point out that the NHS spends more on orthodontic services per head of population than any other state-funded system in the world.

The hon. Member for Romsey (Sandra Gidley) said that she thought that the provision of dentistry was getting worse. That is not the case. NHS dentistry is expanding nationally. PCTs are now commissioning more dental services than the year before the reforms, and in March 2007 there were more than 21,000 dentists on NHS lists, an increase of 4,000 since 1997.

Most of the points made by Conservative Members seemed to focus on the configuration of hospital services, and community hospitals and community services in particular. The configuration of hospital services must be a matter for the local national health service. We do not believe that it is central Government's role to micro-manage every local health economy. As my hon. Friends the Members for Wakefield (Mary Creagh) and for South Swindon (Anne Snelgrove) and my new hon. Friend the Member for Grantham and Stamford (Mr. Davies), in an excellent contribution, made absolutely clear, reconfiguration in their constituencies has led to considerable benefits in terms of health service provision.

As the hon. Member for North Norfolk pointed out, the implications of the Conservative party's policy are more closures of community hospitals being decided not at local level but by a national quango. That is not the route that we intend to go down. Far from closing hospitals, this Government have delivered the biggest hospital-building programme ever, with 109 new hospitals open or under construction since 1997. The reconfigurations are taking place because doctors are telling us that specialist care needs to be concentrated in centres of excellence so that clinicians with the right expertise, experience and equipment can treat the sickest patients safely and conveniently.

Conservative Members also asked what the Government's approach to targets would be and how many targets we have got rid of. My information is that targets have reduced in number over the past three strategic reviews from 108 to 20. The 18-week wait is the only remaining target when it comes to access.

We were presented with a paper by the official Opposition and, as my right hon. Friend the Secretary of State said, we will take a look at it. On the face of it, either the things that they are proposing are already under way, or we do not believe that they are necessary to achieve the improvements that we all want. As the hon. Member for Wellingborough (Mr. Bone) acknowledged in the Cornerstone paper, a large bulk of the Conservative party want private health insurance to pay for tax cuts.

As we move to the next phase of the NHS transformation, we agree that there should be much greater focus not on top-down reforms, but on stimulating change among patients and practitioners. The policy framework that we set out will be right only if the views of staff and patients are properly incorporated. A modern NHS must move from a public sector monopoly to a truly patient-led public service. The previous ministerial team, to whom I also pay tribute, took significant steps towards creating an independent, self-improving NHS, steadily removing powers from the hands of politicians and transferring it to clinicians. Increased transparency and independence have brought undoubted improvements, but have also had a short-term effect on confidence. However, we were right to introduce those changes.

Patients need staff to take the time to explain the condition and treatment options, and citizens need to know what is going on and to be properly involved in collective decisions. We introduced national targets to eradicate the unacceptably long waiting lists, and without those targets, the NHS would not have seen the transformation of services that I described earlier. But the treatment needed for the NHS then, when the whole system was in intensive care, is not the same as the treatment it needs now. We are determined to move away from targets as we transform the NHS from a top-down bureaucracy to a bottom-up, self-improving organisation with power in the hands of patients, their advocates and, crucially, GPs and others in primary care and the staff.

Waiting lists and waiting times are at record low levels. The Government are on course to hit next year their 18-week target for the waiting time from GP referral to treatment. We have seen huge falls in deaths from heart disease and cancer. There are 80,000 more nurses and 35,000 more doctors, and there is better pay for our brilliant NHS staff. There are more than 100 new hospitals. That is what the Labour Government meant when we promised to save the NHS after 18 years of Tory neglect. Of course we must learn from mistakes and listen to our critics and, in particular, to those who work on the front line, but our overriding principle must be what is in the best interests of patients. It is absurd to deny that our health service is in immeasurably better shape than it was 10 years ago. Under this Labour Government, it will continue to get better.

Question put, That the original words stand part of the Question:—

The House divided: Ayes 193, Noes 292.

Division No. 171] **[7.30 pm**

AYES

Afriyie, Adam
Ainsworth, Mr. Peter
Alexander, Danny
Amess, Mr. David
Ancram, rh Mr. Michael
Arbuthnot, rh Mr. James
Bacon, Mr. Richard
Baker, Norman
Baldry, Tony
Barker, Gregory
Baron, Mr. John
Barrett, John
Beith, rh Mr. Alan
Bellingham, Mr. Henry
Benyon, Mr. Richard
Bercow, John
Beresford, Sir Paul
Binley, Mr. Brian
Blunt, Mr. Crispin
Bone, Mr. Peter
Boswell, Mr. Tim
Brady, Mr. Graham
Brazier, Mr. Julian
Breed, Mr. Colin
Brokenshire, James
Brooke, Annette
Browne, Mr. Jeremy
Bruce, rh Malcolm
Burns, Mr. Simon
Butterfill, Sir John
Cable, Dr. Vincent
Campbell, Mr. Gregory
Campbell, rh Sir Menzies
Carmichael, Mr. Alistair
Carswell, Mr. Douglas
Cash, Mr. William
Chope, Mr. Christopher
Clappison, Mr. James
Clark, Greg
Clarke, rh Mr. Kenneth
Clifton-Brown, Mr. Geoffrey
Conway, Derek
Cormack, Sir Patrick
Cox, Mr. Geoffrey
Crabb, Mr. Stephen
Davies, David T.C. *(Monmouth)*
Davies, Philip
Davis, rh David *(Haltemprice and Howden)*
Djanogly, Mr. Jonathan
Dorries, Mrs. Nadine
Duncan Smith, rh Mr. Iain
Dunne, Mr. Philip
Ellwood, Mr. Tobias
Evans, Mr. Nigel
Featherstone, Lynne
Field, Mr. Mark
Foster, Mr. Don
Francois, Mr. Mark
Fraser, Mr. Christopher
Gale, Mr. Roger
Garnier, Mr. Edward
Gauke, Mr. David
George, Andrew
Gidley, Sandra
Gillan, Mrs. Cheryl
Goldsworthy, Julia
Goodman, Mr. Paul
Goodwill, Mr. Robert
Grayling, Chris
Green, Damian
Greenway, Mr. John
Gummer, rh Mr. John
Hammond, Mr. Philip
Hancock, Mr. Mike
Harper, Mr. Mark
Harvey, Nick
Hayes, Mr. John
Heald, Mr. Oliver
Heath, Mr. David
Heathcoat-Amory, rh Mr. David
Hendry, Charles
Herbert, Nick
Hoban, Mr. Mark
Hogg, rh Mr. Douglas
Hollobone, Mr. Philip
Horam, Mr. John
Horwood, Martin
Howarth, David
Hughes, Simon
Huhne, Chris
Hunt, Mr. Jeremy
Hunter, Mark
Hurd, Mr. Nick
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Johnson, Mr. Boris
Jones, Mr. David
Kawczynski, Daniel
Keetch, Mr. Paul
Key, Robert
Kirkbride, Miss Julie
Kramer, Susan
Lait, Mrs. Jacqui
Lamb, Norman
Lansley, Mr. Andrew
Laws, Mr. David
Leigh, Mr. Edward
Letwin, rh Mr. Oliver
Lewis, Dr. Julian
Lidington, Mr. David
Lilley, rh Mr. Peter
Llwyd, Mr. Elfyn
Loughton, Tim
Luff, Peter
Mackay, rh Mr. Andrew
Maclean, rh David
Main, Anne
Malins, Mr. Humfrey
Mates, rh Mr. Michael
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Miller, Mrs. Maria
Milton, Anne
Mitchell, Mr. Andrew
Moss, Mr. Malcolm
Mundell, David
Murrison, Dr. Andrew
Neill, Robert
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Osborne, Mr. George
Paice, Mr. James
Paterson, Mr. Owen
Pelling, Mr. Andrew
Penning, Mike
Penrose, John
Price, Adam
Prisk, Mr. Mark
Pritchard, Mark
Randall, Mr. John
Redwood, rh Mr. John
Rennie, Willie
Robathan, Mr. Andrew
Robertson, Hugh
Robertson, Mr. Laurence
Rogerson, Dan
Rosindell, Andrew
Rowen, Paul
Ruffley, Mr. David
Russell, Bob
Sanders, Mr. Adrian
Scott, Mr. Lee
Shepherd, Mr. Richard
Simmonds, Mark
Smith, Sir Robert
Soames, Mr. Nicholas
Spicer, Sir Michael
Spink, Bob
Spring, Mr. Richard
Stanley, rh Sir John
Steen, Mr. Anthony
Streeter, Mr. Gary
Stuart, Mr. Graham
Swayne, Mr. Desmond
Swinson, Jo
Syms, Mr. Robert

Tapsell, Sir Peter
Taylor, Mr. Ian
Taylor, Matthew
Taylor, Dr. Richard
Thurso, John
Tyrie, Mr. Andrew
Vaizey, Mr. Edward
Vara, Mr. Shailesh
Villiers, Mrs. Theresa
Walker, Mr. Charles
Wallace, Mr. Ben
Walter, Mr. Robert
Waterson, Mr. Nigel
Watkinson, Angela
Whittingdale, Mr. John
Wiggin, Bill
Williams, Hywel
Williams, Mr. Roger
Willis, Mr. Phil
Willott, Jenny
Wilson, Mr. Rob
Wilson, Sammy
Winterton, Ann
Winterton, Sir Nicholas
Wright, Jeremy
Yeo, Mr. Tim

Tellers for the Ayes:
Mr. David Evennett and
Mr. Mark Lancaster

NOES

Abbott, Ms Diane
Ainger, Nick
Ainsworth, rh Mr. Bob
Alexander, rh Mr. Douglas
Allen, Mr. Graham
Anderson, Mr. David
Anderson, Janet
Atkins, Charlotte
Austin, John
Bailey, Mr. Adrian
Baird, Vera
Balls, rh Ed
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Bell. Sir Stuart
Benn, rh Hilary
Benton, Mr. Joe
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Blunkett, rh Mr. David
Borrow, Mr. David S.
Bradshaw, Mr. Ben
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burnham, rh Andy
Butler, Ms Dawn
Byers, rh Mr. Stephen
Byrne, Mr. Liam
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Ronnie
Caton, Mr. Martin
Chapman, Ben
Clapham, Mr. Michael
Clark, Ms Katy
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Connarty, Michael
Cook, Frank
Cooper, Rosie
Cooper, Yvette
Corbyn, Jeremy
Cousins, Jim
Crausby, Mr. David
Creagh, Mary
Cruddas, Jon
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Curtis-Thomas, Mrs. Claire
Darling, rh Mr. Alistair
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Dai
Davies, Mr. Quentin
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dismore, Mr. Andrew
Dobbin, Jim
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Eagle, Angela
Eagle, Maria
Engel, Natascha
Etherington, Bill
Farrelly, Paul
Field, rh Mr. Frank
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, Caroline
Flynn, Paul
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gapes, Mike
Gardiner, Barry
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gilroy, Linda
Godsiff, Mr. Roger
Goggins, Paul
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. Fabian
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom
Havard, Mr. Dai
Henderson, Mr. Doug
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hillier, Meg
Hood, Mr. Jim
Hoon, rh Mr. Geoffrey
Hope, Phil
Hopkins, Kelvin
Howarth, rh Mr. George
Howells, Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Hutton, rh Mr. John
Iddon, Dr. Brian
Illsley, Mr. Eric
Ingram, rh Mr. Adam
Irranca-Davies, Huw
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Lynne
Jones, Mr. Martyn
Jowell, rh Tessa
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Kelly, rh Ruth
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Love, Mr. Andrew
Lucas, Ian
MacDougall, Mr. John
Mackinlay, Andrew
Mactaggart, Fiona
Mahmood, Mr. Khalid
Malik, Mr. Shahid
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Marshall, Mr. David
Marshall-Andrews, Mr. Robert
McAvoy, rh Mr. Thomas
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McDonagh, Siobhain
McFadden, Mr. Pat
McFall, rh John
McGovern, Mr. Jim
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, Mr. Tony
Meacher, rh Mr. Michael
Meale, Mr. Alan
Merron, Gillian
Michael, rh Alun
Milburn, rh Mr. Alan
Miliband, rh David
Miliband, rh Edward
Miller, Andrew
Mitchell, Mr. Austin
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Moran, Margaret
Morden, Jessica
Morgan, Julie
Mountford, Kali
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
O'Hara, Mr. Edward
Olner, Mr. Bill
Osborne, Sandra
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, rh James
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, rh John
Robinson, Mr. Geoffrey
Roy, Mr. Frank
Ruane, Chris
Ruddock, Joan
Russell, Christine
Ryan, rh Joan
Salter, Martin
Seabeck, Alison
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Simpson, Alan
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andy

Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Geraldine
Smith, John
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Taylor, David
Thomas, Mr. Gareth
Tipping, Paddy
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Truswell, Mr. Paul
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda
Ward, Claire
Wareing, Mr. Robert N.
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Wills, Mr. Michael
Winnick, Mr. David
Winterton, rh Ms Rosie
Wood, Mike
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Noes:
Mr. Sadiq Khan and
Mr. Dave Watts

Question accordingly negatived.

Question, That the proposed words be there added, *put forthwith, pursuant to Standing Order No. 31 (Questions on amendments), and agreed to.*

Mr. Deputy Speaker *forthwith declared the main Question, as amended, to be agreed to.*

Resolved,

That this House supports the Government's trebling of investment in the NHS by 2008 and welcomes the recent confirmation of an extra £8 billion for 2007-08; congratulates the staff and the medical professions for their hard work and commitment in helping progress towards this Government's historic maximum 18 week wait from GP referral to treatment; welcomes the extra choice available to patients with new services more convenient for their lives including around 90 NHS walk-in centres and the £750 million programme for developing community facilities providing care closer to home; recognises the achievement of the NHS in delivering a wide range of quality personal services convenient for patients including NHS Direct, 23 new independent sector treatment centres increasing choice; further welcomes the 280,000 extra staff working for the NHS since 1997 including 80,000 more nurses and 35,000 more doctors; further welcomes the fact that over 85 per cent. of all GP practices have used Choose and Book to refer their patients to hospital and that over three million Choose and Book appointments have been made so far, allowing patients to choose appointments that are at convenient times to fit in with their lives; and recognises the need to ensure that the views of NHS staff and patients are paramount and that Government must engage fully in a dialogue with them about the future of the NHS.

Pensions Policy

Mr. Deputy Speaker (Sir Michael Lord): We now come to the debate on pensions policy. I must advise the House that in the Government amendment, the word "broker" has been misprinted as "broke". It will be correctly recorded in the minutes of proceedings. I should also tell the House that Mr. Speaker selected the amendment in the name of the Prime Minister, and I remind hon. Members that there will be a 10-minute limit on Back Benchers' speeches in this debate, as there was in the previous debate.

7.47 pm

Chris Grayling (Epsom and Ewell) (Con): I beg to move,

That this House notes the loss of public trust in the UK pension system caused by the continuing £5 billion per year stealth tax raid on pension funds, the winding up of 60,000 occupational pension schemes since 1997, the closure of two-thirds of remaining final salary pension schemes to new members and the acceleration of closures to new accruals by existing members; further notes the loss by 125,000 workers whose pension schemes have failed of some or all of their pensions and the poor performance of the Financial Assistance Scheme in supporting them and the growing concern about the disparity between pension expectations in the public and private sectors as well as the size of the unfunded public sector occupational pension liabilities faced by future taxpayers; and calls on the new Prime Minister to acknowledge his role in the pensions crisis and to take personal responsibility for the urgent task of restoring to millions of hard-working families the confidence to save for retirement.

Before we get to the meat of the debate, may I congratulate the Secretary of State for Work and Pensions on his appointment? I look forward to debating with him over the next few months. I hope that our relationship will be constructive, as well as combative, as is the way with these things. In the past few days, and indeed in the House this afternoon, we have heard the first of what I am sure will be a blizzard of initiatives from the new Prime Minister, but so far almost everything that we have heard has been about the process of government. That is all well and good, but what the people of this country are really looking for is solutions to the real problems that we face, and in particular to the problems that the Government and the Prime Minister have created in the past 10 years.

For the past three hours, we have heard about the way in which decisions made by the Prime Minister have let down our health service, its patients and the people who work in it. I want to address what is probably the Prime Minister's other big failing: the way in which he has presided over the disasters in Britain's pension system. It is noticeable that since Tony Blair announced his retirement at the end of April, we have heard a lot of talk from the new Prime Minister about how he will tackle problems such as the out-of-hours crisis in the national health service, even though he and his colleagues caused that crisis through their mishandling of the issue two years ago. I notice that there is one issue on which he has been as quiet as a church mouse, and on which there has been not a word. It is the issue in which, more than any other, the problems that this Government have created lie right at the Prime Minister's door—our pensions crisis, not entirely made in No. 11 Downing street, but with the Prime Minister's fingerprints all over the scene of the crime.

[Chris Grayling]

So how can the new occupant of No. 10 Downing street be the change that he claims to be, when he has been so closely involved in one of the great failures of the past decade? Nowhere is that need for change greater than in the delivery of pensions policy, and nowhere will it be more difficult for the new Prime Minister to deliver, as he is the architect of the policies over the past 10 years that have brought us to the position that we are in today.

Mr. David Drew (Stroud) (Lab/Co-op): If we are having a history lesson, will the hon. Gentleman look back at one of the problems under the previous Government—the pension holidays that were taken by pension funds, and how many of those pension funds have subsequently gone into administration? With the benefit of hindsight, does he think it was a good thing to allow those pension holidays?

Chris Grayling: It is funny how these things work out. Before Labour Members leap to their feet in complaint, let me explain that I was about to acknowledge that many of the challenges facing our pensions system are far outside the control of Governments, not least increasing life expectancy and tightened global investment returns, and I do not pretend that every decision taken by every past Government, Conservative or Labour, has been the right one.

Sir John Butterfill (Bournemouth, West) (Con): On contributions holidays, they certainly were introduced under the Conservative Government, at a time when the stock market was roaring ahead, and when Revenue rules permitted them; otherwise pension funds would have been overfunded, according to Revenue rules. The difference is that the pensions holidays were continued under the present Government at a time when the stock market was collapsing, and have been continued to this day by the Government. The parliamentary contributory pension fund, which I have the honour to chair, would be in surplus today if it had not been for the £50 million that the Government have failed to put into it.

Chris Grayling: My hon. Friend makes a good point. One of the great ironies is that the then shadow Chancellor, who subsequently became the Chancellor and is now the Prime Minister, criticised the Conservative Government when he was in opposition, came into office at a more difficult time for pension funds, and then took policy decisions that undermined them fundamentally—so my hon. Friend is right to raise those concerns.

The measure of a Government is how they respond to external challenges. On pensions, the Government have so far failed. It remains the case that, in the words—if he will forgive me for quoting him—of the right hon. Member for Birkenhead (Mr. Field), the Labour Government's first Minister for Welfare Reform back in 1997:

> "When Labour came to office we had one of the strongest pension provisions in Europe and now probably we have some of the weakest."

That does not mean that every decision that was taken before 1997 was right, but it does mean that in his judgment the system in 1997 was in reasonably robust shape.

Mr. Frank Field (Birkenhead) (Lab): Will the hon. Gentleman also cite me as saying that one of the first attacks on company pension schemes was the Conservative Government's changes in taxation which led, as my hon. Friend the Member for Stroud (Mr. Drew) said, to the running down of surpluses? With hindsight, does the hon. Gentleman think that a wise or an unwise move, given the position that we moved into afterwards?

Chris Grayling: The right hon. Gentleman is very experienced in these matters and he levels a serious criticism at decisions taken in the past. He heard my remarks. I do not claim that every decision taken before 1997 was the right one. None the less, it is his own case that in 1997 the system was in pretty good shape. That clearly was not the case four or five years later. As I said to my hon. Friend the Member for Bournemouth, West (Sir John Butterfill), one of the supreme ironies is that the same man who was shadow Chancellor before 1997 claimed that the Conservative Government had undermined pension schemes, and claimed that some of the decisions that were taken were flawed, then came into government and took steps that helped wreck that reasonably robust pensions system.

David Taylor (North-West Leicestershire) (Lab/Co-op): This is all pretty scintillating stuff. The motion, like all Conservative pensions motions, refers to the abolition of dividend tax credit, as if that were some central act that has caused particular difficulties, but does the hon. Gentleman agree that in the 18 years of the Conservative Government, successive Conservative Chancellors cut the dividend tax credit on five separate occasions? Can he confirm that, and thereby lift the tone of his speech, which has so enthused his party that all but two Members, it should be noted, feel that he has nothing new to offer?

Chris Grayling: The hon. Gentleman will know from his knowledge of history that many of the changes to the dividend tax credit came as part of reductions in corporation tax, part of the tax-cutting policies of the Conservative Government. Let me challenge him. He implies that that was not an issue. Let me quote to him the words of the Prime Minister's former pension adviser, who said:

> "The Chancellor will go down in history as the one who destroyed our pensions system."

The president of the National Association of Pension Funds said:

> "This was the biggest attack on pensions in living memory. Even Robert Maxwell only took £450 million."

In the very experienced judgment of the right hon. Member for Birkenhead, in 1997 the pensions system was in pretty good shape, and subsequently it clearly was not.

Mr. Paul Truswell (Pudsey) (Lab): Will the hon. Gentleman give way?

Chris Grayling: In a moment, but let me set out for the hon. Gentleman some of the current issues. The Government have estimated that 7 million people are not saving enough for retirement. The household savings ratio has hit a record low—2.1 per cent.—under this

Government. Tens of thousands of occupational pension schemes have closed, 125,000 people have been left high and dry without the pensions that they saved for or the retirement that they planned for, and all the while, as private sector occupational pensions collapsed, the unfunded cost of meeting public sector occupational pension commitments has soared.

Mr. Truswell *rose—*

Chris Grayling: I will happily give way to the hon. Gentleman. Perhaps he will tell the House whether that is a record with which he is proud to be associated.

Mr. Truswell: Perhaps I can ask a question on the hon. Gentleman's speech. He is almost on the verge of being remarkably frank and admitting that his predecessors in government had "form" in their impact on pension policy. Will he list the offences that he would like to have taken into consideration? Is it the SERPS scandal, the removal of the earnings link, the promotion of state pension opt-outs, the orgy of pension mis-selling, the ineffectual Pensions Act 1995, or as my hon. Friend the Member for Stroud (Mr. Drew) said, the encouragement of pensions holidays?

Chris Grayling: That was an interestingly well read list. The most experienced analysis of the state of Britain's pension system from any member of the Government comes from the right hon. Member for Birkenhead, who is more experienced in this area than any member of the Front-Bench team. His judgment is that in 1997 our pensions system was in pretty good shape, so I will take no lessons from the Government about what happened before 1997, as they have done lasting damage to our pensions system since 1997. They have created a crisis of confidence in pension saving that must be addressed as a matter of urgency. It is one of the great challenges facing the Government.

We have a new Prime Minister, a new Secretary of State and a new Minister with responsibility for pensions, but from the new Prime Minister not even a hint that pensions are among his priorities, or that he feels the need to use his new position to right the wrongs of his time as Chancellor. So I make no apology for raising the issue at the earliest opportunity. The truth is that pensions policy has been run from the Treasury since 1997. The new Prime Minister has to take personal responsibility for the decisions that have been made, and must give a personal lead in addressing the crisis that many pensioners and future pensioners face.

As hon. Members know from the debates on the Pensions Bill, we have constantly sought to engage the Government in constructive dialogue about providing solutions to the problems in our pension system. I wait with interest to see how the Government respond to the amendments passed in the other place. My message to the Secretary of State is that we will continue to look constructively at proposals to continue the repair job that has to be done to our pensions system. I hope that in return he will engage constructively with the Opposition on this most long-term of issues. Only by finding lasting solutions and building political consensus around them can public confidence in our pensions system be restored. But that will not change the failings of the past by a Prime Minister who is now trying to pretend that somehow, he just was not around for the first 10 years of this Government.

Mr. Jim Devine (Livingston) (Lab): If the Conservatives were in power today, would they reintroduce the dividend tax credit at its 1997 value?

Chris Grayling: I will not write Conservative tax policy three years from a general election, but one of the challenges that we face, as we heard in the earlier debate this afternoon, is the amount of money that the Government have wasted—the trebling of the NHS budget—and still we have debates over a lack of access to service. Labour Members should be ashamed that they have raised all this tax money yet delivered so little for it.

Tom Levitt (High Peak) (Lab): Will the hon. Gentleman give way?

Chris Grayling: Let me make some progress and then I will give way.

We should not forget that before the Prime Minister took office, as Chancellor he promised:

"I can give this pledge—fairness to the pensioners under Labour".

The very next year he imposed the ultimate stealth tax on pension funds, abolishing the tax credits on dividends, costing occupational pension schemes billions of pounds—an estimated £5 billion a year. Cumulatively, about £120 billion was wiped off the capital value of today's funds.

Then we had the unedifying sight of the Prime Minister, who has come to office claiming that he believes in transparency and openness—what a laugh that is—spending two years trying to prevent *The Times* from gaining access to the documents that proved that he knew all along about the damage that his policies would do. We know from the documents—I have copies here tonight—that Treasury officials advised the Chancellor that the tax change would cause a massive shortfall in pension funds. The advisers concluded:

"We agree that abolishing pension tax credits would make a big hole in pension scheme finances...the loss of tax credits would cost pension providers about £4 billion a year, growing over time with future dividends".

They also concluded that poorer pensioners would be hit hardest:

"The change would therefore lead to a reduction in pension benefits to the lower paid...Quite clearly any loss of pension could be difficult for someone with a small income to cope with."

The Prime Minister seems to have it in for the low-paid at the moment, because it is they who will end up paying the price for the decisions taken in this year's Budget—the tax increases that fall disproportionately on the low-paid. I will give way to the hon. Member for High Peak (Tom Levitt) if he will tell me whether he supports the policy of targeting the low-paid.

Tom Levitt: The hon. Gentleman is the one making the speech and answering the questions posed in interventions—but of course I do not support targeting the low-paid—and that is not what has happened. If the hon. Gentleman is so reluctant to make up Conservative pensions policy on the hoof, was his hon.

[Tom Levitt]

Friend the Member for Tatton (Mr. Osborne) right when he said that under a Conservative Government no more public money would be going into occupational pensions?

Chris Grayling: I can safely say that my hon. Friend said no such thing in relation to occupational pensions.

Mr. Frank Field: The hon. Gentleman expresses concern about the budgetary impact on the low-paid. Some Labour Members moved an amendment to protect them. Why did not the Conservative Opposition support us?

Chris Grayling: As the right hon. Gentleman knows, the detail of amendments often gives rise to additional issues, and I can only say that the wording put forward was not acceptable to the Opposition. However, we recognise, and we have been saying very clearly, that some of the policy steps that the then Chancellor has been taking, both in 1997 and more recently this year, are bemusing in nature because they target people on lower incomes. The tax changes this year will fall disproportionately on those who come close to the national minimum wage. That seems a strange step for a Labour Chancellor to take.

It is today's pensioners, people who are on low incomes, who are paying the price for the Prime Minister's policies. Those same officials added:

"Everyone in a money purchase scheme is a potential loser"

and

"those who are about to retire (or who have just retired) would be worst affected."

The officials said that, at the time, 8 million people were in money purchase schemes. Yet in July 1997, when challenged by Conservatives that the tax changes to pension funds would have a devastating impact, the Prime Minister reassured people, saying:

"Pensioners, in my view, will not lose out over this in the way that people are suggesting."

The changes were not backed by the CBI at the time, although the right hon. Member for Normanton (Ed Balls), now the Secretary of State for Children, Schools and Families, desperately claimed otherwise a few weeks ago. Lord Turner, director general of the CBI from 1995 to 1999, dismissed that claim as completely untrue. Richard Lambert, the current head of the CBI, said that the right hon. Gentleman's claim was

"a convenient bit of spin by the Treasury".

How right he was, and how clear it is that the culture of spin will not die with the last Prime Minister but will carry on with the next one.

Mr. Mike Weir (Angus) (SNP): Throughout his speech the right hon. Gentleman has talked about crises in the pension system, but there is nothing in the motion about the state pension. Many of the low-paid to whom he refers rely almost entirely on the state pension for their income. Does he have anything to say about the difficulties with the state pension system as well as the private pension system?

Chris Grayling: There are, of course, huge issues surrounding the state pension. As the hon. Gentleman knows, the Opposition support the principle, as espoused by the Government—I think that it has cross-party support—of restoring the earnings link. But we want to champion the cause of those who save for their own retirement. It is vital that, as a nation, we restore confidence in the principle of saving for retirement, and under this Government that principle has been dangerously weakened.

It is not the case that, as the Prime Minister has told the House, his 1997 changes were good for pension funds. The charge against him is this. In the areas where he had responsibility, such as taxation and regulation—of course there are factors affecting the markets and the performance of pension funds that are outwith the ability of politicians to influence—in the past 10 years he has plainly got it wrong. The overall effect has been the continuous decline in pensions that we have witnessed.

Since Labour took office in 1997 there has been a collapse in good-quality occupational pension provision, and 60,000 occupational pension schemes have been wound up or have begun the process of winding up. The right hon. Member for Birkenhead said:

"five sixths of the final salary schemes that have closed have done so since 2000; in other words, they have closed under our watch".—[*Official Report*, 31 January 2006; Vol. 442, c. 257.]

The membership of employer-sponsored defined benefit pension schemes has fallen to 35 per cent. of the working-age population, from 46 per cent. in 1997. Now, 47 per cent. of adult employees are not members of any pension scheme, and 6.7 million women have no retirement provision at all, 400,000 more than five years ago—10 years after the election of a Labour Government. That is a damning record.

Rebuilding trust in occupational pension savings is a long-term issue that must be addressed. But there is also a pressing short-term issue that must be dealt with urgently, and it is something that the Secretary of State and I will undoubtedly be debating in the next few weeks. The failure of occupational pension schemes has, sadly, had all too human consequences. Since 1997, 125,000 people have lost pension savings and been left with little or nothing when their pension schemes failed. These are decent people who have saved all their lives and done the right thing. They did what successive Governments told them to do.

Last year, the ombudsman produced an independent report on the scandal, and found the Government guilty of maladministration. Since then, the European Court of Justice, the High Court and the Public Administration Committee have criticised the Government's handling of the crisis. Yet Ministers have still refused to accept responsibility. The Government have consistently refused to provide those people with a proper package of assistance. All that they have is the failing financial assistance scheme.

Some 10,000 people should be eligible for help from the FAS now, with an additional 115,000 or so people becoming eligible once they reach the age of 65. But so far the FAS has made payments to only around 1,300 people, and this matter should be in a prominent position in the Secretary of State's in-tray. The scheme has cost some £10 million to administer so far, but it has paid out only £4.9 million to the pensioners affected, and that is a scandalous failure. It is totally unacceptable. The scheme must do much better, and quickly. The money is not yet getting to those who need it.

The scheme chose to publish its most recent annual report, showing up this failure, last Wednesday, the day that the Chancellor became the Prime Minister—giving rise to more suspicions about burying bad news, one of the Government's more persistent traits.

We have put forward constructive proposals to top up those people's pensions to Pension Protection Fund level without long-term public expenditure implications. Those proposals have support on both sides of the House and were passed in the other place last month as new clauses tabled to the Pensions Bill. The first test for the new Prime Minister and the new Secretary of State is whether they have the decency to acknowledge that those people need a better solution. Will the Secretary of State now give his support to those amendments? Will he give those 125,000 people the good news that they have been waiting for?

There is another big pensions issue in the Secretary of State's in-tray. The gold-plated retirement promises made to millions of Britain's public sector workers have incurred, depending on whether one believes the Government or independent actuaries, liabilities of somewhere between £530 billion and £1 trillion, which is a staggering amount of money. The Government still will not disclose what the liabilities were at March last year, and the figures are now three months late. The new Prime Minister has claimed to usher in a new era of transparent Government, but he is not even willing to publish such an important figure. As usual, what he says and what he does are miles apart.

Of course, public sector workers are entitled to fair treatment, and many perform vital roles under extremely difficult circumstances.

Tom Levitt: On occupational pensions, the hon. Gentleman discussed topping up the Pension Protection Fund level. Does he agree with his immediate predecessor, the hon. Member for Runnymede and Weybridge (Mr. Hammond), who told members of the Turner and Newall fund in my constituency 10 days ago that it is important to have an alternative to the PPF—in other words, a better deal than the PPF? Is that Conservative policy?

Chris Grayling: I am sure that the hon. Gentleman sympathises with that aspiration. We want to make sure that the people who have lost out as a result of pension collapses do not lose out indefinitely. We will continue to push proposals that give those people a better deal. It is to the discredit of this House that the Government still refuse to accept changes that command support from hon. Members on both sides of the House. When the proposal returns to the House next week or the week after, I hope that we will see a change in Government policy.

The Secretary of State knows that we must all share the burden of demographic change, and it is the Government's duty to the taxpayer to ensure that the costs of public service pension provision are transparent. The cost of unfunded final salary benefits, with retirement at 60 for many, indexation and a lump sum allowance plus generous ill-health and death benefits for millions of public sector workers have created a gaping black hole in public funds, which will ultimately have to be filled by the taxpayer, which is one of the great challenges facing the new Secretary of State. It is an issue that the Prime Minister conspicuously failed to tackle throughout his time as Chancellor. Whenever problems were around, the former Chancellor was nowhere to be found. Now that he is Prime Minister, that will have to change.

We have heard much in the past few days about how the Prime Minister is trying, rather improbably, to be the change that Britain needs. That claim will ring pretty hollow among current and future pensioners whose retirement has been jeopardised by the misjudgements of the new occupant of No. 10 Downing street. Today, 125,000 of the worst affected pensioners are still waiting for a pensions lifeboat, and millions of others face a retirement in which money will be a constant struggle. The repair job will take a long time, and it will take cross-party consensus and the continued help of some of Britain's best financial minds. However, none of that work should provide a smokescreen from the finger of blame, which last Wednesday moved from No. 11 to No. 10 Downing street.

8.13 pm

The Secretary of State for Work and Pensions (Mr. Peter Hain): I beg to move,

That this House welcomes the policies of this Government to tackle pensioner poverty which have lifted two million pensioners out of absolute poverty and one million out of relative poverty, the action to tackle the legacy of pensions mis-selling, support occupational pensions through a Pension Protection Fund set up for the first time and a new Pensions Regulator, further support for 125,000 people through the Financial Assistance Scheme whose occupational pensions were affected by employer insolvency, set out the long-term framework for pensions through the new Pensions Bill, including re-linking the basic State Pension to average earnings, introduce a new scheme of low cost personal accounts and stakeholder pensions of which over three million have been created, remove the dividend tax credit, make reductions in corporation tax which have contributed to the 50 per cent. rise in business investment, broker public sector pension agreements which ensure a fair deal for today's and tomorrow's public sector workers and introduce free television licences and the Pension Credit to provide an additional framework of support for today's pensioners.'.

I pay tribute to my right hon. Friend the new Secretary of State for Business, Enterprise and Regulatory Reform for the vision that he brought to the post that I now have the privilege to hold.

I welcome the hon. Member for Epsom and Ewell (Chris Grayling) to his place. He has made an assured first speech after a day's preparation or less than that, and I congratulate him on his appointment. Although I welcome his promises to be constructive and to seek consensus, I am disappointed that he treated us to nearly half an hour of rhetoric and a certain obsession with the Prime Minister. By the way, the Prime Minister has leapt above the leader of the Conservative party in the popularity stakes, and the Labour party is now ahead of the Tory party, which has held a poll lead for the past year. Perhaps the hon. Gentleman is right to be obsessed by the Prime Minister—if I were sitting in his seat, I would be obsessed by the success of the new Prime Minister in taking over from the most successful Prime Minister that the Labour Party has ever had.

My hon. Friend the Member for Livingston (Mr. Devine) pointed out that the hon. Gentleman did not make a commitment to reverse the dividend tax credit change, which he and his predecessor have consistently castigated. The Opposition have had 10 years and two general elections to commit themselves

[Mr. Peter Hain]

to reversing the changes that we made. They could have done that today, so why did they not do so? The truth is that the Tories were responsible for beginning those changes. In fact, the leader of the Opposition was the adviser to Lord Lamont on the fifth occasion when they cut the dividend tax credit.

In 1986, 1987, 1988 and 1993 the Tories made successive reductions in the rate of dividend tax credit from 30 per cent. to 20 per cent., and in 1996 they took away payable tax credits on some share buy-backs that happened to exploit the distortion caused by those credits. Unlike our changes, and contrary to what the hon. Gentleman has said—I am sorry to correct him on his first day—those reductions were not offset by cuts in corporation tax. When we made our change, we cut corporation tax by 2p, and when corporation tax is cut, companies are, of course, more profitable, which means that they can pay more in employer contributions to pension funds, their dividends rise and they can pay more dividends to pension funds. The reality is that the system of payable tax credits before 1997 represented a serious distortion in the tax system, encouraging companies to pay out their profits as dividends rather than retaining them for reinvestment in the business.

Sir John Butterfill: It was not companies but charities that suffered most. The charitable bodies that relied on being able to reclaim the tax credit were the ones that suffered, and they did not benefit from the reductions in corporation tax, so the impact on charitable institutions up and down this country was immense.

Mr. Hain: As the hon. Gentleman knows, charities received compensation for five years after the change was made, so I do not agree with his assertion on the matter.

The change encouraged reinvestment in the business and therefore the potential for stronger pension funds. As was said at the time, the tax credit system

"can have damaging economic effects...It cannot be right to distort the commercial decisions of British companies in this way."—[*Official Report*, 16 March 1993; Vol. 221, c. 186.]

Those are the words of the then Conservative Chancellor, Norman Lamont, in his 1993 Budget speech. Even the Conservatives recognised that the dividend tax credit caused distortions, which is why they started cutting it, but now they are seeking to rewrite history.

Indeed, the last time the House debated the matter, the then shadow Work and Pensions Secretary sought to describe the actions of the previous Tory Government not as "cuts" to the dividend tax credit, but as "adjustments". The Conservatives supported the policy when they were implementing it, but not when we continued it. As my new hon. Friend the Member for Grantham and Stamford (Mr. Davies) so eloquently put it in his resignation letter of 27 June:

"The Conservative party has ceased collectively to believe in anything, or to stand for anything. It has no bedrock. It exists on shifting sands. A sense of mission has been replaced by a PR agenda."

PR is public relations, not proportional representation. There is no issue on which that point is more evident than pensions.

Mr. Drew: I welcome my right hon. Friend to his new position. He will have heard my earlier intervention on the impact of pensions holidays on those companies that subsequently became eligible for the financial assistance scheme, and it would be very useful if the Government were to publish that information. The Opposition spokesman did not mention a point of paramount importance—the use of early retirement in the '80s and '90s. In that period, early retirement was often compulsory in both the public sector and the private sector. It was a way of getting people off full-time employment, and it did immense damage. Rising expectations and longer life expectancies have resulted in that trend having a lasting impact, and I wonder whether the Government should examine the implications.

Mr. Hain: I very much agree with my hon. Friend and thank him for his welcome. I want to address those matters in a few minutes' time.

Chris Grayling: In the documents that were eventually obtained by *The Times* under the Freedom of Information Act 2000, it says:

"Of course, the downside here is that benefits would be smaller and that this would run counter to a policy of improving retirement income".

Why did the Government fail to tell people at the time that this policy would lead to lower retirement income?

Mr. Hain: As I will explain in a minute, that is simply not the case, and the evidence bears that out.

Forgetting the shameless opportunism of the Conservatives in attacking a policy that they themselves launched, let us look instead at the way in which our corporation tax reforms have improved the climate for investment and the competitiveness of United Kingdom businesses—an approach that has delivered, over 10 years, the longest unbroken period of economic growth on record, the best combination of unemployment and inflation in the G7, instead of one of the worst when the Conservatives were in power, and an end to the years of economic instability that for so long had hampered the performance of UK business.

The tax reforms announced in the 1997 Budget took place against the background of a strongly performing stock market and with about three quarters of pension funds in surplus, with total surpluses amounting to about £50 billion. Between 1993 and 1996, pension scheme assets had increased by 13 per cent. and total contributions by 12.5 per cent. If the tax changes were to have had the devastating effect claimed by the Opposition, one would have expected to see the situation deteriorate in the following years after those changes were brought in, but, until the global stock market fell at the end of the decade, that was simply not the case. In the years after the abolition of the dividend tax credit, pension scheme assets did not increase by the 13 per cent. by which they had in the previous three years under the Tories—they increased by four times as much, by 50 per cent. Total contributions increased by 18 per cent. and total pension income increased by a further 15 per cent. By 2006, even after the shock of the stock market crash, pension fund assets were more than £1 trillion. In fact, pension fund assets have doubled during the period of this Labour Government. What actually happened after our package of corporation tax changes was that companies paid more in employer contributions,

dividends rose, assets rose, and payments to pension funds rose from £34 billion in 1996 to £39 billion in 1999, and by 2006 the figure of £71.3 billion was twice as much as it was under the Tories in 1996.

The problems that occurred in the new century were due to the stock market downturn, not to the tax change, which was minuscule compared with pension fund turnover. As the respected economics commentator, Anatole Kaletsky, wrote in *The Times* earlier this year,

"How could the removal of a £5 billion annual subsidy suddenly reduce a pensions industry with more than £1,000 billion in assets from the 'healthiest in the world' to one that was nearly bankrupt? The answer is that it couldn't and it didn't."

Others agreed. Take, for example, one of the Opposition's own leading experts, whom the hon. Member for Epsom and Ewell will doubtless soon consult—Stephen Yeo. He said that it was

"not even in the top three reasons"

for the decline of defined benefit schemes.

The hon. Gentleman accused the Government over the plight of those who have lost their pensions because of the collapse of their occupational pension schemes. The loss of people's pensions under these circumstances is not just a national scandal but a personal tragedy for all the individuals concerned. Through the Pension Protection Fund, this Government—our Government—have legislated to ensure that such a scandal could not be repeated in future. Through the newly expanded financial assistance scheme, which we introduced, we are providing help to some 125,000 people who lost their occupational pensions as a result of employer insolvency before the Pension Protection Fund was created.

Chris Grayling: The annual report that I mentioned earlier—the Secretary of State can have a copy if he wants—refers to 1,057 people having received assistance from the financial assistance scheme. How does that square with his claim to have provided support for 125,000 people?

Mr. Hain: This is just the beginning, and it includes the set-up costs that the hon. Gentleman mentioned earlier. There will be funding to the tune of £8 billion over the period concerned. He should really welcome the fact that, as a result of the additional funding provided by this year's Budget, which raises the level of the financial assistance scheme from £2.3 billion to £8 billion in cash terms, all those affected will receive 80 per cent. of their expected core pension.

Through those protections, the Government have shown their commitment to justice for all pensioners. They are protections that the Conservatives failed to put in place when they had the opportunity in government. *[Interruption.]* Hon. Gentlemen are saying, "We didn't need to." That is a very revealing comment, because in a moment I shall draw the House's attention to why those protections should have been put in place, given the complacency and abject irresponsibility of Conservative pension policy at the time.

I recognise that many people, in this House and beyond, would like the level of help provided under the financial assistance scheme to be increased further. That is why the then Minister for Pensions Reform, my right hon. Friend the Member for Stalybridge and Hyde (James Purnell)—who is now the Secretary of State for Culture, Media and Sport—told the House on 18 April that we would

"ensure that the funds that are available are applied...to get nearer to 90 per cent."—[*Official Report*, 18 April 2007; Vol. 459, c. 333.]

That aspiration means a genuine commitment to the victims of pension scheme collapse, not uncosted promises of false hope such as the Conservative proposal for a lifeboat fund. To take on directly what the hon. Member for Epsom and Ewell said earlier, I can tell the House that such a fund would require unguaranteed interest-free loans from the taxpayer without any certainty that they could or would be repaid. Without such a guarantee that there are sufficient funds with unclaimed assets to cover those loans, that amounts to nothing more than an uncosted, open-ended spending commitment that could never be delivered. Indeed, the Conservatives cannot even agree on what the cost would be. The shadow Chancellor has claimed that there would be none. On 18 April 2007, he told Sky News:

"this is not an additional burden on public expenditure...We are able to get the money back from these unclaimed pension assets".

Yet on the very same day, his colleague, the former shadow Secretary of State, the hon. Member for Runnymede and Weybridge (Mr. Hammond), told the House:

"I have acknowledged, and will do so again, that in granting a loan there is a...risk of a liability to the public purse."—[*Official Report*, 18 April 2007; Vol. 459, c. 341.]

They cannot both be right. That risk is all too real, as the Association of British Insurers made clear on 17 April 2007. What it says is very interesting. Responding to the Conservative proposal to use unclaimed assets to pay for the lifeboat fund, it predicted that the proposals

"could have serious and damaging consequences for pensioners. In a pension scheme, all assets are ultimately used to pay pensions. 'Unclaimed pension assets' are not surplus to requirements. Stripping pension schemes of their assets would be robbing Peter to pay Paul."

Alan Simpson (Nottingham, South) (Lab): Will the Secretary of State reflect on his experience in his previous ministerial post in Northern Ireland, where the orphan funds of banks were subject to the same sort of argument? When it was made clear that the matter would be pursued, the amounts found were 10 times those that the banking and financial services sector predicted—they had claimed that only limited amounts would be available. Is it not legitimate to have similar expectations of the scale of the orphan assets that are available in the rest of the UK?

Mr. Hain: As we discussed before the debate, I am always impressed by my hon. Friend's diligence and ingenuity in many policy respects. I am happy to pursue his suggestion with him, but I want at this stage simply to describe why I do not believe that the Conservative proposal—albeit made sincerely—stands up.

Mr. David Laws (Yeovil) (LD): I urge the Secretary of State at this early stage not to box himself in through denying the possibility of extending Pension Protection Fund benefits to those in the financial assistance scheme. After all, the Government have made major concessions on that in the past couple of years. Does he know that, according to the Department's figures, the cash costs of extending PPF benefits range from £9 million to £28 million in the

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next six years? Will he ascertain whether he can find that in his departmental budget?

Mr. Hain: The hon. Gentleman will find that the cost over the period is approximately £620 million.

Mr. Laws: Over six years?

Mr. Hain: Indeed. That is what we have to find to provide for a scheme that is funded and capable of being delivered, not simply an empty promise. The latter would be indefensible, given that individuals have suffered so badly. However, I agree that we must show all the ingenuity that we can. I am trying not to box myself in, but to attain the equivalent level of 90 per cent.—or as near to it as possible—that my right hon. Friend the Member for Barrow and Furness (Mr. Hutton) promised when he was Secretary of State for Work and Pensions.

Chris Grayling: I am sure that the Secretary of State is aware that the scheme that we propose is almost identical to that which was used at the time of the Maxwell pension collapse. There is therefore a clear precedent, which worked. However, I expect to meet several pensioners who are affected in the next few weeks. Is he saying that he rejects the option of a lifeboat? Is that the message that I should convey to those people?

The Secretary of State for Culture, Media and Sport (James Purnell): We want one that floats.

Mr. Hain: As my right hon. Friend says in his helpful intervention, we want one to float, not a lifeboat that will sink. We will provide—as we have already provided—unique assistance to those pensioners and individuals, and we want to do better and improve that assistance. I shall shortly describe the solution that the hon. Member for Epsom and Ewell should convey to them, and it is not his solution, which is proposed for sincere reasons—I do not doubt that—but does not stand up. Our solution has a chance of being successful.

Mr. Frank Field: Is it not true that before the Conservatives tabled the motion, there was agreement across the House that we should use the unclaimed assets of banks and building societies? For some reason, which they have not explained, the Opposition thought that they should use what they call the unclaimed assets of insurance companies, where there are owners—either the policyholders or the shareholders. The Conservatives have unnecessarily muddied the waters and risked breaking up the coalition that was putting considerable pressure on my right hon. Friend. Although he says, rather sadly, "Isn't a pity the Conservative proposal doesn't stand up?", is he not rather pleased that the Conservatives have messed up their hand?

Mr. Hain: My right hon. Friend, in his usual razor-like way, has put the matter in the lap of the Conservatives by showing that their proposal does not stand up. They should genuinely seek a consensus with us about how to resolve the matter. That is what the hon. Member for Epsom and Ewell should tell the individuals who suffered so badly. I know from my constituency, and many others in Wales, just how tragic those cases are. For example, I have talked to former employees of Allied Steel and Wire in Cardiff. They can use no word to describe their horrendous predicament other than "robbery"—the robbery of their pensions, for which they had paid through deferred pay.

I genuinely welcome ideas from all parties, but the lifeboat fund proposal is not a viable solution. However, I believe that there are others and I invite hon. Members, including the hon. Member for Epsom and Ewell, to contribute to the current review that Andrew Young of the Government Actuary's department is conducting. I extend the same invitation to my hon. Friend the Member for Nottingham, South (Alan Simpson).

The focus of the review is on making the best use of the remaining assets in pension schemes that are winding up underfunded. The review is considering the way in which those assets, or other unallocated sources of non-public expenditure funding, could be used to increase assistance for affected scheme members.

I assure the House that if I can increase the amount of assistance available, I will. We must do all we can to help, but we must also ensure that anything we do is viable and sustainable. To propose something that cannot be delivered is not to support those robbed of their pensions, but to sell them short.

The hon. Member for Epsom and Ewell would have people believe that the Government inherited, then squandered, one of the best pensions environments in the world. That was the burden of his speech. Let us test that claim right now.

In 1997, some 2.7 million pensioners were living in poverty, many facing the indignity of living on as little as £69 a week. If there has ever been a crisis in pensions, it was surely then. Many women were prevented from building a state pension entitlement in their own right; carers were similarly mistreated by a system predicated on a 19th century view of working lives and social relationships; millions were without access to occupational pensions; and the mis-selling of private pensions, overseen by the previous Conservative Government, was a national scandal.

Meanwhile, the exceptional equity returns of the 1980s and 1990s allowed many defined benefit schemes to ignore the rapid rise in the underlying cost of their pension promises. That was compounded by botched policy such as the minimum funding requirement introduced by the right hon. Member for Richmond, Yorks (Mr. Hague), the current shadow Foreign Secretary, which failed to encourage employers to fund their pension schemes properly.

Many firms took the decision in the 1980s and '90s—despite rising liabilities—to take contribution holidays, believing that a bullish equity market would be a long-term trend. Indeed, the Conservative Government believed that, too, as demonstrated by Nigel Lawson's decision effectively to cap pension fund surpluses in 1986. As the Pensions Commission noted:

> "The deep dip in contributions seen in the period 1988-91... almost certainly reflects the impact of this policy."

This was no Tory utopia, but a Tory fool's paradise, with the Government irresponsible, reckless and complacent in encouraging employer pension holidays. To quote from the 2004 Pensions Commission report:

> "When the fool's paradise came to an end...companies adjusted rapidly, closing DB schemes to new members. A reduction in the generosity of the DB pensions promises which existed by the mid-1990s was inevitable."

The stock market fall reduced the market value of pension scheme assets by some £250 billion between 1999 and 2002, and the effect of the package of tax changes on which the Opposition seek to pin the blame was entirely marginal.

Furthermore, the closure of defined benefit schemes and the shift towards defined contribution was not a UK phenomenon brought about by changes made by the present Government. Far from it. Accelerated further by record demographic changes, the effects of the changing environment have been felt right across the world. In the US, for example, the number of defined benefit schemes has halved in less than 30 years, while direct contribution schemes have tripled. Australia has seen an 80 per cent. reduction in the number of workers covered by defined benefit schemes since the 1980s.

Unlike the Conservative party, this Government have led the way in responding to the challenges that our pension system has faced since 1997. First, we tackled pensioner poverty. Thanks to the pension credit, winter fuel payments and a 9 per cent. real-terms increase in the basic state pension, we have lifted more than 2 million pensioners out of absolute poverty. The measures in our Pensions Bill will take us even further, with a new settlement for women and carers and a restoration of the earnings link that was removed by the Conservatives in 1980.

Secondly, we took action to tackle the loss of confidence in the private pensions market; one reason for that loss of confidence was the pensions mis-selling scandal that we inherited from the Conservatives. In 1997, less than 2 per cent. of pension mis-selling cases had been satisfactorily resolved; by the end of 2002, more than 99 per cent. of consumers with mis-selling claims had been compensated, with total compensation reaching £11 billion. That £11 billion was the bill for Tory incompetence and Tory injustice over pensions mis-selling.

Sir John Butterfill: I cannot let the right hon. Gentleman get away with his point about 2 million pensioners being lifted out of poverty without pointing out that his definition of poverty is founded on a 1996-97 base—a base that is now 11 years old. If we revert to the current definition of poverty, preferred by the present Prime Minister when he was the Chancellor, only 200,000 rather than 2 million have been lifted out of poverty. It is all smoke and mirrors, I am afraid.

Mr. Hain: I agree with the hon. Gentleman's distinction between absolute and relative poverty. If we take the relative poverty comparison, however, I think I am right in saying that more than 1 million pensioners have benefited.

Through the Pension Protection Fund, the pensions regulator and the financial assistance scheme, the Pensions Act 2004 is helping to respond to the problems experienced by defined benefit occupational pensions and to boost security for scheme members. It is worth noting that the deficits for the 200 largest schemes fell by 40 per cent. in the past year alone.

Sustainability and affordability lie at the heart of the long-term settlement in our Pensions Bill and our programme of long-term reform that meets the challenges of supporting an ever-ageing society. The programme offers tomorrow's pensioners the opportunity to plan and save for a secure retirement, and gives today's pensioners the dignity, security and justice they deserve.

I had hoped—and I continue to hope—that hon. Members on both sides of the Chamber, including the hon. Member for Epsom and Ewell, would join us in strengthening a lasting consensus around this long-term reform. However, tonight we have learned only one thing—that in reminding the House of their appalling pensions record in government, and by exposing their basic lack of substance on the issues that matter to the British public, the Opposition have shown that they are not yet ready for government. They have demonstrated the emptiness of their promises, and their crocodile tears will fool no one. It is time that the Opposition were pensioned off. Pensioners know where they will get justice. It is where they always have got it from: from Labour, and Labour alone. I invite my hon. Friends to reject this opportunist motion, and to vote for the amendment tonight.

Several hon. Members *rose—*

Madam Deputy Speaker (Sylvia Heal): Order. May I remind all right hon. and hon. Members that Mr. Speaker has imposed a 10-minute limit on Back-Bench contributions?

8.41 pm

Alan Simpson (Nottingham, South) (Lab): It is quite sad that neither the motion before us nor the amendments on offer are particularly worth voting for. However, they all raise important points relating to our present framework of meaningful pension provision that need to be addressed. There are also points that need to be dismissed. I am saddened that the Conservatives continue to run with the idea of the "£5 billion stealth tax on pension funds" without making any reference to the far greater loss and act of theft that took place in 2002, when a complete collapse of stock market values wiped £250 billion off the value of UK pension funds. It was not accidental that we got into that mess, as I shall explain in a moment, and we must ensure that it is not repeated.

Part of the muddle that we are now in is predicated on the legacy of pension contributions holidays. Those holidays were never on offer to workers themselves. A perverse contribution system was created whereby the Conservative Government introduced a pay-if-you-wish basis into pension schemes. That fundamentally broke the contractual link—the social contract—that had existed more or less since the end of the war, when it was assumed that it was an employer's duty to contribute to high-value, quality final salary pension schemes in the UK. The erosion and disappearance of that sense of duty alarms me, and that issue must be part of any new approach to a meaningful pensions framework for the 21st century. Unless we take that into account, we will find ourselves once again locked into the muddle that was created in 2002.

Members on both sides of the House have pointed out that we are living longer, that this is not so much a political issue as a biological one, and that during our working lives we will have to contribute more to our pensions pots if they are to provide us with meaningful pensions throughout our retirement years. However, if we could turn the clock back to 2002 and double the amount of money that went into the UK pensions industry, we would simply have doubled the amount of

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money that was lost. That is because we were locked into a pensions framework that had become obsessed with the pursuit of equities. More money was chasing equities than there was meaningful value in the equity market.

It was a certainty in the pensions industry that the bubble was going to burst. The only gamble was knowing when it would happen. When it burst, what disappeared was the real value of people's lifetime savings, and the contrast between our position in 2002-03 and our position 40 years earlier is stark. In 2003, 71 per cent. of pension savings were invested in equities, and 17 per cent. in UK national Government bonds. In 1962, by comparison, 51 per cent. of pension savings went into UK Government bonds. Those savings went into public investment in our infrastructure, but the truth about today's national requirements for reinvestment in infrastructure is that we would not need a single private finance initiative in the land if we returned to the prioritisation of meaningful investment in current and future infrastructure needs, rather than pursuing speculative activities on casino markets that will collapse at some point. The disappearance of that sanity and safety-net provision is a tragic weakness—an Achilles heel—in the framework of pension thinking.

We have to restore confidence in our ability to direct our pension savings into secure pensions that will deliver not only pensions sufficient for people to retire on but quality-of-life dividends every year rather than speculative dividends in pursuit of goods that may, or may not, have any real value in the global marketplace. We must tackle, too, the issue of people whose pensions have been stolen. I am grateful for the Secretary of State's offer of a further meeting, because every time that Government claims are tested by independent judges in courts in the UK or in Europe or by the ombudsman, they do not stand up. We must bring some honesty to our claims because, so far, that has been missing. It is not true to say that the financial assistance scheme will deliver 80 per cent. of the core pension, because in practice the core pension deducts all inflation linking that workers were promised, it deducts the tax-free lump sum that they were promised, and it deducts the revaluation that they were promised. It also deducts many benefits to which widows were entitled, it deducts ill health and early retirement benefits; and it ignores the retirement age that was built into the scheme. Once all those entitlements have been deducted, 80 per cent. of the lowest figure is taken and 22 per cent. of tax is deducted at source. In reality, therefore, the 80 per cent. claimed figure becomes much less.

In practice, that has to be tested against the experience of those who are entitled to full payments under the financial assistance scheme. Of the 125,000 people whose pensions were stolen, 10,000 have reached retirement age, of whom only just over 1,000 have received anything. So far, payments amounting to £4 million have gone to pensioners, but £5 million has gone to the people administering the scheme. It is barking mad to run a scheme if we end up paying less to contributors than to those who are charged with its administration. The other place has made sensible, constructive amendments to the Pensions Bill, which I genuinely hope that Members on both sides of the House have the courage and wisdom to support when the Bill returns to the Commons.

This is not just about the 125,000 pensioners whose pension contributions have been stolen. We have to restore confidence in the pensions system. If future generations of young people are to believe in the security of the system and contribute more to the collective pension pot it is important that we restore credibility. At the moment, their parents and grandparents tell them, "It's a mug's game." The kids who are now entering employment and whom we are asking to contribute more have direct experience from their own homes, families, streets and communities, where people are saying, "Don't do that. I did that all my life, and what happened? They stole it. So if you want to be sensible now, just go ahead and spend it. You're a fool if you sign up to a system that doesn't give guarantees that the money you think you're putting aside as savings will actually be there for you when you need it—when you come to the end of your working life."

This issue is therefore as much to do with confidence in our future pension schemes as it is to do with justice for those who have been lifetime contributors to previous schemes. I do not seek to imply that the Government were responsible for the losses, but we were responsible for setting the rules of the game and leaving people with the belief that their pension contributions were guaranteed when they were not.

When we return to this matter, I hope that we will not only get caught up in the to and fro of debate and exchanges of half-truths about pension commitments, but that we will also have the courage to address the inequalities and injustices that currently exist and set out a framework of visionary changes in pension provision that will allow the young and the old to stand proud and to endorse what we claim to be doing.

8.51 pm

Mr. David Laws (Yeovil) (LD): I am pleased to be able to contribute to the debate, and I should like to start by welcoming to their posts the new Secretary of State and the Minister of State with responsibility for pension reform, the hon. and learned Member for North Warwickshire (Mr. O'Brien). In all parts of the House, there is a view that they are taking over from two very competent predecessors who helped to forge a pensions consensus on some aspects of pension reform; I do not say that without qualification, but I hope that the pensions consensus will last. It illustrates the political skill of both predecessors that one managed allegedly to say very rude things about the former Chancellor and still to be included in his Cabinet now that he is Prime Minister, while the other is now a Secretary of State at an early age. I wish the Secretary of State and the Minister all the best, as I do the new Conservative spokesman, the hon. Member for Epsom and Ewell (Chris Grayling). He comes to his role with a reputation as a parliamentary Rottweiler; he has had clashes in the past, and perhaps we will witness more in the future.

I also wish all the best to my successor. Members will no doubt have been closely following today's Liberal Democrat reshuffle. My hon. Friend the Member for

Inverness, Nairn, Badenoch and Strathspey (Danny Alexander) will take over from me from tomorrow morning. I can therefore make this speech rather more reflective in tone than it otherwise might have been, and more forward-looking in content without too much political knockabout.

One of the achievements of the predecessors of the new Secretary of State and Minister was to have forged the pensions consensus, along with Lord Turner and his excellent commissioners. How far that moved forward pensions policy is not to be underestimated. It required all three major political parties, and the minority parties, to accept the following changes to pensions policy, none of which was in its entirety in our 2005 manifestos: the increase in the state pension age, which was politically sensitive and economically important; the permanent restoration of the earnings link; the introduction of personal accounts and the acceptance that the state's role in second-tier provision would be lessened; the introduction of automatic enrolment; and the agreement on compulsory employer contributions. All of them are major changes, and I hope that they will last. They were the reasons why we backed the Pensions Bill, notwithstanding the concerns we have about the detail of the reforms and our genuine worries that in spite of the agreement that we have, the pensions proposals might not prove to be as successful in practice as Ministers hope.

Today, rather than going back over some of the arguments about who did what in 1997 and 1998, which—I agree with the Secretary of State—are not the explanation for the downturn in occupational pensions and, in any case, do not seem to be relevant in terms of the implications for pension policy now, I wish to highlight three issues of future pension policy that should be of concern and interest to Ministers in the future.

The first, and easiest to deal with, is the compensation for those people presently in the financial assistance scheme, which the hon. Member for Nottingham, South (Alan Simpson) mentioned. I was pleased to hear the comments by the Secretary of State today, although he has had only a short time to reflect on these matters. I hope that in the cautious and constructive way in which he made his comments about the financial assistance scheme and the Pension Protection Fund, he is signposting the fact that he will take the initiative in that area and bring to an end the long period, lasting a couple of years, in which the Government have ended up making major concessions, usually as a consequence of external pressure from the other political parties and their own Back Benchers, the courts, the parliamentary ombudsman, the Public Administration Committee or—at the moment, at least—the other place. All that has meant not only that the Government have extracted the minimum possible political benefit from the largest possible economic concessions, but that those people who are waiting for decent and fair compensation have had to wait a very long time. As the Secretary of State will probably know already—and if he does not, he will find out in time—those waiting for a fair settlement feel great bitterness.

It is felt to be almost inevitable that the Government will reach the PPF level of benefits to which we all aspire. Even in their own terms, they have gone almost three quarters of the way there through what has already been allocated. Many of us hope that the Government will, in the next couple of months, go the whole way. When we look at the remaining cost of delivering the rest of the reform, it is—especially over a period of 50 or 60 years—modest and affordable. The Secretary of State will already have noticed that the figures that his Department is using do not include any reduction in the cost of means-tested benefits, or the revenues from taxation that would reduce the costs. That is the first issue, and I hope that we will hear something positive on it from the Secretary of State.

The second issue is in many ways the most important for the success of the Government's reforms. I have been teased on this point by the hon. Member for Eastbourne (Mr. Waterson) who has been a Front-Bench spokesman on this issue for several years. He teased me about the potential parallel consensus between the consensus to which we are signed up in the House and those areas of disagreement that we have constantly flagged up. I said to the hon. Gentleman the last time he raised that point that I entirely agree with him that there is a parallel consensus outside this place. The Secretary of State and the Minister will also discover that. Although most hon. Members and, to some extent, those outside think that the main planks of pension reform are sensible, they also think that the excessive reliance on means-testing, which is still part of the system, will be a major problem for the Government.

The existing generation of pensioners also feel that pension reform is irrelevant for them, because the earnings link will not be restored until 2012 or 2015. By that time, as many as a third of the existing pensioner population will no longer be with us, and the Secretary of State will discover that pensioners in the real world outside this place do not think that those "great" reforms are nearly as exciting as we do. I hope that the Secretary of State will not give up on the idea of persuading the Chancellor, no doubt at an appropriate moment in the electoral cycle, to consider bringing forward the restoration of the earnings link, because most people would regard that as sensible. It would also be very popular.

Mr. Weir: I am very interested in what the hon. Gentleman is saying. Although the restoration of the link is valuable, does he agree that it does nothing to improve the value of the basic state pension? Many people, especially those on low wages, rely on the basic state pension, but its value has fallen since the link was first broken by the Tories back in 1980.

Mr. Laws: I entirely agree and, as is always the way with such interventions, I was about to develop precisely that point.

People are very bitter that the introduction of the earnings link will be delayed for so long, as that will mean that the state pension will continue to wither even further in relation to earnings. However, the problem is that we are building from a very low base: one suspects that the Chancellor signed off the deal only because the figures for the cost of state pension reform show that, even in 2020, we will be spending on the state pension architecture a lower share of gross national product than we spend today.

[Mr. Laws]

The price that the Chancellor extracted is that we have a very low basic state pension, with the result that everyone who relies on pension credit and means-tested benefits will be in poverty. I hope that the new Secretary of State will not believe his Department's spin about pensioner poverty. It is true that it has declined considerably since 1997, but it is also true that Britain is one of the worst countries in the European league table when it comes to our residual level of pensioner poverty. The EU figures published by the Department in a written answer earlier this year show that almost a quarter of our pensioner population still lives in relative poverty.

I hope that the Secretary of State will continue the process of pushing down pensioner poverty. In contrast, the formal position of the Government under his predecessor appeared to be that the decline in pensioner poverty had to be consolidated, but that it did not need to be taken further.

A consensus does exist outside the House to the effect that, because we are building on such a low basic state pension, we may end up undermining the personal accounts that are so vital to pension reform. When the Secretary of State's predecessor announced his major pension proposals and the great consensus on pensions, he said to many people, both publicly and privately, that everything he was doing in respect of the state pension was designed to make personal accounts work. He added that the success or failure of all the reforms would be determined by whether personal accounts could be made to work. However, the fact that we are building on a very low basic state pension means that almost 50 per cent. of the people who are to be the target audience for personal accounts will face means-testing—for pension credit and housing benefit, and for all the other means-tested benefits.

The promise offered by Lord Turner was very attractive, and the former Secretary of State offered it too, until he realised what he was saying and the size of the liabilities that he was building up for the future. The promise was that people would get back £2 for every £1 that they put into their personal accounts. It was a no-brainer, suggesting that everyone should have a personal account, but the promise simply cannot be delivered. It may be that some people—perhaps 10 to 20 per cent.—could end up not getting a decent return and even losing money if they go for a personal account, while a significant number will get returns of between £1 and £2 only for every £1 that they put in.

The people involved in personal accounts are likely to be on very low pay already, probably with high mortgage and credit card debt. Many, and especially the women among them, will be unable to predict their future work patterns, which means that they will not be confident about whether personal accounts are right for them. The problem for the Government is that, if they describe the risks in too much detail, the take-up of personal accounts could be very low, whereas if they do not describe the risks in enough detail they may end up being accused of Government-sponsored mis-selling that will come back to haunt us later on.

The answer must be to increase the basic state pension, but I suspect that Ministers will try to introduce changes such as trivial commutation to offset some of the effects of means-testing. The result will be an extremely complex system, and the Pensions Policy Institute has said that the Government will also have to spend something like £500 million on changing the rules. The total could come to more than £1 billion, and all it will achieve is that less than a quarter of the people who might otherwise have been hit by means-testing will be removed from its effects. So solving the problem by changing the rules and allowing people to take lump sums rather than affecting their means-tested benefits could be messy, could dissuade people from saving and could undermine the personal accounts.

In spite of the consensus on the major elements of pension reform, I cannot predict whether personal accounts will have been a success when we look back in 10 or 20 years. All of us know that in the great pensions consensus of the 1970s, there was not even a Division on the state earnings-related pension scheme. The Labour Government pushed it through and the Conservatives did not move on it. Only a handful of people were in the House. Only a few years later, because the scheme had not been well worked out, the whole thing unravelled. Our fear is that that might happen to personal accounts.

The other big concern is about occupational pensions. There is an increasing gap between the private sector and the public sector, and there is a bitterness about it. The right hon. Member for Birkenhead (Mr. Field) said in evidence to the Select Committee that it was about time that hon. Members on both sides of the House stopped rehearsing our prejudices about public sector pensions and started to focus on the substance of public sector pension reform. After all, many public sector pension schemes are affordable; others are not. Some, usually low-paid, public sector workers have lousy pensions. Usually higher-paid public sector workers, including MPs and judges, have good pension schemes.

We have argued that we ought to have a Turner-type independent commission to do what the Turner commission did and put the evidence in the public domain so that we can reform public sector pensions in a sensible, managed way rather than ending up reforming them in a hurry in five or 10 years because they have become unaffordable. We are watching carefully and so is the Conservative spokesman. Ministers know that the cost of public sector pensions is going up all the time. The Government have been holding back the latest set of statistics, presumably because the discount rates on the cost of public sector pensions will inflate the figures.

I hope that, if the Government are trying to look to the Turner consensus as a basis for pensions reform, the Secretary of State will look at what Lord Turner said on 11 June in another place, when he was critical of the way in which the Government had handled public sector pension reform. He said:

"the deal that the Government reached with the unions in 2005 is inadequate and will need to be revisited". —[*Official Report, House of Lords*, 11 June 2007; Vol. 692, c.1559.]

He has mentioned before, publicly as well as privately, that this is not just a right-left issue. It is much more complex. Many low-paid public sector workers get a bad deal. Many of those people who are going to join public sector pensions in the future, who have had a

rather bad deal as a consequence of the way in which the unions have negotiated, will suffer. Women who have many career breaks and are existing members of public sector pension schemes may lose their right to retire at 60, whereas men who stay on will be able to keep it. There are all sorts of aspects which are not simple issues of right and left..

The final aspect of occupational pensions that worries me a lot comes back in some ways to the point that the hon. Member for Nottingham, South made. With the exception of a lot of well-paid people in the public sector, including MPs, an immense risk transfer is going on in pensions. In the past, many of us could rely on public sector pension schemes, private sector pension schemes and state pension schemes that delivered not just the basic state pension but some kind of earnings-related pension. That meant that many not very financially literate or affluent people could rely on a second pension, often from their employer. In the future, we shall be asking many of those people to provide for themselves through a defined contribution scheme that few of them will understand, will involve a lot of market risk and will be uncertain in relation to the impact of means-testing. We are already seeing a levelling down of employer contributions and an axing of salary-related pension schemes. There is a real risk as a consequence that we will have a generation in 20 or 30 years retiring on really inadequate pensions, including those people who will be saving in personal accounts, who will be saving nothing like enough if they are saving at the default extremely low rates, which will produce inadequate returns for people.

The hon. Member for Nottingham, South was right to say that much pension provision in the past was based to some extent on employers' perceptions of their responsibility. Given the way they have suffered recently from what has happened to pension schemes and the enormous amount of money they have had to put in, they will understandably be happy to wash their hands of that responsibility. Many of them will be happy to reduce their contribution rates to the personal account level, to as little as they can get away with, which will be devastating, especially for people who will have to rely on personal accounts, because they will probably be the least able to manage their finances.

I hope that, as well as making personal accounts as accessible and easy to use as possible, and not prone to employers' dodging, the Government will talk to businesses and others about what they can do to maintain good occupational schemes—perhaps not final salary schemes, but salary-related schemes. All is not necessarily lost for those schemes, but there is a risk that the introduction of personal accounts will lead to a further stampede out of occupational pensions in a way that we may regret in the future.

The predecessors of the Secretary of State and the Minister had some major achievements, on which I hope their successors can build, although in some senses they have been left with the difficult bits of turning some good planks of reform into something that will actually deliver the goods. I wish them all the best in that.

Several hon. Members *rose—*

Madam Deputy Speaker: Order. There is a limited amount of time left for the debate so Members may wish to reduce the contribution they had planned to make.

9.11 pm

Mr. Frank Field (Birkenhead) (Lab): I shall be brief, Madam Deputy Speaker.

This evening, we bid farewell to the hon. Member for Yeovil (Mr. Laws) just as the Leader of the Opposition moves someone who is generally regarded as a Rottweiler into the shadow portfolio. Tomorrow, there will be a new Liberal Democrat Front-Bench spokesman, so it will be interesting to discover which party leader made the right decision when we reflect on matters at the election. However, I welcome the new Front-Bench spokesmen, the hon. Member for Epsom and Ewell (Chris Grayling), who leads for the Opposition, and in particular I welcome my right hon. Friend the Secretary of State. I should like to give both of them a message, and I shall address the Conservative Opposition first.

The thrust of the motion, although perhaps not the content of the speech made by the hon. Member for Epsom and Ewell, was about restoring confidence in pensions. I have a suggestion that the Opposition might like to think seriously about if they want to restore confidence. In this Parliament, they have as yet issued no set of proposals about welfare reform, let alone pension reform. The decision they have to make is where they draw the line between what risks individuals should bear for their pension provision and what risks we should collectively bear. I suggest that the key dividing line is a pension scheme in the future that ensures that everybody who plays their part fully in society receives a pension that takes them out of means-testing when they retire. The risks involved should be shared by all of us. It is of course desirable that people should have more than that for their pension provision, but that is not a concern for taxpayers—bearing that risk is for individuals themselves.

My Government have not yet made that division, so my second piece of advice is addressed to my right hon. Friend the Secretary of State in the decisions he faces. I want to focus on the role of personal accounts. My right hon. Friend was right to say that not everybody has been covered by occupational schemes. There has been a huge number of poor and desperately poor people, and the Labour Government have redistributed more resources to poorer pensioners than any Administration since we established the state retirement pension. The Government deserve huge credit for that, but they way in which they achieved the goal is unstable. They did it largely on the basis of the pension credit, which is means-tested. Therefore, perhaps 40 per cent. of our electors do not know whether it will pay them to save or whether, if they do save, they will be substantially better off. If they are not better off because they are covered by the pension credit, they will see other people who did not bother to save receiving an income through means-testing that is equal to, if not greater than, the one that they end up with. For the reasons that my hon. Friend the Member for Nottingham, South (Alan Simpson) outlined, the message not to save has gone out to people.

[Mr. Frank Field]

I therefore hope that my right hon. Friend the Secretary of State will return to the decision that we make about how adequate the first tier of pension should be if we are then to rely on people building on it through their own efforts. If we do not do that, I will put things much more strongly than the hon. Member for Yeovil. I see a mega mis-selling scandal coming up the tracks and we will not be able to blame Legal and General or the Pru. The House will have put in place what is euphemistically called "soft compulsion", making people save for schemes that may pay them little or, as the hon. Gentleman said, nothing.

Alan Simpson: Or worse than that.

Mr. Field: Or worse, as my hon. Friend says. In that scenario, we will face the worst of all possible outcomes.

That is my advice to those on both Front Benches, but may I sound a note of caution about us as politicians? It is undoubtedly true that occupational pensions have been the crown jewels of our pension system and that previous Members of Parliament thought that they were far too good for just a few workers. They thought, "We must spread them to their dependants and we must have widows benefits and orphans benefits." We put a strain on occupational schemes that employers never thought would be there when they began to build up the schemes. With the Opposition insisting on tax changes, we ran down the surpluses, and although my right hon. Friend the Secretary of State mounted a great defence of the advance corporation tax changes, my guess with hindsight is that if we had our time again we would not make that change now.

I merely emphasise that this wonderful place, the House of Commons, sometimes gets a fit of self-righteousness and starts legislating in a way that is improper, and we have done that with occupational pensions. I hope that we are about to enter a deadly serious phase of the debate, in which the Opposition address the key question of where we draw the line between when risks should be pooled and when risks should be taken by individuals. I hope that with the new brief that my right hon. Friend has, he will look carefully at how the personal accounts that have to play such a key role in our long-term reforms do not land us with the charge of state mis-selling at the end of the day.

9.18 pm

Sir John Butterfill (Bournemouth, West) (Con): It has been a thoughtful debate, but there are fundamental problems that we need to address. The principal difficulties with the funding of occupational pensions are partly the additional benefits that the right hon. Member for Birkenhead (Mr. Field) has identified, but largely increased longevity coupled with a terrible shortage of index-linked gilt securities.

The hon. Member for Nottingham, South (Alan Simpson) mentioned the desirability of further investment in Government securities, but the real yield on index-linked gilts today is below 1 per cent. That is incredibly low, but we have been forcing pension funds to go into such investments since my party introduced the Pensions Act 1995 and the minimum funding requirement, which I opposed at the time. That has partly contributed to the problem. The huge stock market crash a few years ago was a phenomenon that always happens in equity markets: they go up and down, but overall the direction of the yield is pretty firmly upwards—as is logical in a free western economy. So, the stock market is not the cause of the problem. It is the concentration on index-linked gilts, as being the only way of delivering a pensions promise, that has been a terrible mistake.

I will deal first with state pensions. The present level of the state pension is much too low and the state pension is very unfair to women. I think that 32 per cent. of all women have no pension and almost 4 million have less than a full pension. The Government have tried to address that and I pay tribute to them for some of the things that they have done in recent pensions legislation, which is improving the situation. However, until we move to a pension at a decent level—not one that provides any luxury, but one that at least offers some sort of standard of living for those who would otherwise not benefit—we are not a civilised society.

The link to earnings must be restored. The Government have said that they will do that, but one wonders when. When pressed, they said, "Well, we hope to do it by 2012." However, there is not even a firm promise for 2012 and by the time we get to 2012 a lot of my constituents, and those of other right hon. and hon. Members, may well no longer be here to benefit from the change. I know that people will say that it is not affordable, but there are ways in which it can be made affordable and the Government have latched on to one of them, which is to increase the pension age.

If people are going to live longer and longer—as they are thanks to improvements in our medical knowledge and our NHS—we will have to accept that they will probably have to work longer in order to be able to pay for that. That is happening not just here, but in Scandinavia and the United States. It is a reality of increased longevity that increasing the pension age will be the only way to pay for decent pensions in retirement.

Having so many pensioners on means-tested benefits is rather demeaning for them. I know that pension credit is well meaning, but it is intrusive. About 1.7 million people who are entitled to it do not claim it, partly because of the level of intrusion that they feel it involves. I think that the solution is to increase the pension to some sort of a living wage, without any means-testing, and to pay for that by increasing the retirement age—ultimately, possibly from 67, which is what has been proposed, to 70. We can restore people's dignity in that way. Perhaps we can also look at clamping down further on sickness benefits and early retirement, which I will come to later, because there are problems in both the public and the private sector.

When looking at where we are going, we must look in particular at what is happening in the public sector, of which we are a part. Unfortunately, many of the public sector schemes are totally unfunded, so we are mortgaging the future of our children and grandchildren. That is not a responsible way to go

forward. Although we have schemes where there is no contribution or only a very small contribution, that is not a direction in which we can go in the long term. We need known levels of funding from the Exchequer and reasonable levels of funding from those participating in the schemes. That cannot happen overnight because people have contracts of employment; it will only happen in the future, after there has been change to the basis and structure of public sector schemes, but I think that it can be done.

We are already doing some of what is necessary. In some areas of the public sector, the levels of contribution are quite high. Certainly, changes that have been made to fire service schemes, police schemes and armed services schemes have led to substantial contributions being paid. To its credit, the House voted for a substantial increase to its contributions, too, and we now pay 10 per cent., which is far more than is paid in most public sector schemes.

In the rest of the public sector, we have to consider the retirement age. For Members of Parliament, the earlier retirement age ends in 2009, whereas for the rest of the public sector we suggested that it should end in 2013, so I hope that we have set an example that can be followed. Public sector transfer clubs need to end because they are costly to the public sector. Such arrangements do not exist in the private sector: if a person transfers to another scheme in the private sector, they get what their lump of money will buy as they enter the new scheme. It is wrong that we should give the public sector and, indeed, ourselves privileges that do not exist in the private sector.

I agree that personal accounts are an extremely good idea, but they need to be built on because a total of 8 per cent. will not give anyone a very substantial salary. There will be a problem if we retain pension credits, because as the right hon. Member for Birkenhead said, as long as we maintain means-tested benefits there will be a serious problem with possible claims of mis-selling. People will say, "Why did I bother to save when it simply means that I will be disqualified from state benefits?" There may be ways of overcoming that; for example, there could be an increased level of disregard for income under that structure. There could also be a capital disregard for relatively small pots of pension money. We will have to look hard at the issue if we are to escape the problems of mis-selling.

I wanted to deal with the problem relating to the purchase of annuities, but that will have to be left for another day. I simply suggest that there may be alternatives that would still give protection to the Treasury—indeed, they would actually increase its total revenue—but that would not take us away from the idea that there needs to be a pot of money from which people draw their pensions.

9.28 pm

Tom Levitt (High Peak) (Lab): In High Peak, we see the effectiveness of the Government's commitment to securing sustainable occupational pensions. In Chapel-en-le-Frith, there is the largest of the 12 British plants of the American-owned company, Federal Mogul, which is one of this country's premier producers of brake linings for a wide range of vehicles. The name of the original company, Ferodo, is synonymous with excellence in the world of brake linings. It was established about 100 years ago, but for most of its life, Ferodo was part of the British company Turner and Newall, but it was taken over, pension fund and all, by Federal Mogul in the early 1990s.

To understand why the Turner and Newall pension fund has become such a hot potato in recent years, we must look at what was happening to the company at the turn of the 21st century. By that time, the company had awarded itself 15 years of pension contribution holidays in the previous 25 years, on both Turner and Newall's watch and, latterly, Federal Mogul's watch. Yet the fund was still viable, still operating and absolutely huge. In 2001, the company went into administration to protect itself from bankruptcy. The reasons for that had nothing at all to do with the British operation of Federal Mogul.

What was happening was that thousands of claims for damage to people's health from exposure to asbestos were being lodged in the American courts. Many of those claims were held by the company to be spurious, but some courts—one in Memphis was especially permissive—were allowing millions and millions of dollars worth of claims, to the extent that the viability of the company was being called into question. I do not want to belittle the asbestos issue for a moment. Those whose health has genuinely suffered from exposure to asbestos should be compensated, but in the litigious atmosphere of the United States the claims were excessive, and the company claims that the courts were deciding unreasonably against it. Its business interests got protection from bankruptcy by putting the whole of Federal Mogul, the international company, into administration under American law.

What no one predicted then was that that would make it impossible for the Turner and Newall fund to operate under British law once the company came out of administration. In July 2004 the company concluded that the pension fund was not compliant with British insolvency law and the fund would have to close. It was not close to collapse. It was, as I said, huge—over £1 billion in size, from memory—but the law said that if the fund was not big enough to cover all its potential liabilities, the company could not be released from insolvency. That is a sensible law, in principle, although in this case, the chances of all the fund's liabilities being called in at once were infinitely small.

What did that mean? It meant that my constituents, the Turner and Newall pensioners, were looking at a pension of only about 8p for every pound that they would otherwise have expected to receive. There was no safety net. There was no protection. The financial assistance scheme was coming into existence, but it was tiny. It would not cover Turner and Newall's liabilities.

That summer I, along with other right hon. and hon. Members, met Ministers to discuss the potential failure of one of the very biggest pension schemes in the whole country. Fortunately for us, at that time the Pensions Bill was going through Parliament. It created the Pension Protection Fund, a vehicle almost tailor-made for the Turner and Newall situation. We made sure that Ministers were fully aware of the situation and the consequences, should that fund fail.

The PPF emerged from the Pensions Act 2004 as the best possible safety net or lifeboat—call it what you will. Taking over the assets of failed pension schemes

[Tom Levitt]

and taking a levy from the pensions industry, the PPF would provide a 100 per cent. payment of existing pensioners' pensions and typically 90 per cent. of future ones, albeit frozen at that level and capped then at £25,000 a year. These restrictions add to the stability of the PPF and they are a small price to pay for pensions being saved at all. The only problem that we saw with the PPF in 2004 was that it would not start until 2006. The Turner and Newall fund had to limp on. With injections of cash from the company, it was able to raise its offer to pension fund members to 50p or 60p in the pound, far better than 8p, but nothing like as good as the PPF potential offer would be.

Meanwhile, I continued to act on behalf of my constituents, the largest single group of Turner and Newall pensioners in the country. I co-ordinated the work of an ad hoc cross-party group of MPs, working closely with the trade unions. I presented a national petition to Parliament in support of the Turner and Newall pensioners. I arranged for fund members, including union representatives from my constituency, to meet the American chairman of Federal Mogul to express their grievances here in Parliament. I invited the then Secretary of State for Work and Pensions to Chapel-en-le-Frith to meet aggrieved members of the fund. I spoke at a national rally of occupational pension fund members in Brighton, and I continued to lobby Ministers, the fund's independent trustee appointed by the courts, the administrators of the company, the PPF itself and others to ensure that the interests of my constituents were paramount. In short, I was doing my job.

The Turner and Newall fund is undergoing an 18-month assessment to see how the PPF would work. The independent trustee has to satisfy himself, by law, that there is no better alternative available before he will be allowed to take the fund into the PPF, but he will not get a better offer. It is irresponsible of some campaigners on the issue, not least a certain Conservative councillor, Councillor Bingham of Chapel-en-le-Frith, to go round suggesting that a better alternative to the PPF is there for the taking. The implication from local Tories in my constituency is that taxpayers' money will be used to save failed pension funds under a Tory Government. That is in direct contradiction to the edict of the hon. Member for Tatton (Mr. Osborne) and it is misleading. It will not happen.

Until yesterday, the hon. Member for Runnymede and Weybridge (Mr. Hammond) was the Opposition pensions spokesman. Today he has moved on, and frankly I am not surprised. Perhaps this, taken from last week's issue of the *Buxton Advertiser*, was really the best that the hon. Gentleman had to offer. Speaking 10 days ago in my constituency, he said:

> "If we can establish the evidence to support the idea of an alternative to PPF I am happy to present that to the government decision-makers for the necessary change in regulations...What we are talking about is whether it is appropriate to change the law to allow schemes like this an alternative rather than to go into PPF."

I do not know what that means. I do not know what the alternative is that he is offering on behalf of the Conservative party, and I am quite sure that he did not either. How will he deliver it without access to taxpayers' money? Does he really believe in his heart that something other than PPF will emerge in the next 12 months to restore the original value of the Turner and Newall fund? It is an irresponsible myth, just like the motion that we are debating. The Tories might have chosen tonight's subject for debate, but they have nothing to offer on occupational pensions.

9.35 pm

Mr. Nigel Waterson (Eastbourne) (Con): It is a great pleasure to take part in the debate. I feel like a greybeard in this company of new rising stars on the Government Front Bench and departing stars on the Liberal Benches. I begin by adding my own warm welcome to the new Secretary of State—I hope that he knows what he is taking on—and the new Minister of State. The revolving door that has all too often been the Department for Work and Pensions in recent years has not always been a happy place for Ministers. Since 1997, we have seen seven Secretaries of State, and since I was appointed to this position, I have shadowed no fewer than four Ministers. I am particularly pleased that we had the usual distinguished and thoughtful contribution from a former Minister, the right hon. Member for Birkenhead (Mr. Field). I genuinely wish the new Ministers well in tackling the continuing pensions crisis.

In recent days, the new Prime Minister has spoken of little else but change. In a short speech at the door of No. 10, he must have mentioned the word eight or nine times. We have heard, and no doubt will continue to hear, of a number of new initiatives across a range of policy areas, but what has been totally missing—unless I have failed to spot it—is any mention of pensions. This is all the more surprising because polling shows that this is a failure for which most voters hold the former Chancellor to blame. I am pleased that we had the usual authoritative contribution from my hon. Friend the Member for Bournemouth, West (Sir John Butterfill), and we also heard from the hon. Member for High Peak (Tom Levitt) who has been through the Turner and Newall saga from start to finish, as he described.

But when it comes to long-term pensions reform, we Conservatives have taken a wholly responsible and non-partisan position. We have broadly accepted the conclusions of Lord Turner and his colleagues and gone along with the Government on gradually increasing the state pension age, on help for carers especially women, and on restoring the link with earnings for the state pension. Indeed it would have been churlish not to do so given that most of those were in our last election manifesto. In short, we have worked hard to build a genuine consensus on pensions, and I see no reason why that should not continue to be the case.

We have also given our broad support to the proposals for personal accounts. But we still have serious concerns about the design of this new system. Key decisions on that design must be made by politicians, not delegated to unelected people, no matter how expert.

During debates in the House on the Pensions Bill, we flagged up four major concerns, some of which have been discussed today. Those were means testing; the risk of levelling down existing pension provision with the introduction of personal accounts; the potential for mis-selling; and the issue of confidence.

On mis-selling, I am very much on the same wavelength as the right hon. Member for Birkenhead. There is a real issue here, and the Secretary of State will not yet have had time to absorb this kind of detail, but his attention will no doubt be drawn to the conclusions of the Pensions Policy Institute and the crucial differences between its research as to the likely level of means-testing after the reforms and the Government's own projections. Again, the crucial difference between the two models is that the PPI model takes account of housing benefit and the Government model does not, which affects the position of people who rent in retirement.

I shall come on to issues of confidence in a minute, but I want to deal with the valedictory remarks of the hon. Member for Yeovil (Mr. Laws)—for all I know, my remarks may be valedictory, but nobody has informed me yet. Although the Liberal position may improve or change with the arrival of the new spokesman, it is at best confusing and at worst likely to discourage pension saving. The Liberal Democrats want to abolish tax relief for pension contributions, certainly for higher rate taxpayers. It is the only party, apart from the Government, which backs the continuation of compulsory annuitisation. It is still peddling its idea of a citizens pension, which is unworkable, unaffordable and a total non-starter, because no major party is prepared to do it. I say in a caring way to the hon. Member for Yeovil that the Liberal Democrats have consistently placed themselves outside a serious and responsible consensus on long-term pensions reform. We will see whether the new broom produces different results.

The crucial priority for any Government must be to restore confidence in pensions saving. How can we expect younger workers to save for their retirement, when almost every week they see bad news stories about people who have lost their pensions? Shortly before the new Prime Minister relinquished his iron grip on the Treasury, he was taken to task in this House for his £5 billion-a-year raid on pension funds. Was he embarrassed, abashed or apologetic? Not a bit of it. He said:

"I tell the House that I do not apologise".

He went on to say:

"We made the right decision".—[*Official Report*, 17 April 2007; Vol. 459, c. 176, 183.]

That was a slap in the face for the 125,000 victims who lost all or most of their pensions through no fault of their own. However, we must not forget that absolutely everyone with a pension scheme has lost because of the £100 billion or more that the Chancellor has stripped from their retirement savings.

Having created the problem in large measure, the then Chancellor was happy to leave those people without help, or to the tender mercies of the failed financial assistance scheme. As my hon. Friend the Member for Epsom and Ewell (Chris Grayling) has said, the latest FAS annual report was sneaked out on the very day that the new Prime Minister took office. It is a dismal and depressing document, cementing the impression that the FAS is a failing, incompetent and useless organisation. In some two years, it has succeeded in getting payments to little more than 1,000 pensioners, but no fewer than 10,000 victims are already eligible for help. Amazingly, the FAS spent more on running itself, £4 million, than it paid out, £3.5 million.

The former Chancellor, among others, continues to claim that victims will get 80 per cent. of their entitlement, but that is patently untrue. The Secretary of State fell into the same trap himself, although perhaps with more excuse, when he discussed 80 per cent. of "core expected pension". He was mixing two different ideas. "Expected pension" is a lot more than the concept of the "core pension," which has been introduced through the FAS. Most people will get half of what they expected to get.

As has been said, the Government have been told on several occasions by the ombudsman, the European Court, the Select Committee and the High Court that there has been maladministration, and they are now appealing the High Court decision. However, they are still ignoring the legitimate demands of the pension victims. The Government will have another opportunity to right that wrong, because the Lords have voted in favour of the cross-party amendments setting up a lifeboat fund, which would provide PPF-level compensation for those victims. Back-Bench Labour MPs who have constituents in this predicament, or who just want to see justice done, will soon have the opportunity to do something about it. The hon. Member for Nottingham, South (Alan Simpson), who speaks with great knowledge on these matters, made a similar point.

If removing dividend tax credit was such a great idea, why did the Chancellor fight for those two long years to resist the freedom of information request from *The Times*? Why did we also hear from the former Chancellor, my right hon. and learned Friend the Member for Rushcliffe (Mr. Clarke), that he had had this very idea put to him by officials and had decided not to do it? It is incredible that when questioned in this House by my hon. Friend the Member for Bromsgrove (Miss Kirkbride), the Chancellor said, with effortless effrontery:

"I support the release of the papers."—[*Official Report*, 17 April 2007; Vol. 459, c. 183.]

Presumably it was some other Chancellor who had fought so hard to keep them secret. It was a bit like the prisoner on his climb up to the gallows declaring his enthusiastic support for the death penalty.

Ministers should hang their heads in shame at their persistent refusal to draw a line under this scandal and help to give long-term pensions reform a fresh start. The new Secretary of State has a clean slate. He can choose to look at this matter again; in some ways, he suggested that he would. If the former Chancellor, now the Prime Minister, wants to have a honeymoon with 100 days of spectacularly popular announcements, this would be a very good start. If not, it is difficult to disagree with the conclusion of *The Daily Telegraph* when it said that on this issue the new Prime Minister

"is not fit to lead, not fit to govern and not fit to be trusted."

9.46 pm

The Minister of State, Department for Work and Pensions (Mr. Mike O'Brien): Let me begin by welcoming the hon. Member for Epsom and Ewell (Chris Grayling) to his new position. I wish the hon. Member for Eastbourne (Mr. Waterson) well in the reshuffle that appears to be

[Mr. Mike O'Brien]

under way; we understand these matters ourselves. I also wish well the hon. Member for Yeovil (Mr. Laws), who gave us his valedictory speech. It was a thoughtful speech, and I shall certainly bear in mind many of the points that he made in his interesting reflections on matters that he has raised while he has been a Liberal Democrat spokesperson on pensions.

Having listened to the hon. Member for Epsom and Ewell make his opening speech as a Front-Bench spokesperson on pensions, it looks to me as though there is a greater degree of difference between us than that which unites us. In fact, his speech was a lot of partisan knockabout. The reality is that we agree on many of the things that we need to agree on as regards the future of pensions. It is right that we should, because, over time—over decades—Governments might change their colour, and hence a consensus on long-term pension policy is a crucial obligation on all political parties. That consensus has been built up, across a range of issues, around the Turner report.

I welcome the extent of the agreement that exists, certainly between the two main parties. I also welcome the comments by the hon. Member for Yeovil about wanting the consensus to be built up. I hope that that view is shared by his colleague, the hon. Member for Inverness, Nairn, Badenoch and Strathspey (Danny Alexander), whom I welcome to his Front-Bench position. I hope that he, too, will feel that he can participate in building that long-term consensus. As we continue to do that, I look forward, in the coming weeks and months, to meeting the various stakeholder groups, and indeed the Opposition parties.

However, there are disagreements between us and it is right that the debate should reflect on and deal with them. First, let me comment on some of the points that were made during the debate. My hon. Friend the Member for Nottingham, South (Alan Simpson) was right to claim, in a challenging and powerful speech, that the tax changes in 1997 were about strengthening investment. He raised a range of issues about the financial assistance scheme and the number of people who have been assisted by it so far. We are anxious to bring more people into the scheme and to ascertain whether we can get more people assisted by it.

We need information from some of the trustees of schemes to ensure that we have sufficient detail to start making payments. That has been a problem, but we have now simplified some of the information requests that are made to the schemes to ensure that compliance is easier. Through officials in the Department, we have been trying to meet representatives of the schemes to ascertain whether we can get them to participate more fully so that we can achieve precisely what my hon. Friend wants: more people able to be helped by the FAS.

My hon. Friend raised a couple of other issues, which I shall tackle briefly. He said that the FAS benefits did not include revaluation, indexation or survivor benefits. However, they protect pensions against inflation until the age of 65. The survivor benefits are paid at 50 per cent. of FAS entitlement. Given that FAS is a sort of top-up, some of the non-core benefits may therefore be included in the annuity that the pension scheme pays.

My right hon. Friend the Member for Birkenhead (Mr. Field) made an eloquent speech, in which he raised thoughtful points. I look forward to working with him to tackle some of them.

I hope that we can engage with some of the points raised by the hon. Member for Bournemouth, West (Sir John Butterfill) in due course.

My hon. Friend the Member for High Peak (Tom Levitt) referred especially to Federal Mogul and the Turner and Newall pension fund. I declare an interest in that I, too, have constituents who are directly affected by that matter; they work in Coventry. I look forward to meeting him to discuss those issues. I pay tribute to his work in leading the fight for the Turner and Newall pension fund members to ensure that they get a better deal.

The Opposition's original title for the debate was "Crisis in Pensions". The Pensions Commission stated in its executive report:

> "On average, current pensioners are as well provided relative to average earnings as any previous generation, and many will continue to be well provided over the next 15 years. There is therefore no general and immediate crisis."

When we came to office, our first priority was to tackle pensioner poverty. Nearly one third of pensioners were living in relative poverty. Compared with the policies that we inherited in 1997, we now spend more than £11 billion extra on pensioners. Around half of that goes to the poorest third of pensioners. Consequently, more than 1 million pensioners have been lifted out of relative poverty for the first time in a generation. Pensioners are no more likely to be poor than any other group.

Our second challenge was to improve the security of private pensions. That included dealing with the pensions mis-selling scandal and the impact of the falling stock market on occupational pension schemes. We introduced the Pension Protection Fund, which offers security to more than 12 million members of occupational schemes and provides compensation if their employers become insolvent.

The pensions regulator helps protect members' benefits and promote the good administration of workplace schemes. The significantly expanded FAS will help to some extent those who lost their workplace pensions before the PPF was established.

Let me deal with some of the concerns about the FAS. The scheme provides critical support for those who have lost their pensions. As a result of the Budget announcement, the newly expanded scheme will support all the 125,000 people whose occupational pension schemes were affected by employer insolvency before the PPF was created.

As my right hon. Friend the Secretary of State explained in his opening speech, we would like to go further if funding can be found from other sources. We invite contributions to the current review, which is looking for viable and sustainable solutions. As hon. Members know, the review will examine whether the alternative treatment of the residual funds in affected schemes could complement the £8 billion that the Government have committed, supplementing the increased support.

We look forward to the results of that review and we will all return to the Chamber later this month to

debate the Pensions Bill. I hope that we will all agree that sustainable, affordable, effective and deliverable solutions provide the only realistic and responsible way to proceed.

We have been asked why we will not support the lifeboat fund or the lifeboat proposals that came from the other place. Let me be clear that the Government want to get the right money to people who have lost their pensions. We have already committed £8 billion of taxpayers' money to the financial assistance scheme and we have set up a review led and advised by experts. Putting the FAS on a par with the benefits offered by the PPF is simply unaffordable. Such a policy would effectively increase costs by a third. We do not believe that the taxpayer should be expected to provide high levels of compensation for schemes run by private employers. It would not be right to put FAS recipients in the same position through taxpayers' money as those whose schemes contribute to the PPF by way of a levy. We are not averse to the idea of making more money available if it is feasible, but at this stage, we do not know what assets, if any, are available. It seems sensible to find that out before putting any proposals forward.

There are clear objections to the proposals coming from the other place. First, the lifeboat proposals depart from the principle that evidence should guide policy. We need evidence of what is available and how it can be accessed before we start putting in place legislation that obliges us to access funds. Lord Turnbull described the proposal in the other place as rather like introducing a Dangerous Dogs Act without finding out where the dangerous dogs are.

Secondly, it is simplistic merely to claim that unclaimed pension assets without clear ownership are some sort of windfall gain to insurance companies. We need to think carefully about the implications of that, but the proposals from the other place do not deal with them at all.

The third objection is, of course, equity. The lifeboat will take from existing policyholders a long-term part of their gain. The Association of British Insurers described it as robbing Peter to pay Paul. As Lord Turnbull said, it might be that some of the Pauls are better off than the Peters. Once again, the issue needs to be looked into with a great deal more care than has been demonstrated by the Conservatives—and, indeed, the Liberal Democrats—in the other place.

The lifeboat proposals require the state to take away somebody else's property. In other instances, we call that taxation. Lord Turnbull suggested that the Conservatives, after complaining loudly about stealth taxes and pension grabs, now seem to be supporting a proposal that exposes them to exactly the same charge—of imposing a Tory stealth tax. They need to be much more careful about what they are supporting.

Mr. John Redwood (Wokingham) (Con) *rose—*

Mr. O'Brien: It is the case that the Conservatives have no credibility on pensions. *[Interruption.]* They presided over the pensions mis-selling scandal, which caused misery to millions, and they destroyed confidence in the pensions industry.

Mr. Redwood *rose—*

Mr. O'Brien: They orchestrated a growing gap between richer and poorer pensioners. From 1979 to—*[Interruption.]*

Madam Deputy Speaker: Order. A great many people who have just entered the Chamber are holding very loud conversations.

Mr. O'Brien: If the right hon. Member for Wokingham (Mr. Redwood) has some concerns about these issues, he should have been in the Chamber to deal with them. He was not here during the debate, so on that basis I will not give way to him.

The Conservatives left almost 3 million pensioners living in poverty. They expected a pensioner to live on just £68 a week. No wonder pensioners could not afford to keep warm in winter. And then the Conservatives tried to raise VAT on fuel to 17.5 per cent. They passed the Pensions Act 1995—

Mr. Patrick McLoughlin (West Derbyshire) (Con) *rose in his place and claimed to move,* That the Question be now put.

Question, That the Question be now put, *put and agreed to.*

Question put accordingly, That the original words stand part of the Question:—

The House divided: Ayes 197, Noes 297.

Division No. 172] **[9.59 pm**

AYES

Afriyie, Adam	Clarke, rh Mr. Kenneth
Ainsworth, Mr. Peter	Clifton-Brown, Mr. Geoffrey
Alexander, Danny	Conway, Derek
Amess, Mr. David	Cormack, Sir Patrick
Ancram, rh Mr. Michael	Cox, Mr. Geoffrey
Arbuthnot, rh Mr. James	Crabb, Mr. Stephen
Bacon, Mr. Richard	Davies, David T.C. *(Monmouth)*
Baker, Norman	Davies, Philip
Baron, Mr. John	Djanogly, Mr. Jonathan
Barrett, John	Dodds, Mr. Nigel
Beith, rh Mr. Alan	Donaldson, rh Mr. Jeffrey M.
Bellingham, Mr. Henry	Dorries, Mrs. Nadine
Benyon, Mr. Richard	Duddridge, James
Bercow, John	Ellwood, Mr. Tobias
Beresford, Sir Paul	Evans, Mr. Nigel
Binley, Mr. Brian	Featherstone, Lynne
Blunt, Mr. Crispin	Field, Mr. Mark
Bone, Mr. Peter	Foster, Mr. Don
Boswell, Mr. Tim	Francois, Mr. Mark
Bottomley, Peter	Fraser, Mr. Christopher
Brady, Mr. Graham	Gale, Mr. Roger
Brazier, Mr. Julian	Garnier, Mr. Edward
Breed, Mr. Colin	Gauke, Mr. David
Brokenshire, James	George, Andrew
Brooke, Annette	Gidley, Sandra
Browne, Mr. Jeremy	Gillan, Mrs. Cheryl
Burns, Mr. Simon	Goodman, Mr. Paul
Butterfill, Sir John	Goodwill, Mr. Robert
Cable, Dr. Vincent	Grayling, Chris
Campbell, Mr. Gregory	Green, Damian
Campbell, rh Sir Menzies	Greenway, Mr. John
Carmichael, Mr. Alistair	Gummer, rh Mr. John
Carswell, Mr. Douglas	Hammond, Mr. Philip
Cash, Mr. William	Hammond, Stephen
Chope, Mr. Christopher	Harper, Mr. Mark
Clappison, Mr. James	Harvey, Nick
Clark, Greg	

Hayes, Mr. John
Heald, Mr. Oliver
Heath, Mr. David
Heathcoat-Amory, rh Mr. David
Hemming, John
Hendry, Charles
Herbert, Nick
Hoban, Mr. Mark
Hogg, rh Mr. Douglas
Hollobone, Mr. Philip
Horam, Mr. John
Horwood, Martin
Hosie, Stewart
Howard, rh Mr. Michael
Hughes, Simon
Huhne, Chris
Hunt, Mr. Jeremy
Hunter, Mark
Hurd, Mr. Nick
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Johnson, Mr. Boris
Jones, Mr. David
Kawczynski, Daniel
Key, Robert
Kirkbride, Miss Julie
Knight, rh Mr. Greg
Kramer, Susan
Lamb, Norman
Laws, Mr. David
Leigh, Mr. Edward
Letwin, rh Mr. Oliver
Lidington, Mr. David
Lilley, rh Mr. Peter
Llwyd, Mr. Elfyn
Loughton, Tim
Luff, Peter
Mackay, rh Mr. Andrew
Maclean, rh David
Main, Anne
Malins, Mr. Humfrey
Maples, Mr. John
Mates, rh Mr. Michael
McCrea, Dr. William
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Miller, Mrs. Maria
Milton, Anne
Mitchell, Mr. Andrew
Moss, Mr. Malcolm
Mundell, David
Murrison, Dr. Andrew
Neill, Robert
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Osborne, Mr. George
Ottaway, Richard
Paice, Mr. James
Pelling, Mr. Andrew
Penning, Mike
Penrose, John
Price, Adam
Prisk, Mr. Mark
Pritchard, Mark
Pugh, Dr. John
Randall, Mr. John
Redwood, rh Mr. John
Rennie, Willie
Robathan, Mr. Andrew
Robertson, Hugh
Robertson, Mr. Laurence
Rogerson, Dan
Rosindell, Andrew
Rowen, Paul
Russell, Bob
Sanders, Mr. Adrian
Scott, Mr. Lee
Shepherd, Mr. Richard
Simmonds, Mark
Smith, Sir Robert
Soames, Mr. Nicholas
Spicer, Sir Michael
Spink, Bob
Spring, Mr. Richard
Stanley, rh Sir John
Steen, Mr. Anthony
Streeter, Mr. Gary
Stuart, Mr. Graham
Swayne, Mr. Desmond
Syms, Mr. Robert
Tapsell, Sir Peter
Taylor, Mr. Ian
Taylor, Matthew
Taylor, Dr. Richard
Thurso, John
Tyrie, Mr. Andrew
Vaizey, Mr. Edward
Vara, Mr. Shailesh
Villiers, Mrs. Theresa
Walker, Mr. Charles
Wallace, Mr. Ben
Walter, Mr. Robert
Waterson, Mr. Nigel
Watkinson, Angela
Webb, Steve
Weir, Mr. Mike
Whittingdale, Mr. John
Wiggin, Bill
Willetts, Mr. David
Williams, Hywel
Williams, Mr. Roger
Williams, Stephen
Willis, Mr. Phil
Willott, Jenny
Wilson, Mr. Rob
Wilson, Sammy
Winterton, Ann
Winterton, Sir Nicholas
Wishart, Pete
Wright, Jeremy
Yeo, Mr. Tim
Young, rh Sir George
Younger-Ross, Richard

Tellers for the Ayes:
Mr. David Evennett and Mr. Mark Lancaster

NOES

Abbott, Ms Diane
Ainger, Nick
Ainsworth, rh Mr. Bob
Alexander, rh Mr. Douglas
Allen, Mr. Graham
Anderson, Mr. David
Anderson, Janet
Atkins, Charlotte
Austin, Mr. Ian
Austin, John
Bailey, Mr. Adrian
Baird, Vera
Balls, rh Ed
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Bell, Sir Stuart
Benn, rh Hilary
Benton, Mr. Joe
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Blunkett, rh Mr. David
Borrow, Mr. David S.
Bradshaw, Mr. Ben
Brennan, Kevin
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, rh Andy
Butler, Ms Dawn
Byers, rh Mr. Stephen
Byrne, Mr. Liam
Cairns, David
Campbell, Mr. Ronnie
Caton, Mr. Martin
Cawsey, Mr. Ian
Chapman, Ben
Chaytor, Mr. David
Clapham, Mr. Michael
Clark, Ms Katy
Clark, Paul
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Connarty, Michael
Cook, Frank
Cooper, Rosie
Corbyn, Jeremy
Cousins, Jim
Crausby, Mr. David
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Curtis-Thomas, Mrs. Claire
Darling, rh Mr. Alistair
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Dai
Davies, Mr. Quentin
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dismore, Mr. Andrew
Dobbin, Jim
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Eagle, Angela
Eagle, Maria
Ennis, Jeff
Etherington, Bill
Farrelly, Paul
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, Caroline
Flynn, Paul
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gapes, Mike
Gardiner, Barry
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gilroy, Linda
Godsiff, Mr. Roger
Goggins, Paul
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. Fabian
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom
Havard, Mr. Dai
Henderson, Mr. Doug
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hodge, rh Margaret
Hoey, Kate
Hoon, rh Mr. Geoffrey
Hope, Phil
Hopkins, Kelvin
Howarth, rh Mr. George
Howells, Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Iddon, Dr. Brian
Illsley, Mr. Eric
Ingram, rh Mr. Adam
Irranca-Davies, Huw
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Jones, Helen
Jones, Mr. Kevan
Jones, Lynne
Jones, Mr. Martyn
Jowell, rh Tessa
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally

Keeley, Barbara
Keen, Alan
Keen, Ann
Kelly, rh Ruth
Khan, Mr. Sadiq
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Love, Mr. Andrew
Lucas, Ian
Mackinlay, Andrew
Mactaggart, Fiona
Malik, Mr. Shahid
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Marshall, Mr. David
Marshall-Andrews, Mr. Robert
McAvoy, rh Mr. Thomas
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonagh, Siobhain
McDonnell, John
McFadden, Mr. Pat
McFall, rh John
McGovern, Mr. Jim
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, Mr. Tony
Meale, Mr. Alan
Merron, Gillian
Michael, rh Alun
Milburn, rh Mr. Alan
Miliband, rh Edward
Miller, Andrew
Mitchell, Mr. Austin
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Moran, Margaret
Morden, Jessica
Morgan, Julie
Morley, rh Mr. Elliot
Mountford, Kali
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
O'Hara, Mr. Edward
Olner, Mr. Bill
Osborne, Sandra
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, rh James
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, rh John
Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Roy, Mr. Frank
Ruane, Chris
Ruddock, Joan
Russell, Christine
Salter, Martin
Seabeck, Alison
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, Geraldine
Smith, rh Jacqui
Smith, John
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Taylor, David
Thomas, Mr. Gareth
Timms, rh Mr. Stephen
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Truswell, Mr. Paul
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda
Ward, Claire
Wareing, Mr. Robert N.
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Wills, Mr. Michael
Winnick, Mr. David
Winterton, rh Ms Rosie
Wood, Mike
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Noes:
Mr. Alan Campbell and
Ms Diana R. Johnson

Question accordingly negatived.

Question, That the proposed words be there added, *put forthwith, pursuant to Standing Order No. 31 (Questions on amendments):—*

The House divided: Ayes 291, Noes 191.

Division No. 173] **[10.16 pm**

AYES

Abbott, Ms Diane
Ainger, Nick
Ainsworth, rh Mr. Bob
Alexander, rh Mr. Douglas
Allen, Mr. Graham
Anderson, Mr. David
Anderson, Janet
Atkins, Charlotte
Austin, Mr. Ian
Austin, John
Bailey, Mr. Adrian
Baird, Vera
Balls, rh Ed
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Bell, Sir Stuart
Benn, rh Hilary
Benton, Mr. Joe
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Borrow, Mr. David S.
Bradshaw, Mr. Ben
Brennan, Kevin
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, rh Andy
Butler, Ms Dawn
Byers, rh Mr. Stephen
Byrne, Mr. Liam
Cairns, David
Campbell, Mr. Ronnie
Caton, Mr. Martin
Cawsey, Mr. Ian
Chapman, Ben
Chaytor, Mr. David
Clapham, Mr. Michael
Clark, Ms Katy
Clark, Paul
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Cook, Frank
Cooper, Rosie
Corbyn, Jeremy
Cousins, Jim
Crausby, Mr. David
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Curtis-Thomas, Mrs. Claire
Darling, rh Mr. Alistair
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Quentin
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dismore, Mr. Andrew
Dobbin, Jim
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Eagle, Angela
Eagle, Maria
Etherington, Bill
Farrelly, Paul
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, Caroline
Flynn, Paul
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gapes, Mike
Gardiner, Barry
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gilroy, Linda
Godsiff, Mr. Roger
Goggins, Paul
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. Fabian
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom

Havard, Mr. Dai
Henderson, Mr. Doug
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hodge, rh Margaret
Hoey, Kate
Hoon, rh Mr. Geoffrey
Hope, Phil
Hopkins, Kelvin
Howarth, rh Mr. George
Howells, Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Iddon, Dr. Brian
Ilsley, Mr. Eric
Ingram, rh Mr. Adam
Irranca-Davies, Huw
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Jones, Helen
Jones, Mr. Kevan
Jones, Lynne
Jones, Mr. Martyn
Jowell, rh Tessa
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Kelly, rh Ruth
Khan, Mr. Sadiq
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Love, Mr. Andrew
Lucas, Ian
Mackinlay, Andrew
Malik, Mr. Shahid
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Marshall, Mr. David
Marshall-Andrews, Mr. Robert
McAvoy, rh Mr. Thomas
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonagh, Siobhain
McDonnell, John
McFadden, Mr. Pat
McFall, rh John
McGovern, Mr. Jim
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, Mr. Tony
Meale, Mr. Alan
Merron, Gillian
Michael, rh Alun
Milburn, rh Mr. Alan
Miliband, rh Edward
Miller, Andrew
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Moran, Margaret
Morden, Jessica
Morgan, Julie
Morley, rh Mr. Elliot
Mountford, Kali
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
O'Hara, Mr. Edward
Olner, Mr. Bill
Osborne, Sandra
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, rh James
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, rh John
Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Roy, Mr. Frank
Ruane, Chris
Ruddock, Joan
Russell, Christine
Salter, Martin
Seabeck, Alison
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, Geraldine
Smith, rh Jacqui
Smith, John
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Taylor, David
Thomas, Mr. Gareth
Timms, rh Mr. Stephen
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Truswell, Mr. Paul
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda
Ward, Claire
Wareing, Mr. Robert N.
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Wills, Mr. Michael
Winnick, Mr. David
Winterton, rh Ms Rosie
Wood, Mike
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Ayes:
Mr. Alan Campbell and Ms Diana R. Johnson

NOES

Afriyie, Adam
Ainsworth, Mr. Peter
Alexander, Danny
Amess, Mr. David
Ancram, rh Mr. Michael
Arbuthnot, rh Mr. James
Bacon, Mr. Richard
Baker, Norman
Baron, Mr. John
Barrett, John
Beith, rh Mr. Alan
Bellingham, Mr. Henry
Benyon, Mr. Richard
Bercow, John
Beresford, Sir Paul
Binley, Mr. Brian
Blunt, Mr. Crispin
Bone, Mr. Peter
Boswell, Mr. Tim
Brady, Mr. Graham
Brazier, Mr. Julian
Breed, Mr. Colin
Brokenshire, James
Brooke, Annette
Browne, Mr. Jeremy
Burns, Mr. Simon
Butterfill, Sir John
Cable, Dr. Vincent
Campbell, Mr. Gregory
Campbell, rh Sir Menzies
Carmichael, Mr. Alistair
Carswell, Mr. Douglas
Cash, Mr. William
Chope, Mr. Christopher
Clappison, Mr. James
Clark, Greg
Clarke, rh Mr. Kenneth
Clifton-Brown, Mr. Geoffrey
Conway, Derek
Cormack, Sir Patrick
Cox, Mr. Geoffrey
Crabb, Mr. Stephen
Davies, Mr. Dai
Davies, David T.C. *(Monmouth)*
Davies, Philip
Djanogly, Mr. Jonathan
Dodds, Mr. Nigel
Donaldson, rh Mr. Jeffrey M.
Duddridge, James
Ellwood, Mr. Tobias
Evans, Mr. Nigel
Featherstone, Lynne
Field, Mr. Mark
Foster, Mr. Don
Francois, Mr. Mark
Fraser, Mr. Christopher
Gale, Mr. Roger
Garnier, Mr. Edward
Gauke, Mr. David
George, Andrew
Gidley, Sandra
Gillan, Mrs. Cheryl
Goodman, Mr. Paul
Goodwill, Mr. Robert
Grayling, Chris
Green, Damian
Greenway, Mr. John
Gummer, rh Mr. John
Hammond, Mr. Philip
Hammond, Stephen
Harper, Mr. Mark
Harvey, Nick
Hayes, Mr. John
Heald, Mr. Oliver
Heath, Mr. David
Heathcoat-Amory, rh Mr. David
Hemming, John
Hendry, Charles
Herbert, Nick
Hoban, Mr. Mark
Hogg, rh Mr. Douglas
Hollobone, Mr. Philip
Horam, Mr. John
Horwood, Martin
Hosie, Stewart
Hughes, Simon
Huhne, Chris
Hunt, Mr. Jeremy
Hunter, Mark
Hurd, Mr. Nick
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Kawczynski, Daniel
Key, Robert

Kirkbride, Miss Julie
Knight, rh Mr. Greg
Kramer, Susan
Lamb, Norman
Laws, Mr. David
Leigh, Mr. Edward
Letwin, rh Mr. Oliver
Lidington, Mr. David
Llwyd, Mr. Elfyn
Loughton, Tim
Luff, Peter
Mackay, rh Mr. Andrew
Maclean, rh David
Main, Anne
Malins, Mr. Humfrey
Maples, Mr. John
Mates, rh Mr. Michael
McCrea, Dr. William
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Miller, Mrs. Maria
Milton, Anne
Mitchell, Mr. Andrew
Moss, Mr. Malcolm
Mundell, David
Murrison, Dr. Andrew
Neill, Robert
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Osborne, Mr. George
Ottaway, Richard
Paice, Mr. James
Pelling, Mr. Andrew
Penning, Mike
Penrose, John
Price, Adam
Prisk, Mr. Mark
Pritchard, Mark
Pugh, Dr. John
Randall, Mr. John
Redwood, rh Mr. John
Rennie, Willie
Robathan, Mr. Andrew
Robertson, Hugh
Robertson, Mr. Laurence
Rogerson, Dan
Rosindell, Andrew
Rowen, Paul
Russell, Bob
Sanders, Mr. Adrian
Scott, Mr. Lee
Shepherd, Mr. Richard
Simmonds, Mark
Smith, Sir Robert
Soames, Mr. Nicholas
Spicer, Sir Michael
Spink, Bob
Spring, Mr. Richard
Stanley, rh Sir John
Steen, Mr. Anthony
Streeter, Mr. Gary
Stuart, Mr. Graham
Swayne, Mr. Desmond
Syms, Mr. Robert
Tapsell, Sir Peter
Taylor, Mr. Ian
Taylor, Matthew
Thurso, John
Tyrie, Mr. Andrew
Vaizey, Mr. Edward
Vara, Mr. Shailesh
Villiers, Mrs. Theresa
Walker, Mr. Charles
Wallace, Mr. Ben
Walter, Mr. Robert
Waterson, Mr. Nigel
Watkinson, Angela
Webb, Steve
Weir, Mr. Mike
Whittingdale, Mr. John
Wiggin, Bill
Willetts, Mr. David
Williams, Hywel
Williams, Mr. Roger
Williams, Stephen
Willis, Mr. Phil
Willott, Jenny
Wilson, Mr. Rob
Wilson, Sammy
Winterton, Ann
Winterton, Sir Nicholas
Wishart, Pete
Wright, Jeremy
Yeo, Mr. Tim
Young, rh Sir George
Younger-Ross, Richard

Tellers for the Noes:
Mr. David Evennett and
Mr. Mark Lancaster

Question accordingly agreed to.

MADAM DEPUTY SPEAKER *declared the main Question, as amended, to be agreed to.*

Resolved,

That this House welcomes the policies of this Government to tackle pensioner poverty which have lifted two million pensioners out of absolute poverty and one million out of relative poverty, the action to tackle the legacy of pensions mis-selling, support occupational pensions through a Pension Protection Fund set up for the first time and a new Pensions Regulator, further support for 125,000 people through the Financial Assistance Scheme whose occupational pensions were affected by employer insolvency, set out the long-term framework for pensions through the new Pensions Bill, including re-linking the basic State Pension to average earnings, introduce a new scheme of low cost personal accounts and stakeholder pensions of which over three million have been created, remove the dividend tax credit, make reductions in corporation tax which have contributed to the 50 per cent. rise in business investment, broker public sector pension agreements which ensure a fair deal for today's and tomorrow's public sector workers and introduce free television licences and the Pension Credit to provide an additional framework of support for today's pensioners'.

REGULATORY REFORM

Motion made, and Question put forthwith, pursuant to Standing Order No. 18(1)(Consideration of draft regulatory reform orders),

That the draft Regulatory Reform (Financial Services and Markets Act 2000) Order 2007, which was laid before this House on 18th December, be approved.—*[Mr. Roy.]*

Question agreed to.

Madam Deputy Speaker: I call motion 5.

Mr. Roy: Not moved.

Philip Davies (Shipley) (Con): On a point of order, Madam Deputy Speaker. I have noticed that motion 5 would have discharged the Secretary of State for Justice from the Modernisation Committee and replaced him with the new Leader of the House. Many people on both sides of the House are concerned that someone who has such a party role could be appointed as Leader of the House and Chairman of the Modernisation Committee. Have you, Madam Deputy Speaker, heard why the motion has not been moved tonight and whether that is due to concerns about the role of the Leader of the House?

Madam Deputy Speaker: The hon. Gentleman has raised what he considers to be a point of order, but it is not a point of order for the Chair. The motion just has not been moved.

PETITION

Armed Forces (Postal Charges)

10.31 pm

Bob Spink (Castle Point) (Con): Following Castle Point veterans day on Friday, which was a tremendous success and unprecedented, with more than 500 people attending, I am honoured to present a petition on behalf of tomorrow's veterans. It calls on the Government to show that they recognise and care about the difficulties that our servicemen and women face right now. They are fighting and some are dying for the security of this country and the wider world; they are fighting people who would destroy our way of life. Like the Castle Point veterans, they are, as Tony Blair put it last week, the "bravest and the best".

The petition states:

The Petition of David Cain, Philip Redl and others declares that the cost of sending parcels and letters to members of HM Armed Forces in Iraq and Afghanistan is inequitable in relation to the nature of their work and the commitment they have made to serve their country.

Therefore, your Petitioners request that the House of Commons urges the Government to adopt a policy of free postage to members of HM Armed Forces from family and friends in the UK in recognition of the contribution made by these brave men and women.

And the Petitioners remain, etc.

To lie upon the Table.

Thomas Telford Anniversary

Motion made, and Question proposed, That this House do now adjourn.—*[Mr. Roy.]*

10.33 pm

David Mundell (Dumfriesshire, Clydesdale and Tweeddale) (Con): I am pleased to have secured the opportunity to mark in the House the 250th anniversary of the birth of Thomas Telford. I see this Adjournment debate as a contribution to the celebration of the life and legacy of an outstanding man, not just of his time but as one whose work has shaped his profession to this day, and many of whose engineering feats are still in use centuries later.

There is absolutely no doubt that Scotland would not be the place it is today without Thomas Telford. His work literally opened up the highlands with more than 900 miles of new roads, hundreds of bridges and ferry landing piers, and dozens of churches. Indeed, the work enabled the transportation of goods and people across the whole of Scotland, facilitating many aspects of the industrial revolution.

Today, we take it for granted that motorways, bridges and canals exist. We do not stop to consider that planning these transport networks and many aspects of the methodology of construction were visualised hundreds of years before. Telford's Glasgow-to-Carlisle road, of which many parts remain, runs through my constituency and was the equivalent of the modern M74 motorway, which is only now being completed between Gretna and Carlisle.

Although this debate is taking place hundreds of miles from Telford's birthplace at Glendinning at Westerkirk in the Dumfriesshire part of my constituency, it is taking place only a few hundred yards from his final resting place in Westminster Abbey—a mark of the esteem in which he is held and an honour bestowed on only one other civil engineer: Robert Stephenson, who pioneered the railways. Telford stamped his presence on civil engineering and is more than worth the set of stamps that the Royal Mail is producing this year. His legacy to his profession was in the standards he set for a reliable system of estimates, contracts, specifications and tenders, which are as relevant today as they were in the 1800s.

In our time, when social mobility is the subject of much debate, Thomas Telford's achievement was that he rose from being the son of a shepherd on a remote Dumfriesshire hillside to being the most lauded and esteemed civil engineer in the empire. His poet friend Robert Southey termed him the "Colossus of Roads". That is just one reason why I would like to see the Government in Westminster and the Scottish Government in Edinburgh do more to promote recognition of the achievements of Telford and people of his ilk, who did so much to shape the modern world in the final centuries of the last millennium.

Ahead of the debate, I had the opportunity to speak to Scotland's new Culture Minister, Linda Fabiani MSP, and was encouraged by her acceptance that Scotland could do better in promoting the life and legacy of such people as Telford, who leave a permanent footprint on our way of life and remain a lasting influence over Scotland, the United Kingdom and the rest of the world. I want to make the same plea to the Minister on a United Kingdom basis because, with his works in Scotland, England, Wales and Ireland, Telford was truly a great Briton.

To understand the motivations of such a man, we need to accept and appreciate where he came from. Telford was born on 9 August 1757. His father was a herdsman on the sheep farm of Glendinning at Westerkirk. It was and remains a remote and isolated area. It is farmed today by Lorraine Luesher, who works hard to keep the tradition of hill farming alive in Eskdale and who has produced a booklet on the Telford legacy. His father died weeks after his birth and so his mother Janet brought up Thomas. The close-knit local community supported the boy, who was known as "laughing Tam" for his good nature. As a youngster, he attended Westerkirk school and much of his early life was spent working as a shepherd on neighbouring farms, and with his widowed mother.

After leaving school, Telford looked for work that offered decent prospects. His family were able to get him placed as an apprentice mason. His first master treated him very cruelly and Telford ran away, but his cousin Thomas Jackson found him work with Andrew Thomson, a Langholm mason. The Duke of Buccleuch was improving his estate at that time and Telford was kept busy, becoming a journeyman mason earning 18d a day. As he himself said,

> "I ever congratulate myself upon the circumstances which compelled me to begin by working with my own hands, and thus to acquire early experience of the habits and feelings of workmen".

During this time, Telford met Miss Pasley, whose books he was able to borrow. He became a voracious reader. He described his studies in the following way:

> "I read, and read, and glowred; then read and read again."

At the age of 23, Telford considered himself to be the master of his art and went to Edinburgh. Although he lived much of his adult life away from his place of birth, he always thought fondly of it, writing in his autobiography:

> "I still recollect with pride and pleasure my native parish of Westerkirk."

In Edinburgh, he studied drawing and its application to architecture. In 1782, Telford travelled south to find work in London, writing that he

> "judged it advisable (like many of my countrymen) to proceed southward, where industry might find more employment, and be better rewarded."

He was lucky to obtain work at Somerset House, an enormous construction project at the time. He served as Shropshire's first surveyor of public works in 1787, and so began a career that included the building of roads, bridges, churches, harbours and canals, many of which are still in use today.

Mr. Andrew Pelling (Croydon, Central) (Con): I am glad to hear my hon. Friend say that London was an expensive city even in those days. Does not Telford's contribution to London, particularly through St. Katherine's dock, show the many advantages of the Union? Perhaps this occasion can also be a celebration of the way in which people from across the United Kingdom have contributed to the success of Great Britain over the years.

David Mundell: I certainly agree with my hon. Friend. As I said, Telford was truly a great Briton; his works extended to Wales, to London and Portsmouth in England, and to the highlands of Scotland. Indeed, one of his great works was to ensure a mail route from London to Ireland. He was referred to as "pontifex maximus" for his considerable proficiency in building bridges, and in 1820 he was appointed the first president of the Institution of Civil Engineers. He held the post until his death in 1834. He built his reputation on craftsmanship, as is demonstrated by the variety of projects that he undertook. Those projects include the Menai Strait and Conway bridges, the renovation of Shrewsbury castle, the Caledonian canal, St. Katherine's dock, which has been mentioned, and the stunning Pontcysyllte aqueduct over the River Dee.

The suspension bridge over the Menai Strait to Anglesey is a world-famous structure that still carries heavy traffic today, and it was a remarkable achievement at the time. The Caledonian canal is 60 miles long and stretches from Inverness to Fort William, and it is recognised as one of the great waterways of the world. The canal was instrumental in the development of the highland economy, and it facilitated trade between east and west, as well as with Germany, Holland and the Scandinavian countries. Telford's work can be seen outside the United Kingdom in the Gota canal in Sweden—a project that he surveyed in 1808 and instructed a team of engineers to carry out, via correspondence. It was completed in 1832. Telford was consulted by Governments, including those of Russia and Austria, for help in planning new roads and bridges. He also held sway in the House, not least because of his reputation for delivering road and bridge-building schemes on time and to budget—a lesson that many politicians could learn. It is clear from the minutes of Select Committees at the time that Thomas Telford's professional opinion was given significant weight when it came to the allocation of public funding.

As a largely self-taught man, Telford was passionate about education and supporting training, and he was a strong advocate of apprenticeships. That is reflected in the extensive education programme promoted today by the Institution of Civil Engineers. The institution is looking to highlight Telford's contribution to engineering over the past 250 years, but it also seeks to inspire a new generation of engineers for the next 250 years. Special activities for students this year include a series of new engineering teaching resources, and debating scenarios for citizenship lessons, involving political and ethical civil engineering issues. Apparently, the scenarios include the case for and against road pricing. In Scotland, both in Eskdale and as part of the "highland promise" project, a touring scale model suspension bridge with a span of 30 ft is assembled by groups of pupils, who get a real sense of construction and of the engineering principles behind the bridge.

It is appropriate to recognise the other work that the institution is doing to mark the 250th anniversary. There is an informative website, an exhibition at the Guildhall art gallery between 19 July and 2 September, and a wreath-laying ceremony at Westminster abbey. Yesterday, a Telford conference took place in Edinburgh, addressed by His Royal Highness the Duke of Edinburgh.

Shropshire has already paid its greatest tribute to its first county surveyor from the 1780s by naming a town and several schools after him. Local communities there are holding many events over the summer to mark the anniversary, and I applaud particularly the work of the Telford and Wrekin council and was pleased to sign the early-day motion lodged by the hon. Member for Telford (David Wright).

Back in Eskdale, in the muckle toon of Langholm and the parish of Westerkirk, the Langholm and Westerkirk Thomas Telford anniversary group, under the able stewardship of Margaret Sanderson and supported by the Langholm Initiative, are to be commended for having raised funding of more than £30,000 to organise a number of events, including holding a church service, creating a Langholm and Westerkirk Thomas Telford trail, which includes a cairn and plaque to be unveiled on 9 August at Glendinning, Westerkirk, a brochure, new interpretation boards, an audio guide created by Langholm Academy pupils, and a new web page.

A Telford family history day will be held and a piece of music to mark the anniversary has been commissioned and is being composed by Jamie Telford—no relation—which will be performed for the first time at a concert to be held on 8 September in the Buccleuch centre in Langholm by the Langholm pipe, flute and brass bands. I am sure the Minister will join me in applauding the considerable volunteer effort being put into the project to commemorate the anniversary at Telford's birthplace.

To conclude, in his will Telford left moneys for the establishment of libraries in both Westerkirk and Langholm, and both are still there today. It will be an honour for me to hand over a copy of *Hansard* from this debate to be kept in the Telford room of Langholm town hall as a record of this debate, as just one of the many events marking the 250th anniversary of a truly remarkable man.

10.46 pm

David Wright (Telford) (Lab): I congratulate the hon. Member for Dumfriesshire, Clydesdale and Tweeddale (David Mundell) on an outstanding speech celebrating Thomas Telford. He has done the House, and me, a service by securing the Adjournment debate this evening. It would be remiss of me, being the Member of Parliament whose constituency is named after Thomas Telford, if I did not make a few remarks tonight.

I have always said that I have lived in the town of Telford all my life. That is not quite true. I was born 40 years ago, and Telford new town was not designated until 29 September 1968, but I can say that I have lived in parts of what is now Telford for all my life. We as a community in the town celebrate this year the birth of Thomas Telford, the man who gave his name to our town. Before that, the area was called Dawley new town and it was expanded significantly in the late 1960s when there was a need for additional housing for people moving out of the west midlands conurbation. The town was built on the east Shropshire coalfield. It is a combination of older communities like Dawley, Madeley, Wellington and Oakengates, which had an engineering and mining history. Telford would have been proud that an area with that mining and industrial heritage and history was named after him.

There is sometimes confusion in Telford because people think that Thomas Telford designed the Iron

[David Wright]

Bridge, which of course is not true. The number of people who have said to me that Thomas Telford designed the Iron Bridge is incredible. The Iron Bridge was designed by Abraham Darby III, but it would have been difficult to call the town Darby when there already was a town called Derby, so it was a wise decision to call the town Telford when it was expanded in 1968. We are proud to share the connection with the hon. Gentleman's constituency. As I am holidaying in Scotland over the summer, I hope that I may be able to pay a visit to his constituency and his community to visit the site where Thomas Telford was born. I am looking forward to that very much.

I want to pay tribute also to Telford and Wrekin council for the programme of events that it has put together, as the hon. Gentleman mentioned, over this year. There are some superb events involving schools and focusing on education. We can be proud of the connection that we are making with education. The hon. Gentleman mentioned the Institution of Civil Engineers, which seems to be doing a great job. Its website contains a whole section on Thomas Telford, showing a timeline and focusing on his achievements. They are significant, and we would not have the nation that we have today without Telford. He was a great Briton. The point made earlier by the hon. Gentleman about the importance of the union is very much solidified by the work that Telford did during his lifetime, and the way in which that has lasted and provided a service to the public through the generations in terms of his engineering skills.

Telford and Wrekin council had a garden celebrating Telford at the Chelsea flower show, which was fantastic. I am not a great gardener, but my wife is, and we paid a visit to the garden, which I am pleased to report won a silver medal. The council hopes to do a further garden at Chelsea next year, because that will be the 40th anniversary of the designation of Telford new town in September 1968. Therefore, I should like the Government to think about whether they can roll the celebration of Telford's 250th anniversary through to a celebration of 40 years of what perhaps records him most in this country, and that is the town of Telford.

I again thank the hon. Gentleman for securing this important debate and I look forward to my words joining his in his local library.

10.51 pm

The Minister of State, Department for Culture, Media and Sport (Margaret Hodge): As this is my first occasion at the Dispatch Box since my appointment as Minister with responsibility for culture, I should like to take this opportunity to say how delighted I am to take on such a stimulating and varied brief, covering a huge range of activities in which this country is a world leader.

I pay tribute to two of my predecessors whose portfolios mine now covers. One is my hon. Friend the Member for Tottenham (Mr. Lammy), with whom I look forward to working in his new capacity, and the other is my right hon. Friend the Member for St. Helens, South (Ms Woodward), whom I am sure the House will want to congratulate on his new appointment as Secretary of State for Northern Ireland and wish him well.

I congratulate the hon. Member for Dumfriesshire, Clydesdale and Tweeddale (David Mundell) on a comprehensive, clear and fulsome tribute to Thomas Telford. Scotland has an unparalleled record in producing civil engineers of the finest calibre, and Thomas Telford was clearly one of the most eminent of them all, which is signified, as the hon. Gentleman said, by his burial in Westminster abbey.

It is right that the hon. Gentleman and his constituents, and those communities in Scotland and in England whose heritage has been enhanced by the work of Thomas Telford, should seek to commemorate the 250th anniversary of his birth in an appropriate manner. I also acknowledge and have seen the events and activities being co-ordinated across the country by the Institution of Civil Engineers. In my previous ministerial role as Minister with responsibility for industry, I had much interaction with that institution. It is an excellent organisation that does an enormous amount of work in promoting engineering, and particularly in training, as the hon. Gentleman said.

I also congratulate my hon. Friend the Member for Telford (David Wright) on his contribution to tonight's Adjournment debate. I have had the privilege of visiting Telford on a number of occasions and seeing the excellent work that has been carried out in a range of ministerial portfolios, and how well the new town has settled down to become established. It excels in many areas, so I am happy to take away and consider my hon. Friend's proposition, although he will recognise that I have very little direct authority. We work through non-departmental public bodies in most of the work that we do.

The 250th anniversary of the birth of Thomas Telford is a crucial event and all the events surrounding it are managed by those for whom the life of Thomas Telford had particular resonance. It is a little difficult for the Government to intervene directly, much as the hon. Gentleman would like me to, in activities surrounding the celebration of the life of one individual. The proper role for the Government is to support and invest in our heritage for the benefit of the public and for future generations. Our industrial heritage reflects the story of Britain and the world over the past 200 years. It is a source of education, inspiration and enjoyment to families and communities across the country, and to tourists from across the world.

This year alone, the Government will invest more than £500 million in the museums and heritage sector. It is right that expert bodies such as English Heritage and the Museums, Libraries and Archives Council make the most effective use of taxpayers' money. As the number of deserving causes will always exceed the funds available, they are best placed to determine the priority projects for support. I am delighted that among the museums funded by the MLA's "Renaissance in the Regions" programme, Ironbridge Gorge museum is hosting an exhibition exploring the achievements of Thomas Telford.

Exchequer funding is, of course, complemented by money from the national lottery, and I commend the work of the Heritage Lottery Fund in awarding almost £4 billion to projects that have helped to open up our heritage for everyone to enjoy. That work is further enhanced by the tremendous contribution of a broad

range of private, charitable and corporate donors, whose support deserves public recognition.

Last week, we saw just how vital public and private partnerships are to preservation of the nation's heritage. I was delighted that a unique coalition of partners came together to secure Dumfries house and its contents for the nation, and I am sure that the hon. Member for Dumfriesshire, Clydesdale and Tweeddale is fully aware of that. Together, they have been able to raise £45 million to ensure that the house and its contents will be open to the public for the first time. All those involved deserve recognition, and I was delighted that in addition to the substantial donations from His Royal Highness the Prince of Wales's Charitable Foundation, the Monument Trust and the Art Fund, £12 million of public money was invested through the National Heritage Memorial Fund and the Scottish Executive. Although Dumfries house lies just outside the hon. Gentleman's constituency, I am sure that he will join me in thanking all those involved in this remarkable demonstration of the value that we place on our heritage in Britain.

We are exceptionally fortunate in this country in having had eminent citizens in all walks of life and all fields of human endeavour. If we sought to mark every anniversary, we would undoubtedly be accused of being overly prescriptive. For example, 1757 also saw the birth of William Blake, who is also commemorated in Westminster abbey. So while we have no specific plans to mark the anniversary of Telford's birth, nor indeed that of William Blake, I wish all those marking the occasion every success in their activities, and I join the hon. Gentleman and my hon. Friend in paying tribute to the life and works of Thomas Telford.

Question put and agreed to.

Adjourned accordingly at two minutes to Eleven o'clock.

House of Commons

Wednesday 4 July 2007

The House met at half-past Eleven o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

COMMITTEE OF SELECTION

Ordered,

That Mr. Bob Ainsworth and Mr. John Heppell be discharged from the Committee of Selection and Mr. Nicholas Brown and Liz Blackman be added to the Committee.—*[Mr. Nicholas Brown.]*

Oral Answers to Questions

WALES

The Secretary of State was asked—

Single Farm Payments

1. **Mr. Philip Dunne** (Ludlow) (Con): What discussions he has had with the Secretary of State for Environment, Food and Rural Affairs to resolve the payment of outstanding single farm payments to cross-border farmers. [146371]

The Parliamentary Under-Secretary of State for Wales (Huw Irranca-Davies): I am pleased to say that my right hon. Friend the Secretary of State and my predecessor, to whom I pay tribute, have held regular discussions with ministerial colleagues on matters affecting Wales, including farming. I understand that of the 518 cross-border claims under the 2006 scheme, all but 25 have been processed for full or part payment.

Mr. Dunne: May I be the first person on the Conservative Benches to congratulate the Minister on his elevation? In view of the Secretary of State's multi-tasking, I expect that he will have a heavier load than usual. I am grateful for his answer. Will he please ensure full co-operation between the National Assembly for Wales agriculture department and the Rural Payments Agency for farmers whose farms straddle both sides of the border? My constituent Mrs. Christine Jones of Llanfairwaterdine did not receive her 2005 payment in full until the end of last month.

Huw Irranca-Davies: I thank the hon. Gentleman for those kind words of introduction to the Dispatch Box and I am sure that I will greatly enjoy the role. My right hon. Friend the Secretary of State did outstandingly well when he was Secretary of State for Northern Ireland and I have no doubt that he will be equally good in command of the Department for Work and Pensions. On the substance of the question, I can assure the hon. Gentleman that there will be close co-ordination between the Department for Environment, Food and Rural Affairs, the Rural Payments Agency and the Welsh Assembly Government. Just to bring the House up to date and to be clear, in Wales, for 2006, 315 of the 323 farmers on the Welsh side of the border have been full or part paid, and, in England, 178 out of 195 have been full or part paid. We will make sure that we work closely together to ensure that everybody receives their payment.

Paul Flynn (Newport, West) (Lab): May I say, llongyfarchiadau i'r gweinidog newydd? The real scandal of the single payment is that it costs the average family in Wales £450 a year in farm tax. Is not the problem that the single payment is almost a payment for life for farmers, even if they stop farming altogether? One farmer in Wales recently left farming and sold his single payment allocation to a speculator. Should we not stop that scandal and make sure that the single payments, which are rip-offs for the taxpayer, are phased out?

Huw Irranca-Davies: I thank my hon. Friend for his kind words of llongyfarchiadau, which for the purpose of the translators is "congratulations" in Welsh. Diolch yn fawr iawn—thank you. I can confirm that the complete amount paid for the single farm payments is, for 2006 alone, more than £219 million. We are on track and on target with that. Although I cannot wholly disagree with his comments, I assure him that we will work to make sure that the farming community and the wider rural economy in Wales is protected for the future and safeguarded.

Neighbourhood Policing

2. **Mrs. Betty Williams** (Conwy) (Lab): What discussions he has had with the Home Secretary on neighbourhood policing in Wales. [146372]

4. **Nia Griffith** (Llanelli) (Lab): What recent discussions he has had with the Home Secretary on neighbourhood policing levels in Wales; and if he will make a statement. [146375]

The Secretary of State for Wales (Mr. Peter Hain): I have regular discussions. The Government are committed to effective neighbourhood policing.

Mrs. Williams: I thank my right hon. Friend for that answer. There are 22 community safety partnerships in place in Wales. Does he agree that those partnerships are having a real impact on our local communities by tackling crime and antisocial behaviour? Can he give an assurance that the funding for those partnerships will be safeguarded?

Mr. Hain: I agree that the multi-agency approach has a big impact on local crime. Record amounts of funding are going in, as they have done throughout our period of government—unlike the Conservative record in government. The figures speak for themselves. Recorded crime in Wales is down 3 per cent., total violent crime is down 1 per cent., burglary is down 10 per cent., theft and the handling of stolen goods is

down 5 per cent., and theft of and from vehicles is down 3 per cent. The only thing that is up is detection rates.

Nia Griffith: Will the Minister join me in congratulating the neighbourhood policing teams in my constituency and across Wales? They are not only making our streets safer through high-profile policing, but are working together with agencies such as the county council and Communities First to tackle the causes of crime and are developing things such as the multiball centres in Llwynhendy and the Morfa. Will he make sure that we have adequate talks with Home Office Ministers to ensure funding for our neighbourhood policing teams across Dyfed-Powys?

Mr. Hain: I will certainly do all that I can and I hope that my hon. Friend will support that. I am pleased to inform her that the Dyfed-Powys police force is on track to have a dedicated neighbourhood policing team embedded in every area by April 2008. I congratulate her on her work to support such initiatives.

Mr. Elfyn Llwyd (Meirionnydd Nant Conwy) (PC): Does the right hon. Gentleman realise that as the funding settlement for the police in Wales is 3.6 per cent. this year, yet police inflation is 5.1 per cent., there is an obvious funding gap? As is typified by the situation in north Wales, that will lead to a recruitment embargo, or stop, for at least three years. Neighbourhood policing partnerships have been very successful, but will he please ensure that they can continue to be so and that the funding gap is addressed?

Mr. Hain: The hon. Gentleman will be aware that unlike under the Conservatives, there will be total funding of more than £450 million this year, which is up 17.3 per cent. in real term terms since 1997. Owing to that funding, we have 677 police community support officers, including in north Wales, and 1,000 police officers, including more in north Wales. That is why crime is falling and people feel safer in their communities.

Mr. Roger Williams (Brecon and Radnorshire) (LD): I congratulate the Secretary of State on his reappointment and look forward to working with him and his Minister on the new powers that have been devolved to the Assembly. Does he still support the amalgamation of the four Welsh police forces?

Mr. Hain: Before I answer that question, may I congratulate the hon. Gentleman on his appointment? I also pay tribute to his predecessor, the hon. Member for Montgomeryshire (Lembit Öpik), who is sitting behind him, who carried out his long stint in the job very well. May I also pay tribute to my former deputy, my hon. Friend the Member for Carmarthen, West and South Pembrokeshire (Nick Ainger)? He did an outstanding job and is one of the most popular Members in the House on a cross-party basis.

The amalgamation of all four police forces in Wales is not on the Home Secretary's agenda, and I am quite happy with that.

Chris Ruane (Vale of Clwyd) (Lab): Eighteen months ago, four of my constituents—Maurice Broadbent, Dave Horrocks, Wayne Wilkes and 14-year-old Tom Harland—were killed in the worst cycling accident in UK history. My right hon. Friend visited the site of the accident and met parents and the North Wales police to discuss the inquiry. Coroner John Hughes concluded his inquiry last week and was highly critical of North Wales police and Conwy county borough council's gritting department. Will my right hon. Friend ask to meet Conwy council and North Wales police to discuss the results of John Hughes's coroner's inquiry?

Mr. Hain: I will certainly be happy to explore the matter with my hon. Friend and to work jointly with him to address the situation. He is right that I visited the site of the accident with him. The accident was one of the most appalling and tragic that I have ever had the misfortune to experience afterwards. The Rhyl cycling club is a fine club involving youngsters and many others. It has high standards and traditions, and it is devastating that it has been affected in such a way.

Mr. David Jones (Clwyd, West) (Con): May I associate myself with the remarks made by the hon. Member for Vale of Clwyd (Chris Ruane), since the accident happened in my constituency?

The Secretary of State will appreciate that additional demands are likely to be made of the police in the light of the security situation. On Monday, his right hon. Friend the Home Secretary gave a commitment to the House that she would work with police forces throughout the country to ensure that adequate funding was made available for dedicated security posts. Will the right hon. Gentleman confirm that he will make representations to the Home Secretary with a view to ensuring that any diversion of resources to security policing will not impinge adversely on the community policing budgets of Welsh police forces?

Mr. Hain: There is no intention that that will happen; both functions are equally important. At this sensitive and critical time, especially, we must ensure that all necessary resources are diverted towards dealing with the security threat. However, of course, community and neighbourhood policing, which is especially strong in north Wales, must be protected at all costs.

Alun Michael (Cardiff, South and Penarth) (Lab/Co-op): Does my right hon. Friend agree that the key to the success of neighbourhood policing is likely to be the work of police community support officers? The key reason why their introduction has been a tremendous success is that they, unlike fully-trained police officers, are not continually pulled off for other duties. Will my right hon. Friend speak to the Home Secretary to ensure that police community support officers and their work are not diluted by giving them other tasks, or taking them out of the local communities to which they have been allocated?

Mr. Hain: I will certainly write to my right hon. Friend about that, and I pay tribute to the work that he did in the Home Office right at the beginning of our time in government in getting police community

support officers on track. It was an innovative Labour policy that has proved hugely successful and popular across the country.

Mr. James Gray (North Wiltshire) (Con): Is the Secretary of State not a little bit concerned that evidence is already emerging that police officers who are part of the very worthwhile neighbourhood policing initiative are being diverted to other urgent, important police tasks? Is there not a risk that the enthusiasm shown at the launch of the neighbourhood policing initiative will dissipate quickly, as policemen are diverted elsewhere? Is that really sustainable?

Mr. Hain: I do think that it is sustainable, because the officers' primary purpose is to assist in neighbourhoods, and to be a visible presence on the streets. They are meeting that purpose very effectively and are giving reassurance and support to local communities, as was the original objective. Obviously, if there is an emergency or a crisis, it is all hands to the pump, as the hon. Gentleman would expect.

Defence Training Academy

3. **John Smith** (Vale of Glamorgan) (Lab): What recent discussions he has had with the First Minister on the impact of the defence training academy on the south Wales economy; and if he will make a statement. [146374]

The Secretary of State for Wales (Mr. Peter Hain): I have regular discussions with the First Minister on a range of issues, including the defence training academy, which is the single biggest investment in the history of Wales. It is the result of a strong partnership between our Government in Westminster and our Assembly Government in Cardiff, and the result of the work of colleagues such as my hon. Friend, who has worked tirelessly in promoting the merits of St. Athan.

John Smith: I thank my right hon. Friend for that reply. Is he satisfied that everything is being done to ensure that the south Wales economy gets the maximum benefit from that record-breaking investment? In particular, does he remain confident that the road transport infrastructure for the academy will be in place by the time of its opening in 2012 or 2013?

Mr. Hain: It is important that the road access is in place, and I hope that it will be. I know that the Welsh Assembly Government and Transport Ministers are working hard on that, along with others. There will, of course, be a full transport impact assessment as part of the planning procedure relating to that important investment. My hon. Friend is absolutely right that the project will be a huge boost to the local economy. It is estimated that it will bring 5,500 jobs, and 1,500 jobs during the construction period. The spending input will mean about £58 million extra for the local economy over the life of the project, which is a long period.

Mr. Stephen Crabb (Preseli Pembrokeshire) (Con): Given that the right hon. Gentleman stood at the Dispatch Box at the beginning of March and criticised Plaid Cymru in the strongest terms for its hostility to defence-related investment in Wales, will he explain why his party in Cardiff bay is negotiating a grubby deal with Plaid Cymru, and will he tell the House what steps—

Mr. Speaker: Order. The question is about the defence training academy.

Adam Price (Carmarthen, East and Dinefwr) (PC): Does the Secretary of State agree that all-party support for the project was vital to securing it for Wales, and will he agree to work with the Department for the Economy and Transport Ministers in the Assembly, whether they belong to my party or his, so that we can get the maximum benefit to which the hon. Member for Vale of Glamorgan (John Smith) referred?

Mr. Hain: Of course we must all pull together to make sure that the project is a spectacular success for the south Wales economy, and not just for the constituency that my hon. Friend the Member for Vale of Glamorgan (John Smith) so ably represents. Of course all parties must work together. Speaking of who might be the Minister with responsibility for the economy, at least we were not negotiating a grubby deal with the Tories.

Mr. Speaker: I call Cheryl Gillan.

Mrs. Cheryl Gillan (Chesham and Amersham) (Con): I will wait for the next question.

Mr. Speaker: I have the hon. Lady's name down to ask a question now. Perhaps the Whips will keep me informed of what question the Front-Benchers want dealt with. I call Mark Pritchard.

Mark Pritchard (The Wrekin) (Con): Thank you, Mr. Speaker; I welcome this opportunity. In addition to the problems that the road infrastructure projects are causing for the future of the defence training academy, the Secretary of State will know that many of the defence training personnel from RAF Cosford, whom he hopes will relocate to RAF St. Athan, are unable to do so because of the differential in house prices. How does he think that that will affect the future of the project?

Mr. Hain: Clearly, it is important that those who are transferring to St. Athan bring their skills and their opportunities. It is a great place to live and to work. The whole area is a wonderful place to live. The regeneration of south Wales following the decline of coal mining and heavy industry provides a marvellous location for people to work and to enjoy a quality of life that is among the highest anywhere in Britain.

Chris Bryant (Rhondda) (Lab): Whatever one's private thoughts about Welsh nationalism may be, it is surely right that there has been universal support for the deal in St. Athan from all the political parties, including the independent Member of Parliament—

Mr. Speaker: Order. What has that got to do with the matter before us? Nothing. It has nothing to do with it.

Welsh-speaking Workers

5. **Hywel Williams** (Caernarfon) (PC): What recent discussions he has had with ministerial and Assembly colleagues on measures to safeguard the rights of Welsh-speaking workers. [146376]

The Parliamentary Under-Secretary of State for Wales (Huw Irranca-Davies): I can confirm that my predecessor had regular discussions with colleagues in both the UK and the Welsh Assembly Governments on a wide range of issues, including the Welsh language, and I intend to continue such discussions.

Hywel Williams: I am grateful for that answer. Thomas Cook is the latest in a long line of companies to blunder into bad personnel decisions and public relations disasters on the language issue. As the company states in a letter to me, it never intended to ban the use of Welsh, but at the same time it says that the preferred language in some cases is English. The private sector is clearly confused about the matter. Does the Minister agree that the Welsh Language Act 1993 needs to be reviewed and reformed, if only for the benefit of the private sector?

Huw Irranca-Davies: The hon. Gentleman is aware that the First Minister announced a legislative programme on 6 June and also announced that there would be an Order in Council on the Welsh language in the autumn. In the Wales Office we are closely monitoring the situation with Thomas Cook, and we know that the Welsh Assembly Government Minister responsible has requested a meeting with the company. I also know, and I am sure the hon. Gentleman is aware, that Thomas Cook has entered discussions with the Commission for Racial Equality and the Welsh Language Board in relation to its Welsh language policy. All hon. Members will welcome that approach.

Mrs. Cheryl Gillan (Chesham and Amersham) (Con): Mr. Speaker, I apologise for any misunderstanding with the Chair.

May I congratulate the Secretary of State on keeping not one but two jobs in the Cabinet, and say diolch yn fawr to the hon. Member for Carmarthen, West and South Pembrokeshire (Nick Ainger) for his courtesy to me during his time in office. May I also say half a goodbye to the hon. Member for Montgomeryshire (Lembit Öpik), and extend a warm welcome on behalf of the official Opposition to the Under-Secretary of State for Wales, the hon. Member for Ogmore (Huw Irranca-Davies), and the hon. Member for Brecon and Radnorshire (Mr. Williams) to their new positions on the Front Bench for Wales.

Does the Minister acknowledge the importance of the Welsh Language Act, which has done so much to protect and enhance the position of the Welsh language, and also acknowledge the main advocate and architect of that Act, my right hon. Friend Wyn Roberts, the noble Lord Roberts of Conwy? Will the Minister join me in paying tribute to the dedication that Lord Roberts has shown to Wales throughout his long and distinguished public service career, and wish him a long and happy retirement?

Huw Irranca-Davies: I add my sentiments to those of the hon. Lady and welcome her back to her position. I am sure that my right hon. Friend the Secretary of State would echo the sentiments as well. Yes, there has been a great deal of cross-party support for the Welsh language. It is worth remembering the successes, which include the fact that since 1993 Government Departments and public bodies have introduced 423 statutory and 53 voluntary Welsh language schemes. Over 37 per cent. of children between the ages of three and 15 speak Welsh, and there is an 80,000 increase in the number of people in Wales who can speak Welsh. That is to be applauded.

Prison Overcrowding

6. **Mr. Henry Bellingham** (North-West Norfolk) (Con): When he next expects to meet representatives of the Prison Service to discuss prison overcrowding in Wales. [146378]

The Parliamentary Under-Secretary of State for Wales (Huw Irranca-Davies): My right hon. Friend the Secretary of State and my predecessor have held regular discussions with ministerial colleagues on matters affecting Wales, including prisons. The Government have announced further plans to ensure that there are enough prison places throughout England and Wales.

Mr. Bellingham: I congratulate the Minister on his new appointment. Is he aware that very large numbers of Welsh prisoners are starting their sentences as mild drug abusers but coming out of prison as hardened drug addicts? What assessment has he made of the impact of overcrowding on the capacity to deliver effective rehabilitation programmes?

Huw Irranca-Davies: We are monitoring the situation closely. To clarify, this is an area of retained powers, not a devolved matter. Since 1997, the Government have increased prison capacity by nearly 20,000 places, and in 2007, capacity will increase further by 2,200 places. On top of that, a new capacity-building programme will deliver 8,000 new places by 2012, so we are well on the way to addressing the issue of overcrowding.

Ian Lucas (Wrexham) (Lab): When I met offenders recently in Rossett churchyard, it was clear that they were carrying out purposeful work in tidying up the graveyard for the benefit of the local community. Does my hon. Friend, whom I welcome to his new position, agree that the key to reducing the prison population in Wales is to impose tough, non-custodial, alternative sentences, so that the local community can benefit from those who commit crime in the longer term?

Huw Irranca-Davies: My hon. Friend speaks a lot of sense, and I pay tribute to those involved in the scheme that he mentioned. It is undoubtedly right that a progressive agenda must look at the issue of non-custodial sentences as well. We must also consider the issue of driving down crime. As my right hon. Friend the Secretary of State said, in Wales recorded crime is down 3 per cent., violent crime is down 1 per cent., burglary is down 10 per cent., and theft from vehicles is down 3 per cent. Only detection rates are going up.

Jenny Willott (Cardiff, Central) (LD): Is the Minister aware that South Wales police are having to transport, house and feed at least seven prisoners a day because of prison overcrowding, a total of 570 since the start of the year, at a cost of over £250,000? What impact will that have on the ability of South Wales police to tackle crime and antisocial behaviour?

Huw Irranca-Davies: The hon. Lady draws attention to the use of police cells for the custody of prisoners. It is not ideal, but Operation Safeguard is a well-established and tried-and-tested agreement between the National Offender Management Service and the Association of Chief Police Officers to hold prisoners in police cells instead of prison custody at times of high population pressures. It is a pragmatic approach, but the answer to overcrowding is, as I have already said, to tackle the root causes of criminal activity and to build new prison places, which we are doing.

Train Services

7. **Mrs. Siân C. James** (Swansea, East) (Lab): What discussions he has had with First Great Western trains on the December 2007 timetable consultation. [146379]

The Parliamentary Under-Secretary of State for Wales (Huw Irranca-Davies): I pay tribute to my hon. Friend who has been tenacious in pressing the concerns of First Great Western's customers—especially those living west of Cardiff. My predecessor met First Great Western on 20 June, and I will continue to follow developments closely.

Mrs. James: When my hon. Friend meets First Great Western, will he ensure that the consultation being undertaken is a real one, not a paper exercise? For too long in south-west Wales, we have fed information to First Great Western, but nothing happens. We are a little tired of that and we want consultation to take into consideration our needs and aspirations.

Huw Irranca-Davies: My hon. Friend continues to be a powerful advocate on behalf of rail passengers in Wales, and I can assure her that we will press hard for this to be a meaningful consultation. My right hon. Friend the Secretary of State has written to First Great Western, seeking assurances on these issues, and our talks with First Great Western will continue. We intend to ensure that the consultation is meaningful.

Robert Key (Salisbury) (Con): The fourth prize in a recent charity auction in my constituency was a pair of First Great Western first class return tickets to London. I do not think that I dare travel First Great Western, but if the Minister would like them, I will gladly give them to him.

Huw Irranca-Davies: I do travel regularly on First Great Western—every week—and on Arriva trains as well. It is unacceptable that First Great Western's performance in the third quarter of 2006-07 was the lowest of all the long-distance operators. In a recent passenger focus survey, 72 per cent. of First Great Western passengers expressed their dissatisfaction. However, First Great Western has given commitments, and we will continue to press it for massive investment in the routes that it serves through to south Wales and look for the results. Let me also pay tribute to the Welsh Assembly, which, among other things, is investing more than £50 million to enhance capacity in the Valley Lines network. We must not forget about the feeder network either.

PRIME MINISTER

The Prime Minister was asked—

Engagements

Q1. [147224] **Daniel Kawczynski** (Shrewsbury and Atcham) (Con): If he will list his official engagements for Wednesday 4 July.

The Prime Minister (Mr. Gordon Brown): With your permission, Mr. Speaker, before listing my engagements I am sure that the whole country will welcome the news that Alan Johnston, a fearless journalist whose voice was silenced for too long, is now free. I want to thank all those who contributed to the diplomatic and other efforts to secure his freedom.

This morning I had meetings with ministerial colleagues and others. In addition to my duties in the House, I will have further such meetings today.

Daniel Kawczynski: I congratulate the Prime Minister on becoming the leader of our country. He said—[Hon. Members: "More!"] He said that he would, unlike his predecessor, listen to the people of our country. With that in mind, can I inform him that the great men and women of Shrewsbury have spoken, and they have voted overwhelmingly against unitary authority status for Shropshire? Four out of the five district councils are against it, as am I, as is my hon. Friend the Member for Ludlow (Mr. Dunne). Will the right hon. Gentleman listen to the people of Shrewsbury and please not impose this ghastly unitary authority status on us?

The Prime Minister: Of course we will listen. As I understand it, Shropshire county council—a Tory council—proposed these measures. I also understand that the hon. Gentleman's local council at Shrewsbury is against the measures, and that it has taken judicial action to try to have a review of them. Of course, I cannot comment on that judicial action, but the Secretary of State for Communities and Local Government or I will be pleased to meet him after that action to discuss the next step forward.

Barry Gardiner (Brent, North) (Lab): Will the Prime Minister press the international community to develop financial instruments for the protection of tropical forests to ensure that the 20 per cent. of greenhouse gas emissions that are going up into the atmosphere from the destruction of those forests does not continue?

The Prime Minister: I thank my hon. Friend for the work that he did as a Minister in this Government to deal with the issues of tropical forests. I welcome the fact that he is now going to take a major interest in trying to ensure that the tropical forest in the Congo basin is reforested, that jobs are protected, that livelihoods are ensured and that the £50 million investment that we are supervising for that forest actually takes place. Let

me congratulate him on becoming a special envoy for the Government in this task.

Mr. David Cameron (Witney) (Con): First of all, I agree with the Prime Minister about Alan Johnston. It is fantastic news that he is on his way back to his family.

Recent attempts to cause massive loss of life in London and in Glasgow remind us of the very real threat that we face in this country. There are a number of measures that we believe would make a difference. First, we support the use of telephone tap evidence in court so that we do not just catch these people but convict them and lock them up. Six weeks ago, the Government agreed to our proposal for a Privy Council review of this issue. Can the Prime Minister tell us how soon they will publish the names, when it will meet, and when it will report?

The Prime Minister: I am grateful to the right hon. Gentleman. I hope that, right across the House as right across the country, there can be unity in our determination to fight terrorism. I want to remind people of just how brave and courageous the explosives experts in London and those who tackled the terrorist activity at Glasgow airport were. I hope that we can continue on an all-party basis to agree measures that are necessary in this country to deal with the terrorist threat. On the specific question of intercept, I can tell him that we will go ahead with our investigation, carried out on Privy Council terms, and of course I shall consult him and the leader of the Liberal party on the names of the people who will conduct it.

Mr. Cameron: I hope that we can make progress. It is a complicated issue but setting up a committee is not complicated and that should happen without delay.

We need to act against groups which are seeking to radicalise young people. Almost two years ago, the Government said that they would ban the extremist group, Hizb ut-Tahrir. We think it should be banned—why has it not happened?

The Prime Minister: Of course, with all those details—I have had to tackle the matter at the Treasury when dealing with terrorist finance—one has to have evidence. It is precisely to examine the evidence that we instruct several investigations.

Let me tell the right hon. Gentleman what we will do. We will expand the watch list on potential terrorists, which is the means of co-operation across the world, from Europe to the Arab states. We list them in such a way that authorities in different countries can be warned. We will expand the background checks that are being done where highly skilled migrant workers come into the country. Where people sponsor them, we will ask them to give us their background checks. As a result of what has happened in the national health service and because of what we know has happened in the past few days, I have asked Lord West, the new terrorism Minister, to conduct an immediate review of the arrangements that we must make for recruitment to the NHS. Finally, we will want to sign new agreements with other countries around the world so that we act together to deal with the potential terrorist threat and we can deport people to countries where they should be rather than this country. Again, I hope that there can be all-party agreement on the measures that we are taking to ensure the security of British citizens and to work with other countries in the fight against terror.

Mr. Cameron: A very interesting answer, but I asked a specific question. The Prime Minister said that we need evidence about Hizb ut-Tahrir. That organisation says that Jews should be killed wherever they are found. What more evidence do we need before we ban that organisation? It is poisoning the minds of young people. Two years ago, the Government said that it should be banned. I ask again: when will this be done?

The Prime Minister: We can ban it under the Prevention of Terrorism Act 2005. Of course—*[Interruption.]* The Leader of the Opposition forgets that I have been in this job for five days. *[Interruption.]*

Mr. Speaker: Order. Let the Prime Minister answer.

The Prime Minister: I have agreed that we will look at the issue, but we need evidence, and it cannot be just one or two quotes. We must look in detail at the evidence and I hope that the right hon. Gentleman will agree that we should approach those matters in a sustained and calm way; that we should not jump to conclusions but consider all the evidence. That is the basis on which the Government will proceed.

Mr. Cameron: But there has been a lapse of two years since the Government said that they would ban the organisation. People will find it hard to understand why an organisation that urges people to kill Jews has not been banned.

As well as preventing radicalisation and stopping future dangers, we need to protect ourselves against present dangers. Does the Prime Minister agree that the time has come for a national border police force?

The Prime Minister: I am prepared to look at that. I have, of course—when I was Chancellor of the Exchequer—looked at how the Customs and Excise authorities can work better with the police to secure border arrangements. However, I have to say to the right hon. Gentleman that everyone who looks at the issue, including Lord Stevens, who considered it for him, has concluded that the need for identity cards is complementary to a border police force. *[Interruption.]* It is his party that continues to oppose identity cards. The new shadow terrorism Minister, Lady Neville-Jones, whom he appointed only a few days ago, also said that identity cards are complementary to the other measures that are necessary to protect our borders. I hope again, in the spirit of bipartisan co-operation, that he will reconsider his views on the need to introduce identity cards.

Mr. Cameron: If the right hon. Gentleman wants to trade quotes on identity cards, perhaps he will try this one from the Chancellor of the Exchequer:

"Identity cards are unnecessary and will create more difficulties than they will solve...I do not want my whole life to be reduced to a magnetic strip on a plastic card."—[*Official Report*, 2 March 1992; Vol. 205, c. 70.]

Identity cards did not stop the Madrid bombings. After the 7 July bombings, the then Home Secretary said that

they would not have helped in the UK, that they would not come in for years and that they would cost billions of pounds—money that should be spent on things such as border police.

Let me come back on the border police. The Home Affairs Committee supported a border police, the current Metropolitan Police Commissioner supports it, and Lord Stevens, as the Prime Minister said, is conducting a review for us now on the need for a border police, which he fully supports. The Prime Minister has said that he is open to this suggestion. Will he tell us exactly what he will do and when he will make an announcement about a national border police force?

The Prime Minister: First, I may say to the right hon. Gentleman on comments made about identity cards in the past that we have got to take into account what is actually happening now. It is because the situation has changed that more and more people have come to the view taken by his security expert and Lord Stevens that we need identity cards—and I know that many on the Conservative Back Benches believe exactly the same as we do.

As for the border police, I have said that I will look at this issue. We have already brought Customs and Excise and the other authorities together to work in closer co-operation. I have to look at that in the context of the available finance and of other measures that we are taking, including electronic borders, to step up security, but I can assure the right hon. Gentleman that this Government will ensure that the security of the British people is protected, and we will take all measures that are necessary for the safety of the British people. Again, I hope that there will be bipartisan co-operation on these issues, so that we can show the world that Britain is protected against terrorism.

Mr. Speaker: Jim Sheridan.

Mr. Cameron *rose—*

Mr. Speaker: The right hon. Gentleman.

Mr. Cameron: Convicting terrorists by using phone taps, banning the extremists who radicalise young people in our country and, vitally, securing our borders—are they not three of the practical steps that are absolutely vital parts of the unity that the Prime Minister needs to build so that we can all ensure that the terrorists will never win?

The Prime Minister: We can co-operate on the issues ahead, but the right hon. Gentleman has to look at the policies that he has been putting forward and examine whether they are the right things for this time as well. I also have to make the point to him that the unfunded change is no change at all. If he is not prepared to support with financial resources the policing, the law and order and all the public services that are necessary, we will not be able to agree on the way forward.

In the light of the events of the last few days, I hope that the country can come together and agree these measures. I have offered conversations with the right hon. Gentleman on a number of issues, including intercept, and on other issues we are prepared to co-operate not only with the Leader of the Opposition but with other parties. It is vital that the message be sent out to the rest of the world that we will stand strong, steadfast and united in the face of terror.

Jim Sheridan (Paisley and Renfrewshire, North) (Lab): The dust has hardly settled at Glasgow airport and already there are some siren voices in Scotland seeking to divide our investigative and inquiry teams. May I therefore ask my right hon. Friend to assure the House that any terrorism in this country is a British problem which requires a British solution?

The Prime Minister: I agree. Let me add my thanks for the work done at Glasgow airport. Not only did a number of employees at the airport come to the rescue and take action against those who were later arrested, but as a result of the determination of the British people to send out a message that terrorism will not disrupt our way of life, the airport returned to normal within 24 hours. I will certainly take on board my hon. Friend's comments.

Sir Menzies Campbell (North-East Fife) (LD): Like everyone else, I am delighted at the release of Mr. Alan Johnston. I am sure that I am not the only one to be impressed by his remarkable dignity and composure while being interviewed this morning.

The Prime Minister entered No. 10 Downing street with a promise of change. Will he now set a target for the withdrawal of British troops from Iraq; will he order the reopening of the investigation into allegations of corruption in relation to arms sales; and will he renegotiate the one-sided extradition treaty with the United States?

The Prime Minister: As I said yesterday, my door is always open to the right hon. and learned Gentleman. On these issues, let me tell him this: it would be wrong to set a timetable at this stage. What we have done is reduce the number of troops from 44,000 to 5,500, and move from combat to over-watch in three provinces of Iraq. What we await is a decision to move to over-watch in the fourth province of Basra, but we have obligations, which we have accepted, both to the United Nations and the Iraqi Government, and we are not going to break those obligations at this stage.

As for the right hon. and learned Gentleman's two other questions, I have made it clear that decisions on prosecutions are not for the Prime Minister or the Government, and the extradition treaty with the United States is a matter for continuing discussion.

Sir Menzies Campbell: When I look at the Prime Minister's door it appears to be more of a trap door than anything else—so there is not much evidence of change there. Will the Government now abandon their headlong rush towards a new generation of nuclear power stations? Will they undertake to tax pollution more than earnings? Finally, will they abolish the unfair and regressive council tax?

The Prime Minister: Surely the events of the past year should make it clear to everyone that we cannot rely on an energy policy that makes us wholly dependent on one or two countries or regions across the world. That is why we have made the decision to continue with nuclear power, and why the security of

our energy supply is best safeguarded by building a new generation of nuclear power stations. On the council tax, let me remind the right hon. and learned Gentleman that he got very little support from the electorate for his policy of local income tax.

John Reid (Airdrie and Shotts) (Lab): May I congratulate my right hon. Friend on taking on the stewardship of this country and commend the cool and steadfast way in which he and the new Home Secretary have handled the recent difficult circumstances? In relation to the question from the Leader of the Opposition, I confirm what the Prime Minister said: we have recently carried out two reviews of Hizb ut-Tahrir and we have decided that there is insufficient evidence to ban it. I therefore ask the Prime Minister to stay absolutely on the course that he set today, and to stick by the law and the evidence and not to be swayed by any arbitrary political advantage that he thinks might be gained. May I also tell him—*[Interruption.]*

Mr. Speaker: Order. I ask the right hon. Gentleman to be very brief now.

John Reid: Nothing would be more politically disadvantageous than taking on a case without evidence and losing it. That would confirm all the accusations made against us by our opponents.

The Prime Minister: I thank my right hon. Friend for the work he did as Home Secretary, and particularly his work on setting up our new arrangements for dealing with terrorism. I agree that, however distasteful remarks made by organisations are, we must proceed on the basis of evidence and work within the law. The Government will make no panic reactions; we will work in a strong and steadfast manner and within the law.

Q2. [147225] **Mr. Rob Wilson** (Reading, East) (Con): Why is the post of Secretary of State for Defence now considered to be a part-time job?

The Prime Minister: The Secretary of State for Defence is doing a full-time job. *[Interruption.]* Someone pointed out to me the hon. Gentleman's website this morning—*[Interruption.]*

Mr. Speaker: Order. Members should let the Prime Minister answer.

The Prime Minister: They do not want me to tell them that the hon. Gentleman's website says:

"Conservatives must be relentlessly positive."

[Interruption.]

Mr. Speaker: Order. Mr. Wilson wants to hear the answer, and so do I.

The Prime Minister: The Defence Secretary is working with our troops in Afghanistan and Iraq. He is working to draw up future defence estimates, and he is doing a magnificent job on behalf of this country.

Q3. [147226] **Shona McIsaac** (Cleethorpes) (Lab): Will my right hon. Friend extend his praise to the year 5 boys at Middlethorpe primary school in Cleethorpes for their wonderful "bully-buster" initiative, and will he tell the boys at that school what his Government will be doing to ensure that local councils and organisations such as ChildLine are well funded to tackle bullying in our schools today?

The Prime Minister: Let me thank my hon. Friend for the work that she is doing in her Cleethorpes constituency, and offer thanks for the work being done by the "Beat Bullying" campaign. I was fortunate to attend with Kelly Holmes the launch of the anti-bullying week, and I am very grateful to all the organisations that are trying to stamp out bullying not just within schools but outside schools, and to all the teachers and parents involved in this. It is a measure of the importance that we attach to every child having a decent childhood that we will extend the funds available to ChildLine. The Secretary of State for Children, Schools and Families is announcing today a £30 million budget for ChildLine over the next two years, which will enable it to improve its services both to young people affected by bullying, and to all children who need the service of ChildLine. They do need it, and it is a great service.

Mr. Richard Bacon (South Norfolk) (Con): When EDS agreed to pay £71 million in compensation to Customs and Excise, £44 million was up front, with a further £26.5 million in staged payments. However, at the present rate of progress, it would take 106 years for the Exchequer to receive the money it is due. Does the Prime Minister think that a satisfactory rate of progress, and if not, what is he going to do to get the money owed to the taxpayer?

The Prime Minister: We are talking about a commercial arrangement between a firm and the Government—a commercial arrangement that was then renegotiated. The Public Accounts Committee or any other organisation is welcome to look at it, but I am satisfied that we have done what is right in the public interest.

Q4. [147227] **Christine Russell** (City of Chester) (Lab): The 5,000 families in housing need in the city of Chester have welcomed my right hon. Friend's announcement that the provision of affordable housing will be a key priority for his Government. What message does he have for those Tory councillors in Chester who are trying to block the development of homes for local people on the site of an old Victorian psychiatric hospital that has been in the local—

Mr. Speaker: Order. I think that the Prime Minister can manage an answer.

The Prime Minister: It is right that we now build more houses in this country. It is also right that we seek to make housing affordable for thousands of people who cannot at the moment afford housing because of house prices. That means that we will have to build more houses, and that local authorities, including Conservative local authorities, will have to look at how they can release land to be able to do so. That is why I am disappointed that the new Conservative shadow housing Minister has said,

"you cannot build your way out of a housing crisis."

We need to build more, and I hope again that there will be all-party support.

Q5. [147228] **Willie Rennie** (Dunfermline and West Fife) (LD): May I express my sadness at the recent deaths in Iraq and Afghanistan, including that of Private Kennedy, who was from my constituency? The Prime Minister will no doubt be aware of my constituent, Steven Johnston, who spent 10 years in prison for murder before his conviction was quashed last year. Since then, Steven has received no specialist professional psychological support and very poor after-care in general. The guilty are treated better. Will the Prime Minister investigate the specialist support provided to these victims, to ensure that they are given every chance to live as normal a life as possible?

The Prime Minister: I am grateful to the hon. Gentleman, whose constituency neighbours mine. However, I have to say to him that the conviction is a matter for the Scottish courts; any compensation would have to come from the Scottish judicial system. As far as the services available to individuals who need either special care or special attention are concerned, I shall look at the points that he made.

Mr. George Howarth (Knowsley, North and Sefton, East) (Lab): Does my right hon. Friend agree that, in order to tackle terrorism, we need the Muslim community to provide strong leadership from within that community? Does he also agree that the experience of Northern Ireland bears out very strongly his belief that we need a bipartisan approach if we are to succeed in resolving these problems?

The Prime Minister: I am grateful to my right hon. Friend, a member of the Intelligence and Security Committee with great experience as a former Minister in Northern Ireland. He is absolutely right that all sections of the House should appeal to all faith communities in this country. I want to see a stronger inter-faith dialogue where people find the common ground that exists between the different religions and communities of our country. There are more than 200 inter-faith groups throughout our country and I would like us to be able to finance and help the development of inter-faith groups in every community. I agree that that would make a huge difference to community relations. I hope to be able to talk to other party leaders about how we can move this forward.

Q6. [147229] **Mr. Gregory Campbell** (East Londonderry) (DUP): The Prime Minister is a Scot, who has made it clear that he cherishes our shared Britishness. As an Ulsterman, I, too, value that Britishness. What plans does he have to ensure that people in each part of the United Kingdom can see the enduring benefit of building again a great nation that prevails over terror and adversity, whether domestic or international?

The Prime Minister: I am grateful for the hon. Gentleman's words about the unity of the United Kingdom. I hope that the work we started yesterday on a statement of rights and responsibilities in our country will yield fruit and I hope that all parties in the House will join in that work. As a result of that work and the hearings to be held by my right hon. Friend the Secretary of State for Justice, I hope that we will see how the United Kingdom can move closer together.

Q7. [147230] **Rosie Cooper** (West Lancashire) (Lab): My right hon. Friend has spoken often of his commitment to improving patients' access to NHS services. Does he have any further information on plans to develop services on the Ormskirk site of the Southport and Ormskirk hospital, with special regard to the urgent care centre and recognising the benefit of providing the right local services in local settings?

The Prime Minister: I appreciate the work that my hon. Friend does as a local MP in pushing for an improvement to health services in her area. There will be a statement in a few minutes from the Secretary of State for Health, who will be outlining the Government's plans to improve primary care services, personal care services in hospitals, investment in future health care and the treatment of diseases, and to make sure that the health service in this country is best for cure and best for care for all the people of the country.

Q8. [147231] **Mr. James Gray** (North Wiltshire) (Con): As a Scot and, like the Prime Minister, a son of the manse, I was concerned by his reply to my hon. Friend the Member for Reading, East (Mr. Wilson). The Secretary of State for Defence is fully employed in Iraq and Afghanistan, with more troops deployed than at any time since the second world war. Given that, how much time will he be able to devote to his duties in Scotland?

The Prime Minister: The Secretary of State for Scotland does not bring legislation before the House in normal circumstances. He is a Minister of State, who will be carrying out his day-to-day duties on a full-time basis. I think that the hon. Gentleman would agree that the Secretary of State for Defence is doing an excellent job and that the relationships between the Secretary of State and the Army, the Air Force and the Navy are very good. I hope that the whole House will support the Secretary of State for Defence in his work.

Paul Flynn (Newport, West) (Lab): Seven of our brave soldiers died in the first five years that we were in Afghanistan, mostly as a result of accidents. In the past 14 months, 56 soldiers have lost their lives, and there has been little progress on reconstruction and no progress on drug eradication. Is it not time to look again at the purpose of the mission in Helmand province?

The Prime Minister: I have visited Afghanistan and have talked to our brave troops who are doing an excellent job on behalf not just of this country, but of a combined NATO exercise that involves more than 30 countries in putting troops and support on the ground in Afghanistan. The House must remember that Afghanistan is the front line against the Taliban, and if we allow Afghanistan to become a weaker country again, the Taliban will be back in the way that we saw before the events of 11 September. I have nothing but praise for our brave troops. I know that there have been casualties and I am sorry that a number of people have lost their lives only in the last

week, but there is immense international support within and outside NATO for continuing this fight. The way it is going to be fought is on three levels: first, to improve security in Afghanistan; secondly, to ensure that there is political reconciliation; and thirdly, as my hon. Friend rightly says, we have to give people a stake in the future of Afghanistan. That is why we are discussing, as a matter of urgency, economic measures that can help the Afghan people.

Q9. [147232] **Miss Anne McIntosh** (Vale of York) (Con): Will the Prime Minister join me in extending our sympathies to all those who have been flooded across the country, but particularly in Yorkshire? I understand that several flood defence schemes that would have gone ahead were cut, because of the single farm payment disaster and the Environment Agency budget being cut. Those included defences that would have helped Sheffield and Doncaster. Is he also aware that his Government are, for the first time, introducing a financial assistance scheme to help business communities? I am sure that that will be most welcome, but will he ensure that north Yorkshire businesses qualify as well as south Yorkshire businesses?

The Prime Minister: I am grateful to the hon. Lady for raising the question of floods. The loss of life is to be regretted and we will do everything that we can to support those people who have been moved from their homes and are homeless. I have telephoned the leaders of the local councils in the areas and said that we will do what we can to give them support.

I must correct the hon. Lady on the issue of the prevention of floods and coastal defences. The budget for that will rise over the next few years—*[Interruption.]* Oh yes. The budget will rise from £600 million a year to £800 million a year over the course of the next few years, so that we may have in place proper flood defences in our country.

NHS Next Stage Review

12.32 pm

The Secretary of State for Health (Alan Johnson): With permission, Mr. Speaker, I wish to make a statement about the NHS. Next year marks the 60th anniversary of the creation of the national health service. If the welfare state represented the crowning achievement of Attlee's post-war Labour Government, the NHS was the jewel in that crown—one of the great civilising influences of the 20th century.

After the carnage of the second world war and the poverty and deprivation that went before, the advent of the NHS heralded a new era of equity, with medical care available for all—the weak, the sick and the vulnerable, as well as the wealthy and privileged. Nye Bevan said that the NHS made society

"more wholesome, more serene and spiritually healthier".

That is as true today as it was in 1948. However, great change has occurred in the intervening 59 years, presenting new challenges for that cherished institution.

We are living longer, partly thanks to the NHS and partly owing to incredible scientific advances, with groundbreaking research emerging every day, bringing new cures but also extra costs. We are more discerning as consumers: we have gone from the old ration-book culture to a new iPod age, in which we increasingly expect choice and convenience. And we are more prosperous, with a range of goods and devices—at one level improving our quality of life, but also leading to an increase in lifestyle diseases, such as obesity and diabetes.

Society cannot stand still in the face of scientific and social change, and neither can the NHS. We have trebled spending to £90 billion a year, so there are now 80,000 more nurses and 36,000 more doctors. That unprecedented investment has been matched by new ways of working, from practice-based commissioning to NHS Direct and foundation hospitals.

On most objective measures, the NHS is performing better than ever, with more than 1 million extra operations taking place every year. Waiting lists are down, while satisfaction levels are up. Ninety two per cent of patients describe the treatment that they receive as "good", "very good" or "excellent". Only a few weeks ago, a global study by the Commonwealth Fund ranked the NHS first in a comparison with five other developed countries, including the US, Canada and Germany.

Yet, subjectively and anecdotally, there has been confusion and frustration in the NHS. The public are rightly concerned to know that their taxes are being wisely spent to build a health service that will meet their needs. Doctors, clinicians and nurses complain that they are fed up with too many top-down instructions, and they are weary of restructuring. They want a stronger focus on outcomes and patients, and less emphasis on structures and processes. That lack of confidence matters, because of the impact that it has on the operational capacity of the service. If the morale and good will of the profession is dissipated, our capacity for bringing about improvement for patients diminishes.

Restoring the NHS was one of the Government's top priorities and, following almost two decades of neglect, a huge amount of reform in a short period of time was unavoidable. That was, as it were, the "emergency room" approach and, in the early stages it brought about substantial achievements. However, we now need to forge a new partnership with the profession.

Having addressed the funding shortfall, and put the necessary reforms in place, we will give the NHS the sustained period of organisational and financial stability that it requires. I can announce today that there will be no further centrally dictated, top-down restructuring to primary care trusts and strategic health authorities for the foreseeable future.

But we need to do more to make sure that the NHS keeps up with the changing demands and expectations of patients. New drugs, new medical technologies and better clinical practices provide huge opportunities, while lifestyle diseases and an ageing population present major challenges. To set us on the path to the next stage of the transformation of the NHS, my right hon. Friend the Prime Minister and I have asked Professor Sir Ara Darzi, one of the world's leading surgeons, to carry out a wide-ranging review of the NHS. This is a once-in-a-generation opportunity to ensure that a properly resourced NHS is clinically led, patient-centred and locally accountable.

The review, the first of its kind, will directly engage patients, NHS staff and the public on four critical challenges. First, we want to work with NHS staff to ensure that clinical decision making is at the heart of the future of the NHS and of the pattern of service delivery. Secondly, we want to improve patient care, including providing high-quality, joined-up services for those suffering long-term or life-threatening conditions, so that patients are treated with dignity in safe, clean environments.

Thirdly, our aim is to ensure that more accessible and convenient care is integrated across primary and secondary providers, reflecting best value for money and offering services in the most appropriate settings for patients. Fourthly, we will establish a vision for the next decade of the health service that is based less on central direction and more on patient control, choice and local accountability, and which ensures that services are responsive to patients and local communities. The terms of reference for the review have been placed in the House of Commons Library, and I have written today to all NHS staff to explain the importance of this new approach.

Professor Darzi will complete an initial assessment in three months' time to inform the comprehensive spending review. He will produce his full report in the new year, setting out a new vision for a 21st-century NHS, coinciding with the 60th anniversary celebrations.

I know that the review will not succeed if it is controlled from above: the best of the NHS sits not at the top of the organisation but in the millions of complex and diverse relationships that exist across the country between dedicated, devoted professionals and their patients. The success of the review will depend on gaining access to those relationships and stimulating a range of lively, local, provocative debates. The scale of our discussions with staff, patients and the public will be unprecedented, harnessing Professor Darzi's wide experience of building engagement as part of his work in London and elsewhere.

[Alan Johnson]

Patients must have the chance to shape the kind of NHS they want, to say how they wish to access services as they manage increasingly complex lives, juggling competing demands. They should have the chance to say how they feel about services delivered through pharmacies, the internet and other new technologies. We must respond by ensuring that they have more convenient services, open when they need them, making it easier to book timely appointments. Patients should also have the chance to say how we can make services more personal to them, particularly in long-term care.

Although it is right that we look forward, we must also deal with the problems at hand. A major immediate concern for patients is the cleanliness of hospitals. Last year, NHS staff successfully brought about a reduction in MRSA bloodstream infections as well as stemming the increase in C. difficile reports. Today, I am providing funding for each director of nursing in every strategic health authority to work with front-line nurses to ensure that they get the support they need to provide clean, safe wards. I am also doubling the size of the infection improvement teams, so that all trusts struggling to meet the MRSA target can have access to doctors and nurses who are experts in infection control, to help them get back on track.

Public services cannot be transformed by going against the grain of public service, or without support from the professionals who know the NHS best. As Secretary of State, I am determined to establish a new, closer, more robust social partnership between patients, practitioners and policy makers, based on trust, honesty and respect. That is why Professor Darzi is leading the review, supported by a team of leading clinicians across the country. He will engage directly with front-line staff, not just the great and the good of the health world, but those working in every primary care trust and hospital trust up and down the country.

As part of the review, we must look at how we make decisions on the shape and location of hospital services. The way we do so must be transparent, open and accountable. People need to know that decisions are being made for the right reasons by clinicians, and are based on the best available medical evidence. While the review is under way I will, as a matter of course, ask the independent reconfiguration panel—our expert clinical group—for advice on any decisions made at local level that have been referred to me by overview and scrutiny committees. I will make sure that any changes made are made on the basis of clinical need and patient care.

At the end of the review, we will consider the case for a new NHS constitution, with respect for the needs of patients and the judgment of professionals at its heart, ensuring that power is devolved to those who know the service best. That will ensure that the service is genuinely led by the needs of patients, providing value to the taxpayer as we move to the next stage of improvement. It will protect the enduring, cherished principles of universal health care, free at the point of need, which lay behind the establishment of the NHS, and ensure that this precious institution continues into the 21st century in ruder health than ever. I commend the statement to the House.

Mr. Andrew Lansley (South Cambridgeshire) (Con): I thank the Secretary of State for advance notice of his statement. But is that it? The NHS an immediate priority for the Prime Minister? And what is the immediate priority? An 11-month review. If the Secretary of State really thinks we shall leave him alone for a year while he finds out what is going on in the NHS, he has another think coming.

It is 4 July today: I thought that it would be NHS independence day, but it did not turn out to be. I was disappointed by what I heard, and—notwithstanding a letter from the Secretary of State—NHS staff, along with the public, will be disappointed.

For a start, we need to know what on earth is going on. A fortnight ago, the NHS chief executive said in his report:

"in the autumn we will set out a clear, strategic direction for the NHS going forward".

That report is now so much chip paper. The Secretary of State has started with the same self-congratulatory material as we got from his predecessor. He cited the Commonwealth Fund report. I hope that he has read it; yesterday, this incoming Secretary of State did not seem to have read much.

The Commonwealth Fund report compares Britain with only one other European country. On page 9, it says that the UK is worst on hospital-acquired infections; contrary to the Secretary of State's self-congratulatory statement, levels of C. difficile have not been stemmed, but are continuing to rise. On page 15, the report places the UK worst on access to out-of-hours GP services and worst for waiting times. On page 21, it states that the UK has the highest mortality rates after adjusting for factors unrelated to health care—*[Interruption.]*

Perhaps the Minister of State, Department of Health, the hon. Member for Exeter (Mr. Bradshaw) has read it, if the Secretary of State has not. He says that the UK comes out best overall. Does he know why? The report puts into the equation what it regards as an efficiency measure, which it calculates on the basis of how much is spent. It adjusts the whole table on the basis of the fact that we spend less in the United Kingdom than Germany, Canada, Australia or New Zealand. Spending less is the main reason why the Secretary of State and his Ministers think that UK health care is best.

The only thing that the Secretary of State seems genuinely to have understood is that morale in the NHS is at rock bottom. In a recent *Health Service Journal* survey, NHS staff were asked whether morale was good or poor: 4 per cent. said that it was good, 0 per cent. said that it was excellent and 66 per cent. said that morale was poor or very poor. What on earth have we heard in the Secretary of State's statement that would change any of that? We know what has to happen. We have published a White Paper that sets out direction and leadership. If the Secretary of State would only look at that, he would find things that clearly need to be done.

First, the core principles of the NHS need to be entrenched in statute. We are prepared to do that; apparently, the Secretary of State's predecessors were prepared to as well, although with the exception of the principle that public funds for health care should be

devoted solely to NHS patients. We subscribe to that principle. Will the Secretary of State now say that he will do the same?

Secondly, we need no more pointless organisational upheaval. My right hon. Friend the Member for Witney (Mr. Cameron) has been saying that for a year, and finally Ministers have accepted it, so we can put that one down. Thirdly, the Government need to set the resources and objectives, but not to interfere in the day-to-day decisions of the national health service. In a recent poll, 67 per cent. of NHS staff and 71 per cent. of the public agreed with that proposition. Where is that today? If there were such an acknowledgement by the Secretary of State, he would scrap targets immediately.

Fourthly, we need to take decisions close to patients. I am astonished that the incoming Secretary of State said nothing today about the centrality of the family doctor service and primary care, having a primary care-led service and strengthening commissioning. Fifthly, we need independent regulation of health care providers; even his predecessor acknowledged that we needed independent regulation. We need not a review but legislation in the next parliamentary Session to achieve those things.

I have mentioned five long-term reforms, of which the Secretary of State has acknowledged only one. The NHS desperately needs leadership and direction. Reform in the NHS is confused and incoherent, and on its own admission, the Department of Health has no vision of where the NHS is going. We set out a blueprint. Come on, Secretary of State, steal our clothes! We need to show the NHS that politicians can work together for the long term to give it the framework that it really needs. Only if there is that long-term framework can we deal with the real challenges of demography, technology, productivity and improving public health outcomes.

The Secretary of State said that he was dealing with immediate issues, but he mentioned only one, with something that should have been done years ago. Will he abolish the top-down centralised targets that stop NHS professionals doing their jobs and distort clinical priorities? Will he make the allocation of NHS resources fair and independent? We have asked for that, the Health Committee has asked for it, and two weeks ago his predecessor said that she thought it was the right thing to do.

Will the Secretary of State stop major service reconfigurations? He is apparently going to put a brake on them and use the independent reconfiguration panel. When he goes to his new colleague, Sir Ara Darzi, and mentions that he is going to do that, Sir Ara Darzi will be amused, because in Hartlepool he was used by Ministers to bring forward proposals on reconfiguration, which were promptly overturned by the independent reconfiguration panel. That is not much of a recommendation for the policy-making skills of Sir Ara Darzi.

Will the Secretary of State tell the House how it can be right, in terms of clinical need and patient care, for accident and emergency departments in Surrey and Sussex that treat up to 300,000 people to be shut down, while in Bishop Auckland hospital in Durham, which serves the former Prime Minister's constituency, an accident and emergency department that treats 125,000 people is apparently absolutely fine?

Will the Secretary of State create additional training posts and assure well-qualified UK-based junior doctors that they will have an opportunity for specialty training? How can an incoming Secretary of State for Health not recognise that the crisis in junior doctor training is an immediate issue to be tackled? If the Secretary of State is so keen on a review, will he today initiate the independent review that we have called for on NHS IT—one that really listens to the people working in the NHS?

Five long-term reforms are required. There are five urgent issues. What have we got? Two. Two out of 10: those are the Secretary of State's marks so far. We would give the NHS the priority that it really needs by taking the action required. Where is the immediate priority that the Prime Minister promised? Where is the autonomy and accountability that the NHS is calling out for? Where is the leadership and the direction that the NHS so badly needs? The NHS is there for us. Why will not the Government trust NHS staff to deliver?

Alan Johnson: I am tempted to ask—to echo the hon. Gentleman's predictable response—"Is that it?". It is a shame, because he thinks about these things, and he sent me a letter about having a dialogue on resolving these issues. His response will not be shared by NHS staff. NHS staff right across the country will be pleased that we are initiating the biggest consultation exercise we have ever had—a genuine dialogue about how we move to the next phase of the NHS. The hon. Gentleman said that we were asking Members on the Opposition Benches to sit silent for a year—but as I said in my statement, we are asking Ara Darzi to report first in October. The second part of the report will be next year, but certainly not 12 months away.

The hon. Gentleman said that he thought this was going to be NHS independence day. I take issue with him about the Conservative party's policy on independence for the NHS. It is a fundamental central plank—

Mr. Lansley: You said you hadn't read the document.

Alan Johnson: That was yesterday. I have had time to read it overnight, and I am deeply unimpressed. There is some tinkering around with detail that I would be pleased to talk to the hon. Gentleman about—particularly in the context of GP practitioners, which is an important issue—but the central plank of Conservative party policy is that we ought to hand the NHS over to some kind of 1960s public corporation, and it should be run completely independently by that huge quango. That will not work. I cannot think of a worse recipe for addressing the problems that we have in the NHS, which are about the work force believing that their views have been completely ignored in the context of the issues that have led to change, and that they are being talked down to by Whitehall, rather than their having a role in deciding the issues, based on clinical need, and patient care being an absolute priority.

The hon. Gentleman said that morale had reached rock bottom. I doubt whether it has reached as low a level as it reached during the 1980s, but I accept that morale is low. He cannot make up his mind whether he wants things to be top-down or locally decided. He

[Alan Johnson]

quotes the example of A and E reconfiguration in Sussex. That is a local, clinically-driven decision happening in that area. It is absolutely right that we should allow those proposals to go on. Incidentally, nine out of 10 reconfiguration proposals are decided and agreed locally, and do not even get referred to me for decision by the overview and scrutiny committee.

We are not saying that the statement solves all the problems in the NHS. Of course there are problems in relation to junior doctors and problems to be tackled in a whole range of areas, but I hope that when Members on the Opposition Benches have had time to reflect, they will agree about using a team of highly respected clinicians who work in the NHS day in and day out. Incidentally, Professor Sir Ara Darzi will continue with his practice for two days a week, even while he is a Minister. It is right that he is a Minister, because if we handed the review to someone outside the NHS, and then outside Government when the review was delivered, that would be far less powerful than having someone conducting the review and being in government to ensure that the review is implemented.

The Conservative party has crossed the Rubicon. You have crossed the Rubicon in relation to getting rid of the patient passport. You have crossed the Rubicon in making the NHS a priority—

Mr. Speaker: Order. The Minister should be careful when he uses the term "you", because some people might think that he is talking about me.

Alan Johnson: I apologise, Mr. Speaker. I should say that the Rubicon has been crossed. Core principle No. 7 of the NHS core principles, which the hon. Gentleman's party has now signed up to, says:

"Public funds for healthcare will be devoted solely to NHS patients".

We remain committed to that. It is a big change for the Conservative party to follow us across the Rubicon, and the hon. Member for South Cambridgeshire (Mr. Lansley) has left some Members behind on the other side. Sitting behind him is the hon. Member for Wellingborough (Mr. Bone), from the Cornerstone group, who still has to cross those perilous waters. Now we can decide together how we will take the NHS on to its next stage.

Mr. Kevin Barron (Rother Valley) (Lab): I thank my right hon. Friend for his statement. I am sure that the Health Committee, of which I am a member, will want to look in some detail at what has been placed in the Library. My right hon. Friend said that society cannot stand still. Does not most of what was said from the Opposition Front Bench disprove that theory? Most of the time the Conservatives do want to stand still and not to move on. If the review is to look at targeting, will he make sure that targets set—whether at local or national level—in order to get rid of health inequalities are not removed, but are improved, so that we can address health inequalities in a serious way and have a national health service that deals with that matter better than it has in the past?

Alan Johnson: My right hon. Friend is right, particularly when he describes the conservatism of Members on the Opposition Benches, which is hardly surprising. We needed to be top-down and to set targets to transform the situation in the NHS, particularly in relation to waiting lists. My right hon. Friend has a long and proud record of standing tall for the NHS and of arguing for the necessary changes. The point that I made both yesterday and today is that the NHS needed to be, in effect, in intensive care. It is now on the road to recovery. We need a different approach, and we need that to be formulated into a new constitution for the NHS that can make it fit for the 21st century.

Norman Lamb (North Norfolk) (LD): I thank the Secretary of State for the advance copy of his statement. As an aside, the new Government, under the new Prime Minister, have said that they want to strengthen Parliament. May I suggest that providing copies of statements a little earlier than traditionally happens would be a sensible reform? That would mean that there could be a much more informed debate, rather than Members trying to come up with an intelligent response in the 35 minutes before the statement is made. I would be grateful if that could be considered.

The statement is surely something of an admission of failure, given that after 10 years of the Government's stewardship of the NHS, they are still searching a strategic direction. It comes after the Cabinet Office's review of the Department, which was pretty scathing about the leadership offered and the lack of strategic direction. Nevertheless, I give it a cautious welcome, provided that the Government are prepared to examine fundamentally the serious weaknesses in their stewardship of the NHS, primarily the far too great centralisation of the way in which the service is run. I welcome the fact that consideration will be given to a constitution, because that approach seems entirely sensible.

I am worried that it appears that the process will be entirely led by clinicians and health professionals. Will it involve patient representatives, other groups with a direct interest and the public? I appreciate that the public will be consulted, but will only clinicians and health professionals make all the decisions and recommendations?

There are some fundamental weaknesses regarding the four areas that the review will examine. I was amazed that no reference was made to health inequalities and fairness. I raised that point during yesterday's debate. Health inequalities have increased under the Government in recent years, not reduced, despite the Government target on cutting such inequalities. Will the Secretary of State reassure me that even though there was no reference to health inequalities in the statement or the terms of reference, the review will examine them as a central issue?

The proposals are pretty thin on the question of productivity. More and more people tell me that despite the enormous record investment, which we supported, money could be used much more effectively to achieve outcomes for patients who need help. Will there be a central look at how to improve productivity in the NHS?

There has been a series of contradictory reforms over the past 10 years. Structural changes have subsequently been reversed, so I welcome the fact that there will be no more such changes. However, will the review address something that the former Secretary of State recognised in a speech that she made just before she stood down: the local democratic deficit in the NHS? She said that there was a need to strengthen local accountability. Yesterday, the Prime Minister said that he would look to devolve power genuinely. How seriously will the review address providing genuine democratic accountability locally in the NHS?

The Secretary of State said that existing problems needed addressing, but he referred to only one: hospital-acquired infections. He said that he would commit additional resources to tackling that problem, but how much extra will he provide for the strategy? Will this not be, again, too much of a top-down approach, and will it sufficiently engage staff? The Department was supposed to be producing a guidance note on the use of antibiotics, which is critical to tackling hospital-acquired infections, but so far that has not appeared.

Finally, a number of existing problems need to be addressed, especially regarding out-of-hours care and access to NHS dentistry. Will the review examine those problems, too?

Alan Johnson: I am very grateful for the hon. Gentleman's positive comments. I will consider whether, as part of this great new world in which we are living, we can give out statements much earlier. This statement was not finalised until 11 o'clock, but he makes a fair point. I hope that hon. Members accept that there was nothing about the statement in this morning's newspapers or on the "Today" programme. We tried hard to ensure that the statement was heard by Parliament first.

The hon. Gentleman asks whether this is an admission of failure, but that is not the case at all. The Government have to be big enough to recognise the problems in the NHS, which have not been caused by a failure in investment, resolve, additional staffing, or reducing waiting lists. Staff feel bemused and dazed by the fact that many changes have taken place over a short time, so it is important that we tackle that. The hon. Gentleman referred to the speech made by my right hon. Friend the Member for Leicester, West (Ms Hewitt) to the London School of Economics the week before last. That bears reading because she was pointing in that direction. Indeed, she mentioned the important point raised by the hon. Gentleman about the democratic deficit.

The hon. Gentleman raised many important issues, but let me pick out one: health inequalities. The matter is crucial to the Government, although it was virtually ignored before when there was no focus on health inequalities. Although elements of the Darzi review will relate to the issue, it is too important for us to wait for that review, so I assure him that we will crack on with that as an absolute priority.

Let me make a point about the role of the patient. I said in my statement that the patient is crucial. The first part of the review will involve Professor Darzi's team of clinicians listening to patients as well as staff. Patients are as important as any other group because their buy-in and commitment to the NHS really matter to its health in the future.

Several hon. Members *rose—*

Mr. Deputy Speaker (Sir Alan Haselhurst): Order. If this is not stating the obvious, may I just say to the House that the opening exchanges have been very extended? Protecting Back Benchers is the job of the Chair, but equally, I hope that Back Benchers will help the Chair to get as many people in as possible. I ask that questions be brief and that answers be concise.

Dr. Brian Iddon (Bolton, South-East) (Lab): I welcome my right hon. Friend to his new post. Despite increased funding and better facilities, a recent report showed that the health of people in my constituency was still well below the average of those living in other constituencies. Will my right hon. Friend not lose sight of the fact that our party has a commitment to moving the outriders with well below funding up to the average for the rest of the country?

Alan Johnson: I recognise the problem that my hon. Friend raises, which also affects the city that I represent. I assure him that that is one of the major priorities that we must tackle, but it can be addressed only with a bottom-up, rather than top-down, approach. That is the reason why we must ensure that local health authorities are able to tackle the problems in their areas. The problems in Kingston upon Hull will be different from those in Kingston upon Thames, while those in Bolton will be different from those in Bradford. That is an essential reason why we must have a bottom-up process.

Mr. Malcolm Moss (North-East Cambridgeshire) (Con): In the light of fact that the Secretary of State said in his statement that he wanted more "patient control, choice and local accountability", what encouragement can he give to patients who are fighting to retain services at their local community hospitals, such as Doddington hospital in my constituency? Are those words about patient choice as empty as his predecessor's?

Alan Johnson: The important point about any reconfiguration involving community hospitals is that there should be local dialogue with the patient voice included in the locally driven process. I remind the hon. Gentleman that we put £750 million of capital into community hospitals. Some closures have been agreed by local health service professionals, but every time that that has happened, there has been an insistence that a new service be provided. Sometimes that service is much closer to patients' homes and is a community resource. The health service that we inherited 10 years ago, let alone that of 60 years ago, cannot ossify and be set in aspic. It is important that such changes happen, but the patient voice is absolutely crucial when there is any change.

Mr. Neil Gerrard (Walthamstow) (Lab): My right hon. Friend said that he would ask the independent reconfiguration panel to consider any decisions about hospital changes that are referred to him while the

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review is under way. Will he look into some of the reviews that are now under way? The "fit for the future" review has major implications for hospitals in north-east London, but I do not believe that it has been carried out in the transparent and accountable way that he suggests is needed, or that front-line staff have had serious involvement with patients. It seems highly unlikely that any recommendations arising from the review will fit the criteria that he says he wants to apply.

Alan Johnson: The important thing is that if there has not been transparency in the procedures locally, that is a reason for the overview and scrutiny committee to refer the decision to the Secretary of State, and it is one of the things that the independent reconfiguration panel will consider; specifically, it will look at whether there has been a proper consultation, and what that means for patient care, so I think that I can reassure my hon. Friend. I want clinicians, not politicians or bureaucrats, to make decisions, on the basis of what is best for patient care.

Miss Julie Kirkbride (Bromsgrove) (Con): The Worcestershire Hospitals Acute NHS Trust will shortly come forward with proposals, which we expect will include the axing of maternity and paediatric services at the Alexandra hospital, which serves my constituents and those of the Home Secretary. Bearing in mind that the cuts are very unpopular locally and could lead to future questions about the hospital's accident and emergency unit, and bearing in mind that the cuts are motivated by the fact that the Alexandra is an NHS hospital, and the Worcestershire Royal hospital is a private finance initiative hospital that cannot be touched, may I take it from the Secretary of State's statement that if such changes are proposed in the near future, they will be put on hold while the review is undertaken?

Alan Johnson: No, sadly not. I always like to say something encouraging to the hon. Lady, but I cannot say that we will put the measures on hold. Indeed, it would be betraying the patient if we put all change on hold, because many of the changes taking place across the country are necessary. There must be a process of local consideration, and I am not going to stop that consideration taking place. If the case is referred to me by the overview and scrutiny committee, I promise the hon. Lady that I will refer it on to the clinicians on the independent reconfiguration panel.

Hugh Bayley (City of York) (Lab): The Secretary of State is absolutely right to stress the importance of making the NHS and its doctors more accountable to the patients whom they serve. He will be aware that performance, in terms of both clinical outcomes and productivity, varies enormously from one doctor to another. Will he ask Professor Darzi to talk seriously to the royal colleges about how to address those inconsistencies of performance, and how to publish information in a way that the public will understand, so that the public have a say on the quality of care that they receive from the doctors whom they visit in the NHS?

Alan Johnson: As Professor Darzi is a member of almost all of the organisations that my hon. Friend mentions, I am sure that he will talk to them about the issue. Indeed, the issue of the disparity between services in different parts of the country is a major part of the review.

Mrs. Nadine Dorries (Mid-Bedfordshire) (Con): The Secretary of State said that he would double the size of infection improvement teams, so that all trusts could have access to an infection control nurse or doctor. According to his predecessor, that was already happening. If the Secretary of State wants to know how to keep wards clean and how to stem MRSA increases, he should look no further than the Royal Marsden hospital, which was mentioned by his predecessor when she was at the Dispatch Box. At the Royal Marsden, no nurse is allowed to travel home in uniform, and all uniforms are laundered on site. Stopping MRSA and keeping wards clean is not brain surgery; I suggest that there be no review, and that he look at the Royal Marsden instead.

Alan Johnson: Even I would not get brain surgery mixed up with the measures that the hon. Lady mentions. I am pleased by her remarks about my predecessor, who did indeed say the things that the hon. Lady said she did, and who put in place the improvement teams. We are now doubling the number of those teams. I am happy to praise the Royal Marsden, and indeed Kingston hospital, which I visited on Saturday, which has had tremendous success in tackling MRSA. We need to ensure that that success is replicated elsewhere.

Mrs. Joan Humble (Blackpool, North and Fleetwood) (Lab): I welcome today's statement, which will build on the improvements that I have seen to the local health community in Blackpool. My right hon. Friend will recall last year's White Paper, "Our health, our care, our say", which mentioned the importance of social care services working with health services to deliver the Government's public health agenda. Will he take this opportunity to reconfirm the central role played by such services, so that patients can be considered as a whole and get the services that they need?

Alan Johnson: I can give my hon. Friend the assurance that she seeks. Social care will not be a specific part of the Darzi review, as Darzi is looking at the national health service, but he will talk to social care providers to get a feel for their concerns. I will discuss the matter with the Under-Secretary of State for Health, my hon. Friend the Member for Bury, South (Mr. Lewis), who is responsible for social care, because I understand the issues relating to social care, the need to ensure that we keep our partnership with local authorities, and the need to improve the quality of social care.

John Bercow (Buckingham) (Con): Given that the lifetime cost of untreated communication disorders is estimated by the educational charity I CAN to be no less than £26 billion, how, in practical terms, does the Secretary of State intend to work with the Secretary of State for Children, Schools and Families to ensure that all children with such conditions get the help that they

need, and do not suffer the irretrievable damage, for themselves and the country, that will otherwise result?

Alan Johnson: The hon. Gentleman has consistently and eloquently raised the issue. He raised it with me when I was in the Department for Education and Skills and, if it is not revealing any secrets to say so, he sent me a note saying that the issue is equally important to the Department of Health. I invite him to come and speak to me so that we can have a discussion on the subject, and on how best we can integrate the work of the two Departments on speech and language therapy, because I recognise the importance of the issue.

Helen Jones (Warrington, North) (Lab): My right hon. Friend rightly referred to the need to value NHS staff, but the NHS contains a large number of staff who are not doctors or nurses. I seek an assurance from him that our valuable support staff will be involved in the process. Will he seriously consider implementing the recommendations of the Fryer report on widening participation in learning, so that support staff get the training that they need and are valued for the contribution that they make to the NHS?

Alan Johnson: Yes. My speech did not leave out ancillary staff such as hospital porters—I made the point that everyone who works in the NHS will be involved in the exercise. The group that my hon. Friend mentions is particularly important, as is the training element to which she referred. That is why the social partnership forum action plan, which was launched in April with the support of all the unions, the education sector, the Department of Health and the strategic health authorities, has been well received, but we need to build on it. I understand the issue that my hon. Friend raises.

Dr. Richard Taylor (Wyre Forest) (Ind): I welcome the promise of stability and of consistent use of the independent reconfiguration panel for all contested reconfigurations. In view of the transition from patient forums to local involvement networks—LINks—how will the Darzi review select the patients and members of the public to whom it will talk?

Alan Johnson: That level of detail is being worked out by Professor Darzi and his team across the country. I will ensure that the hon. Gentleman's point is raised, so that we do not fall between two stools. It is important that we hear the patient's voice, and that it is accurately recorded. I am sure that on future occasions the hon. Gentleman will have opportunities to question me on how that is going.

Mr. John Grogan (Selby) (Lab): Has my right hon. Friend any news of the proposed second wave of independent sector treatment centres, six of which have been cancelled, according to this morning's edition of the *Financial Times*?

Alan Johnson: Well, hon. Members should not believe everything that they read in the *Financial Times*. All that I can say to my hon. Friend is that every single ISTC proposal has to be cleared, not just by my Department but by Her Majesty's Treasury, on the basis of whether it is cost-effective, and whether it provides capacity that does not exist. The whole point is to get more MRI scanners and more cardiothoracic centres, and to bear down on the issues so that we attain that precious objective of patients waiting only 18 weeks from referral to treatment. We cannot put that on hold, and that is why the *Financial Times* story is inaccurate, but we can ensure that at every stage we get value for money and add to capacity. That is the whole point of using the independent sector.

Mr. Geoffrey Clifton-Brown (Cotswold) (Con): Following on from that question, may I ask the Secretary of State what the Government's general view on the second wave of independent sector treatment centre contracts is? In particular, will he say when he is likely to sign a contract for Cirencester hospital, which I gather is on his desk or his Minister's desk? I am sure he would agree that prolonged uncertainty does nothing for the morale of the staff and the clinicians in that hospital.

Alan Johnson: I have not had a chance to look at that, but now that the hon. Gentleman has raised it, I will look specifically at his scheme.

Mr. Andy Reed (Loughborough) (Lab/Co-op): I welcome the Secretary of State's statement and the fact that he is in listening mode. I will bring him many of the local issues that I wish to discuss, such as GP referrals and GP out of hours services at walk-in centres. It is important that the review is not just hospital led. Does my right hon. Friend agree that public health, especially challenging lifestyles, will be the most important thing that we do? Obesity is reckoned to cost the country £8 billion a year. Will he work across Departments, as he has done in his other roles, to ensure physical activity, sport and so on play a crucial role in developing and delivering many of the lifestyle changes that are needed to reduce health inequalities?

Alan Johnson: My hon. Friend is right. I can give him the assurance that public health will be a central part of what we are examining. We are some way off our public service agreement target on obesity. As I mentioned in my statement, these are the new problems that we are dealing with. Lifestyle changes have brought about a whole set of new problems that did not exist back in 1948. Malnutrition, rather than obesity, was the problem then. We need to tackle that and face up to the challenges presented by demographic and lifestyle changes. That is one of the basic reasons for the review.

Mr. Michael Jack (Fylde) (Con): This morning the National Audit Office published a strong and critical report on the diagnosis and treatment of dementia in the United Kingdom, comparing us unfavourably with the rest of Europe. Given that the second of the review's objectives is dealing with long-term debilitating illnesses, may I ask the Secretary of State whether, in the first three months, he will be able to use the review to come up with a strategy to respond to the NAO's criticisms?

Alan Johnson: I am not sure whether I can set a time scale, but that was an extremely important report. We

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need to study it carefully and work with the Alzheimer's Society to see how we can resolve the problems. The review is crucial. The right hon. Gentleman will have a chance to see the terms of reference in the House of Commons Library, but as I mentioned, Professor Darzi will look particularly at the new challenges of an ageing population.

Jim Cousins (Newcastle upon Tyne, Central) (Lab): I welcome my right hon. Friend's desire to go deeper than the professors. In Newcastle, at the university of Northumbria we have an expanded group of physiotherapy graduates with no jobs to go to, and a huge need to raise the quality of physical activity and deal with avoidable pain and discomfort. The north-east health authority, which is responsible for planning and training, has a surplus of £60 million. Will my right hon. Friend knock heads together and get that sorted out?

Alan Johnson: I will look at that problem. It needs local partnerships to tackle those issues in their locality. Once again I say that that is why we need a bottom-up national health service, rather than a top-down one. I am willing to discuss with my hon. Friend the specific matters that he raised, should he wish to come and see me.

David Tredinnick (Bosworth) (Con): May I congratulate the Secretary of State on his promotion, but say to him that I am astonished that Professor Darzi is working only two days a week on the project? I thought that it was urgent. Surely he should be doing more. May I alert the right hon. Gentleman to a potential problem at his Department of which he may not be aware? There are two important reports on the regulation of Chinese medicine and herbs by Professor Pitillo and the late Lord Chan. He must act on them because European legislation is round the corner, and it would be very much in the mode of Aneurin Bevan, who had a homeopathic doctor and wanted a fully integrated health service.

Alan Johnson: Well, well, if it was good enough for Nye, it is good enough for me. I will look into that, but may I clarify the fact that Professor Darzi is working two days a week for the NHS? He is an esteemed surgeon, and he does that free of charge, incidentally. It is important that he carries on his practice. I know that the Opposition will not appreciate this. I heard their comments from a sedentary position about his being a Minister, but I think it is right that he is a Minister and that he continues to practise. That gives him a special focus. He is already hugely esteemed and highly valued in the profession, but taking away one or other of those aspects would not make his role any easier and, indeed, would diminish it.

Ms Sally Keeble (Northampton, North) (Lab): In relation to the shape and location of hospital services, may I tell my right hon. Friend that our most pressing need in Northampton is for a new acute hospital? Will he ensure that when the proposals for that are drawn up, they will be expedited through the Department and given financial support—I see our new Chief Secretary to the Treasury on the Front Bench—so that my constituents in a growing town can have the quality of hospital that they deserve for the 21st century?

Alan Johnson: The Chief Secretary to the Treasury knows a thing or two about those aspects of the national health service. I can assure my hon. Friend that we will expedite the matter and make whatever decisions need to be made very quickly.

Dr. Evan Harris (Oxford, West and Abingdon) (LD): The Secretary of State spoke about a more robust partnership between patients and policy makers based on trust, honesty and respect. With reference to rationing, which means that some effective treatments are not available on the NHS, will he be the first Minister to accept that rationing is taking place and that that needs to be done transparently and rationally, as the National Institute for Health and Clinical Excellence seeks to do?

Alan Johnson: I do not know whether I would be the first Secretary of State to accept that that is the case, but I do. That is the reality of how the system works. We set up NICE to take those decisions out of the hands of politicians, and NICE is now world respected. In many countries there are attempts to replicate it. The hon. Gentleman makes an important point.

Mr. Neil Turner (Wigan) (Lab): I welcome my right hon. Friend's resolve to tackle health inequalities. He will be aware that my primary care trust is underfunded by some £11 million compared with what its funding should be, according to the Department's formula. May I press him to give an assurance that in the next comprehensive spending review he will make substantial progress towards eradicating funding inequalities so that primary care trusts have the resources to tackle those inequalities?

Alan Johnson: I thank my hon. Friend for those remarks. The report by Professor Darzi and in particular his extensive consultation right across the national health service, including on issues such as funding and inequalities in funding, will form a major part of our decision on the CSR. In that respect, I can give my hon. Friend the assurance that he requires.

Greg Clark (Tunbridge Wells) (Con): Whatever the Secretary of State's intentions, my constituents will be worried by yet another review of the NHS, just as they will be worried by the absence from his statement of any reference to the story in the *Financial Times* that the previous Chancellor of the Exchequer, in his last act, cut by a third the NHS capital budget. Will the right hon. Gentleman reassure my constituents that neither the review nor that policy change will have any bearing on the approval of the new Pembury PFI hospital in my constituency announced by the current Chief Secretary three months ago? Can he reassure us that that will be unaffected by his statement and that policy change?

Alan Johnson: I can give the hon. Gentleman the reassurance that he seeks. I take the opportunity to say, while the Chief Secretary is on the Bench, that the Chief Secretary wrote to the *Financial Times* about the

story about £2 billion of funding being taken out and made it clear that all we were doing was looking at how much money was spent that year in the NHS. The extra money is still available to be spent this year.

Barry Gardiner (Brent, North) (Lab): I warmly welcome my right hon. Friend to his new position and in particular the powerful way in which he spoke of the need to address health inequalities. Does he agree that health visitors are some of the most important people in our health service as they are able to reach out to some of the poorest families and most disadvantaged groups in our communities, and that the value that they bring to the health service by addressing those inequalities from an early age is of primary importance?

Alan Johnson: I agree with my hon. Friend about the importance of health visitors and health visiting, which is why we have recently had a review and are considering its recommendations, and I am sure that my hon. Friend, as always, will be following this with great interest.

Mr. Peter Bone (Wellingborough) (Con): How will the Secretary of State's statement help my constituent, Mrs. Ruby Waterer, a 79-year-old, who went to hospital with an eye complaint only to be told that she would go blind if she did not have three injections? When Mrs. Waterer asked when she could have those, she was told that she could not have them on the NHS, but that she could go down the road a couple of miles and have them done privately for £3,300. That is not the Government's intention, so how will the Secretary of State help Mrs. Waterer?

Alan Johnson: Various comments are being made by my hon. Friends about the hon. Gentleman raising this matter yesterday and his article—

Mr. Bone: Answer it then.

Alan Johnson: I doubt if I can answer it today, but, with respect, I care more about the hon. Gentleman's constituent than I do about him. It sounds to me as if she has an issue that we need to tackle, and if he writes to me about it, I will look into it.

Barbara Keeley (Worsley) (Lab): I welcome the review, but it is surprising that so far we have not touched on carers, particularly of people with dementia, which has been mentioned. Those carers are the experts, with whom the NHS must deal. Can my right hon. Friend assure me that in this important review, carers will be listened to, particularly the expert carers, such as those handling dementia?

Alan Johnson: My hon. Friend raises an important point. Alongside the Darzi review is a comprehensive review of carers that was announced recently by the Prime Minister. We are looking to see what extra help we can give to carers, having already done a lot in respect of pensions and the right to request flexible working, but we need to take a series of other measures, because carers save the Government a lot of money, which can be spent elsewhere in the health service. We are probably the first Government to recognise their importance, and we will ensure that the review is completed speedily.

James Brokenshire (Hornchurch) (Con): To what extent will some of the long-term financial pressures within the NHS be examined in the review, in particular the affordability of PFI-funded hospitals, when Professor Darzi may well come up with models of care that direct patients away from those hospitals, and therefore direct some of the income for those hospitals away from them, challenging their ability to pay the underlying PFI costs that are already entrenched within the system?

Alan Johnson: We will have to deal with Professor Darzi's recommendations when they come up, but we could never have embarked on this huge programme of rebuilding hospitals without PFI. When we came into Government, most of the NHS estate was built before the NHS was created. Now only a fifth of it was there before 1948, and that is because of the biggest hospital building programme ever in this country, and probably one of the biggest in the world. PFI was necessary to ensure that we did that.

Palliative Care

1.33 pm

Mr. Lindsay Hoyle (Chorley) (Lab): I beg to move,

That leave be given to bring in a Bill to make provision for palliative care for persons who are suffering from a terminal illness; and for connected purposes.

In another place, Baroness Finlay has steered through a similar Bill, without amendment, so it is with that which I wish to continue in this House.

Palliative care is part of supportive care and it embraces many elements of supportive care. It has been defined by the National Institute for Health and Clinical Excellence as affirming life and regarding dying as a normal process; providing relief from pain and other distressing symptoms; integrating the psychological and spiritual aspects of patient care; offering a support system to help patients to live as actively as possible until death; and offering a support system to help the family cope during the patient's illness and in their own bereavement.

As at January 2006, in England, Wales and Northern Ireland there were 193 specialist in-patient units providing 2,774 beds, of which 20 per cent. were NHS beds; 295 home care services—this figure includes both primarily advisory services delivered by hospice or NHS-based community palliative care teams and other more sustained care provided in the patient's home; 314 hospital based services; 234 day care services; and 314 bereavement support services.

Everyone facing a life-threatening illness will need some degree of supportive care in addition to treatment for their condition. NICE has defined supportive care for people with cancer, and with some modification the definition can be used for people with any life-threatening condition. For example, I should like it to be extended to cover sufferers of motor neurone disease.

About 5,000 people are estimated to be living with motor neurone disease in the United Kingdom, and half of those with MND die within 14 months of diagnosis. Many people with MND are unable to access the palliative care services that they require. In a survey carried out by the Motor Neurone Disease Association in 2005, only 39 per cent. of people with MND had been referred to specialist palliative care services. In addition, there are unacceptable geographical variations in the quality of service provision and that can have a negative impact on the quality of life of people with MND and their families. Not surprisingly, the association believes that specialist palliative care services should be available to everyone with MND, in a setting and at a time of their choice.

My Bill seeks to broaden the scope of palliative care to cover all those with a terminal illness. It also aims to cater for the needs of those suffering from a terminal illness in allowing them the choice of where to die. In December 2005, a report by the NHS Confederation highlighted the real need to improve end-of-life care for the terminally ill. The report showed that 56 per cent. of terminally ill patients would prefer to die at home, but only 20 per cent. do so. Alternatively, only 11 per cent. of people want to die in hospital, yet 56 per cent. do so. Better co-ordination between service providers is urgently needed if we are to improve end-of-life care for the terminally ill.

We also need better access to palliative care services. According to Marie Curie Cancer Care, more than 155,000 die of cancer every year, yet Help the Hospices points out that only 3,250 hospice beds are available, and 2,489 are supplied by the voluntary sector. I have campaigned for many years, urging the Government to increase funding to hospices, particularly children's hospices such as Derian House based in my constituency, which is a leader in child care. We must ensure that the Government release more funding. It is alarming that children's hospices are the poor relation in palliative care.

First, there is an acute shortage of paediatric palliative care medicine consultants. Secondly, children's hospices receive only in the region of 5 per cent. of funding from official sources, compared with 30 per cent. for adult hospices, so we can already see the vast difference in funding from the NHS. I want that anomaly to be addressed, in addition to the clear postcode lottery that exists with palliative care. Terminal illness places great strain on families and loved ones. The least they can expect is to have the necessary support and help in making those final days as comfortable as possible. Extending palliative care would not involve a huge increase in expenditure—it mainly requires specialist knowledge in the use of pain-relieving drugs and holistic care to ease the dying process. Marie Curie Cancer Care, in its report "Dying at Home", states that for every £1 invested in home palliative care services, £2 will be freed up for the NHS. Despite that, 80 per cent. of resources are allocated to hospital-based care. We need to shift the emphasis in the funding streams.

In recent years, great strides have been made in palliative care—we all recognise that. Our hospices do a wonderful job in supporting the terminally ill and their families. However, we need to do much more to support the terminally ill. We must ensure that their needs are catered for and that access to treatments, help and support are equal regardless of postcode. The answer is not to legalise euthanasia or assisted suicide. Everyone has the right to life and the right to palliative care. That is what my Bill aims to achieve and I commend it to the House.

Question put and agreed to.

Bill ordered to be brought in by Mr. Lindsay Hoyle, David Taylor, Jim Dobbin, Mr. David Crausby, Geraldine Smith, Mr. David Amess, Mr. Julian Brazier, Mr. Ben Wallace, Mr. Nigel Evans, Simon Hughes, Dr. Brian Iddon and Mr. Bob Laxton.

Palliative Care

Mr. Lindsay Hoyle accordingly presented a Bill to make provision for palliative care for persons who are suffering from a terminal illness; and for connected purposes: And the same was read the First time; and ordered to be read a Second time on Friday 19 October, and to be printed [Bill 138].

Orders of the Day

Child Maintenance and Other Payments Bill

Mr. Deputy Speaker (Sir Alan Haselhurst): Before I call the Secretary of State, I must tell the House that the Order Paper should have included a tag referring to the Fourth Report of the Work and Pensions Committee on Child Support Reform and the Government's response.

1.41

The Secretary of State for Work and Pensions (Mr. Peter Hain): I beg to move, That the Bill be now read a Second time.

The Bill provides for a new system of child maintenance in Britain. At its heart is the commitment to ensure that whatever happens to the relationship between two parents, the interests of children must always be paramount. However, the Bill also learns from the lessons of the past. It makes tackling child poverty the No. 1 priority for the child maintenance system by ensuring that more of the maintenance paid goes directly to the children and by maximising the number of children living apart from one or both of their parents for whom effective child maintenance arrangements are in place.

The Bill actively promotes parental responsibility by removing the barriers that prevent parents from reaching their own voluntary agreements. Never again will mutually agreed maintenance arrangements be forcibly overturned by a compulsion for parents with care receiving benefits to use the Child Support Agency. The Bill embeds the principle of choice whereby those on benefits should have the same choice as those not on benefits to make their own arrangements or to utilise the new child maintenance and enforcement commission—CMEC—to access the statutory scheme. For the first time, the system will no longer discriminate against people simply because they are poor.

Mr. Mike Weir (Angus) (SNP): I appreciate and support what the Secretary of State is saying. The Law Society of Scotland has pointed out that under the terms of section 4 of the Child Support Act 1991, a voluntary agreement will be restricted to a 12-month period. Is that the Government's intention? If not, will he consider the fact that many families need the assurance that an agreement will last longer than just 12 months?

Mr. Hain: That is not the interpretation that I would put on it, but I will certainly consider the hon. Gentleman's point. We are seeking a durable, long-term basis not only for the children, but for the parents. There is no desire on my part to create, perhaps inadvertently, the situation that he describes.

David Taylor (North-West Leicestershire) (Lab/Co-op): It is a laudable aim to encourage parents to make their own arrangements. However, is the Secretary of State confident about the position of lone parents on low incomes, perhaps where the split has not been amicable, the non-resident parent is no longer around, income cannot be determined and is opaque, or payments are not being received at all? Given that the CMEC will often be required to act as a last resort in terms of assessment and enforcement, does he have any estimate of the number of cases that might arise, and will the CMEC have the resources to deal with them?

Mr. Hain: My hon. Friend makes a reasonable point. In these situations, people on low incomes are the most vulnerable and the children are therefore doubly the most vulnerable. The CMEC will have a very important role. However, a significant proportion—I think a third—of those involved would like to make their own voluntary arrangements, but are prevented from doing so by the current structures. We want to facilitate that, but we certainly intend to guard against the situation that he describes. There is the fall-back that the commission has a statutory obligation to act in the way provided for by the Bill, and that will happen.

Mr. Alistair Carmichael (Orkney and Shetland) (LD): Further to the Secretary of State's answer to the hon. Member for Angus (Mr. Weir), may I impress upon him the importance of not undermining the very effective system that we have in Scotland of minutes of agreement, which are entered into after legal advice by both parties and are then registered in the books of council and session, which means that they are summarily enforceable? If those minutes of agreement can be overturned after 12 months, as seems to be the case under the Bill, there may be less incentive for people to enter into them. Will he consider removing the 12-month limit or at least extending it to something in the region of 48 or 60 months?

Mr. Hain: We are trying to put in place a more sensible and flexible alternative, and I think that there is widespread cross-party support for that objective. If such arguments are put persuasively in Committee we will obviously want to take account of them. We are not seeking to impose anything, but to make progress. I shall want to bear in mind the points that Scottish Members of Parliament have raised so far.

Mr. Frank Field (Birkenhead) (Lab): I hope that the whole House agrees that, where possible, people should come to their own sensible arrangements that they police themselves without involving any state authority. However, is there not a danger that the taxpayer may get lost in all this? The Henshaw report said that if we almost entirely disregarded benefit income, the number of people who made private arrangements would be a mega-number, and therefore the numbers going to the commission would be very small. Fortunately, the previous Prime Minister intervened to prevent the Henshaw doctrine having force immediately. When will the right hon. Gentleman be able to tell us how much benefit income will be disregarded for people who come to private arrangements?

Mr. Hain: We are still carefully researching incentives to work—an issue that my right hon. Friend has continually, and rightly, pressed—in order to get this right. I welcome his question, as he has been a missionary in this whole initiative from a very long way back. The commission will have a very important role. It will deal with a significant number of cases; it is not

[Mr. Hain]

designed to be put into some kind of longstop role. However, as he says, if we can get in place private voluntary arrangements that people want to make, overwhelmingly, in many cases, that is the preferable alternative.

Mr. Field: I am grateful for the Secretary of State's comments. However, let us suppose that the Government decide that £100 of benefit income will be disregarded. There would then be a huge push among families to say, "We've come to a private arrangement." The carer would say, "I'm keeping £100 of taxpayers' money, so it does not really matter what else the other partner contributes." The loss to the taxpayer would be considerable, and ordinary working class families who are sticking together, and where there are two parents, would feel, "Gosh, yet again the rules are being rigged against those of us who are decent citizens."

Mr. Hain: My right hon. Friend makes a fair point, as always. However, balanced against that is the need for arrangements to tackle child poverty, which is what the new commission is designed to achieve. As I am about to explain—when I get a chance—that is the Bill's overriding priority, and I know that my right hon. Friend shares the ambition of pursuing that matter as a priority.

We must strike the right balance. We want to increase the disregard above the £10 that is provided for—in itself, it makes the families and children involved £10 a week better off, and that is welcome. But although we want to increase the amount, we must get the balance right and examine the impact that my right hon. Friend described and the danger of causing resentment among hard-working families, who are worried about other ways in which the benefits system works.

Chris Grayling (Epsom and Ewell) (Con): I appreciate, as I am in the same position, that the Secretary of State is new to the job. None the less, the previous Secretary of State said on 24 July last year—almost 12 months ago:

"we intend significantly to increase the level of the current disregard of £10. Details will be confirmed later this year."—[*Official Report*, 24 July 2006; Vol. 449, c. 598.]

Why has it not been possible to present those details, not only last year but almost 12 months later, by the time of Second Reading? Will he assure the House that the information will be provided to the Committee before its proceedings start?

Mr. Hain: We must get the matter right, for the reasons that my right hon. Friend the Member for Birkenhead (Mr. Field) outlined. I do not want to establish an artificial timetable. *[Interruption.]* The Committee will be important and its proceedings will be studied carefully.

Mr. Michael Clapham (Barnsley, West and Penistone) (Lab): Clearly, creating a position whereby parents can reach an arrangement is important. Will my right hon. Friend set up measures to encourage parents to do that before the CMEC gets involved?

Mr. Hain: Yes. One of the provisions of the measure and of the new non-departmental public body will be a strong information and advice service that reaches out and works with other stakeholders, including One Parent Families, to ensure that those matters are explained and that the process is encouraged. However, the commission will stand ready to step in vigorously, with the purpose of ensuring that the children are protected and get the entitlements that they deserve.

Danny Alexander (Inverness, Nairn, Badenoch and Strathspey) (LD): The Secretary of State has been generous in giving way. Let me clarify the point that he just made. Will the CMEC take responsibility for providing advice and information? Clearly, such provision is important, and several independent advice organisations, such as Citizens Advice, have expressed concerns that the plans are not clear and that, if the CMEC is to take the lead responsibility for advice provision, there could be a conflict of interest.

Mr. Hain: There will be no conflict of interest. We want to maximise the opportunities of, for example, Citizens Advice, One Parent Families and the Child Poverty Action Group. All were involved in the extensive, cross-party consultation that took place before the Bill was drafted and following the Henshaw report. While I am about it, I welcome the hon. Gentleman to his new position; I look forward to working and sparring with him.

The arrangements in the Bill provide for a simpler, less bureaucratic assessment process, with new powers to obtain data from Her Majesty's Revenue and Customs. Never again will the system be frustrated by relying on non-resident parents to provide information on their earnings. The measure legislates for the creation of a new, non-departmental public body, with radically strengthened powers to recover maintenance from those who repeatedly fail to pay.

The new Child Maintenance and Enforcement Commission will replace the existing Child Support Agency and mark a clean break with the past. The new commission will have primary responsibility for all aspects of operational and policy delivery. The CSA was set up in 1993 to replace an inadequate system of court-administered child maintenance. Despite the best efforts of its staff, it has never fulfilled the purpose for which it was established. We all, including me, know that as constituency Members of Parliament. Its problems are well documented.

When we came to office in 1997, the agency cost more to run than it collected in maintenance. It took longer to process claims than the courts. We introduced the Child Support, Pensions and Social Security Act 2000, which made important changes, simplifying maintenance calculations and strengthening enforcement measures. The agency's performance has improved. Since 1997, it has doubled the number of children who receive maintenance payments—that is a credit to its hard-working staff, who do a good job in difficult circumstances.

The operational improvement plan is helping us to go still further in ensuring that the agency delivers for the parents and children who currently depend on it. That means that 200,000 more children will benefit from maintenance payments, with an additional 40,000 children lifted out of poverty. However, the operational

improvement plan for the CSA was designed only to stabilise it and improve its performance in the short term. It cannot address the underlying structural weaknesses of the system.

For that reason, Sir David Henshaw was asked early last year to advise on a fundamental redesign of the whole system. The Bill builds on his recommendations and embeds three principled objectives in the heart of our reforms. They are to enforce children's rights and parents' responsibilities by maximising the number of cases; to provide a cost-effective and professional service, which gives the taxpayer the best value for money; and—most important—to make the greatest possible contribution to lifting families and children out of poverty. The Bill will deliver those objectives.

Together with the operational improvement plan, we expect the Bill to increase the number of parents who receive maintenance payments by 90 per cent., cut administration costs by approximately £200 million and lift a further 100,000 children out of poverty.

Mary Creagh (Wakefield) (Lab): Has my right hon. Friend had time to talk to my right hon. Friend the Secretary of State for Justice about the Law Commission's review of reforming the law for couples who live together? It is due to be published shortly and will examine more closely what happens when cohabiting couples split. It considers not only the revenue allocation for children and child support, but—critically—the capital allocation, especially the house where the child is resident. Has my right hon. Friend has a chance to discuss that yet?

Mr. Hain: I must confess that I have not. I will ensure that I inquire into the matter and I am grateful to my hon. Friend for drawing it to my attention because it is important and we must not overlook it. The Under-Secretary of State for Work and Pensions, my hon. Friend the Member for Warwick and Leamington (Mr. Plaskitt), our colleague in the other place Lord McKenzie and I will consider the matter.

John Penrose (Weston-super-Mare) (Con): The Secretary of State mentioned the importance of cost effectiveness. Will he clarify whether couples who have a voluntary agreement that breaks down can obtain enforcement of the agreement via the CMEC or will they have to get a CMEC agreement first? If the answer is the latter, it will be much harder to be as cost effective as I believe that he would like it to be.

Mr. Hain: As I shall explain shortly, an escape route back to the CMEC is important in the event of a voluntary agreement breaking down. We need to examine the precise way in which that will happen. It is important to ensure that the necessary safeguards are in place for the commission to play a statutory role in ensuring that the parent with care and the child or children are protected in such circumstances.

John Penrose: I thank the Secretary of State for that response, but I am trying to make the point that if one cannot enforce a voluntary agreement that breaks down other than by creating a new CMEC case, that will reduce the effectiveness of and public trust in voluntary agreements, and he will fundamentally undermine the basic principle of trying to give people an alternative to having to go to the CMEC.

Mr. Hain: I thought, at first, that I was agreeing with the hon. Gentleman, but I must flatly disagree with him—I do not say that antagonistically. The new commission will have enforcement powers and provide the necessary protection. I do not understand how it can reincarnate a voluntary agreement. Its role is to provide encouragement for voluntary agreements—that is the new feature of the system, which I know that the hon. Gentleman supports. However, its back-stop role is to ensure protection and statutory backing when necessary.

David Taylor: The Secretary of States mentions the welcome news that 40,000 more children will be raised out of poverty—a matter linked with the raising of the disregard and making it cost-effective for the taxpayer. Is it not the case that if there were an absolute disregard of child maintenance income—in respect of jobseeker's allowance and income support, for example—the number of children lifted out of poverty could be doubled, at a cost of about £200 million, which, though substantial, is less than it would cost if the same effect were achieved through the tax credit system? Is that not worthy of further consideration?

Mr. Hain: We obviously have to be very careful about the impact on work incentives. However, the principle behind lifting the disregard in the way the Government and I want is ensuring that those parents who are not currently paying as they should—because they believe that the money is going to the taxpayer rather than to the children—are encouraged to pay. That problem amounts to a very significant blockage in the existing system, so it is important to get the balance right, as my right hon. Friend the Member for Birkenhead quite properly said earlier, but at the same time we must not lose sight of the main objective—to lift children out of poverty. As I will explain in more detail later, that contrasts considerably with the aims and circumstances that led the original agency to be established by Margaret Thatcher's Government.

Mr. Frank Field: The Secretary of State is providing an estimate of the number of children who will be lifted out of poverty as a result of the Bill. Such lifting will occur in two ways. First, maintenance payments that are not currently paid will flow to the relevant families; or secondly, the disregarded income will be changed. I would suggest to my right hon. Friend that his civil servants must have made a calculation that assumes a change in the level of disregard in order to allow him to provide the estimate that he has put before the House today. Will he place in the Library at some later stage a note providing a breakdown of the extent to which the disregard is being changed and of the extent to which increased maintenance payments are envisaged in order to justify the target of lifting so many children out of poverty?

Mr. Hain: For a Secretary of State doing this particular job, there is always a certain wariness about accepting a question from my right hon. Friend, who knows more about it than I do and who certainly knows a lot more about it than the hon. Member for Epsom and Ewell (Chris Grayling)—and, indeed, more than most of the officials who are sitting over there. I will certainly look further into my right hon. Friend's

[Mr. Hain]

point, but the question of the level of disregard has not been decided yet. A number of issues are involved, not least a discussion with the Treasury.

Chris Grayling: May I ask the Secretary of State to approach the issue in another way? Will he set out for the House—either in the form of a note placed in the Library or more directly on the Floor of the House or in Committee—the different assumptions that his officials are making about the impact of the different levels of the disregard? That would help us to understand the impact on levels of child poverty of the different levels of disregard—whether it be £10, £20, £30, £40 or £50. We need to know about officials' assumptions in order to understand the differential impact of different levels of disregard.

Mr. Hain: Speaking as a former Leader of the House, I am always anxious to assist the House, and the Prime Minister made it clear yesterday that he wants proper accountability of the Executive. When I am ready to do so, I will make available whatever information I can. I am not in a position to do so now and I will not promise to do something that I believe to be inappropriate at this stage. When I can make further progress and am clearer about the level of disregard that we think is feasible and appropriate to meet all the different balancing points that my right hon. Friend the Member for Birkenhead and others have suggested, I will try to assist the House.

Mr. Weir: I would like to clarify the Secretary of State's answer to the hon. Member for Epsom and Ewell (Chris Grayling) on the issue of minutes of agreement. I was slightly alarmed when he said that in starting CMEC we need to go back to the beginning. I remind the right hon. Gentleman that, in Scotland, a registered minute of agreement can be used in the same way as a summary decree of court, and I urge him not to overlook that point. That often provides a quicker way of implementing a minute of agreement—usually directly by the person involved, but we could perhaps allow CMEC to do it. When a voluntary agreement breaks down, it is important that it be enforced quickly so that we do not go back to square one by making an application to CMEC and having to start all over again.

Mr. Hain: That sounds to me like a job application to get on to the Public Bill Committee that considers the Bill, where the hon. Gentleman can put those same arguments—*[Interruption.]* I hear an hon. Member shouting "No" from a sedentary position, which is a little uncharitable! Clearly, there is an issue there and we will want to look further into it. If the hon. Gentleman would like to write to me or discuss his point further with me in the Department, I would be happy to facilitate that.

Parts 1 and 2 provide for the establishment of the new Child Maintenance and Enforcement Commission and the transfer of functions, staff and property from the Department. The commission will have two key areas of responsibility: first, to deliver statutory child maintenance arrangements for those who cannot make their own arrangements or who decide that it would not be appropriate to do so; and, secondly, to provide the information and support necessary to help parents make their own arrangements for child maintenance.

The Bill will give the commission the freedom and independence to run its own affairs and to deliver a professional and efficient service, but it will also provide a clear framework within which to carry out its functions. One clear objective is to maximise the number of cases where maintenance arrangements are in place and to provide essential safeguards to ensure the welfare of children and parents with care.

As such, the commission will have the flexibility to innovate and to adapt its policies in the light of developing experience. In order to maximise efficiency, it will be authorised to contract out some of its functions and charge for the use of its services. We will make regulations, for example, to ensure that if a non-resident parent wilfully takes steps to evade payments in a way that is almost deliberately costly to the commission, the charging option would be available to it.

Jo Swinson (East Dunbartonshire) (LD): I have dealt with cases involving the self-employed and non-resident parents. On avoiding payments, the Secretary of State's predecessor agreed with me on 27 November last year—reported in *Hansard* column 815—that the variations regulations were not working well and needed to be reformed. One problem is that at the moment most variations cases go to a tribunal and some non-resident parents use that as a delaying tactic—a form of bureaucratic sabotage. One of my constituents has gone through six tribunals. Can measures be included in the Bill to enable specialist teams of advisers and arbitrators at the new CMEC to scrutinise variations or exceptions cases at that early stage, in order to avoid sending everything to a tribunal, which causes delays in getting vital maintenance money to children and also costs the taxpayer?

Mr. Hain: I believe that the assessments are for 12 months and we are studying the hon. Lady's points. I know that her frustrations are shared by others, particularly in respect of individuals who in some cases are self-employed and able somehow to camouflage their true income and deny the rightful amounts to parents with care and the children who depend on them.

Similarly, if we are to give parents with care the choice over whether to use the commission or to make voluntary arrangements, we must ensure that they have the information necessary to enable them to take the decision. That is why the new commission will have the responsibility for providing an information and support service designed to help parents in establishing stable and effective maintenance arrangements.

I am aware that some stakeholders are concerned that there may be a hidden agenda to push as many people away from the statutory service as possible into private arrangements that are unstable or unfair. Nothing could be further from the truth. The whole point of the information and support service is to ensure that we protect vulnerable and low-income families by providing impartial, high-quality information and support, drawing on the best contributions from all sectors—private and voluntary—to help parents make their own decisions about what arrangements best suit them, while the

commission itself provides an escape route back to the statutory scheme if voluntary arrangements do not work out.

Part 3 sets the framework within which the new commission will operate. It provides for the redesign of the system, the establishment of new enforcement powers and the transfer of existing cases to the new scheme. The Bill lays the foundations in legislation for an entirely new approach to child maintenance that will empower parents to take responsibility for making their own arrangements while providing strong, effective state support for when that does not happen.

Research published last month shows that almost two fifths of current CSA new scheme clients on benefit would prefer to make their own arrangements, but at the moment all parents with care claiming benefit are forced to use the child maintenance system, regardless of whether they would prefer to make voluntary arrangements. That is unfair. It takes away responsibility from parents and, too often, produces the wrong outcome for the children involved. The Bill will remove that requirement and restore parental responsibility, putting children first. Additionally, for those who enter into statutory rather than voluntary maintenance arrangements, the Bill will radically reduce the bureaucracy of the assessment process and speed up the gathering of information.

Receipt of child maintenance currently helps to lift 100,000 children out of poverty. International evidence shows that child maintenance contributes up to 25 per cent. of the reduction in child poverty in some countries. By contrast, in the United Kingdom, it contributes less than 3 per cent. We must turn that around, and providing active support to parents on low incomes to make maintenance arrangements will be particularly crucial to doing so. Jobcentre Plus and Her Majesty's Revenue and Customs are developing strategies to ensure that low-income families utilise the new information and support service.

To provide an incentive for low-income parents to follow through their agreements, our intention is to increase substantially the amount of child maintenance to be disregarded when benefits are calculated. From 2008-09, we will extend to all parents with care the £10 benefit disregard that is currently available only to those on the child support scheme introduced in 2003. This means that an extra 55,000 children will benefit from up to £10 a week additional family income. I am committed to increasing that disregard significantly in 2010.

In the old days under the Tories, the CSA was created as a revenue-collecting agency. The aim was that taxpayers should not be left to pick up the pieces when an irresponsible non-resident parent failed to pay. Our reforms will change the whole basis on which the child maintenance system operates. They will put the focus, rightly, on the children, so that the money that the non-resident parent pays goes straight to the children and not to the state. Changing the benefit arrangements is central to the contribution that child maintenance makes to our fight against child poverty and to the reforms that the Bill introduces.

Opinion polls constantly report strong levels of support for the idea that non-resident parents should be financially responsible for their children—I think that we all feel that—yet, under the CSA arrangements, three out of 10 do not pay when we ask them to do so. The Bill will strengthen and streamline our compliance and enforcement powers to ensure that parents quickly comply with their responsibilities. It will also ensure that, if voluntary negotiations break down, the statutory system will be able to step in quickly and provide a mandatory arrangement that will be complied with.

Mr. Frank Field: Paying maintenance should never be a criterion for having access to a child, but many people who do pay feel that it is unfair that their good behaviour is never taken into account, in the disputes that go before the courts, as a sign that they are a good parent. Will the Secretary of State consider how, in the Bill, we might discriminate in favour of those who pay maintenance and who wish to be good parents, but who find that they are denied access as a result of the other partner's pressure in the broken relationship, in spite of all the maintenance payments that have been made?

Mr. Hain: Obviously, I shall look at everything that my right hon. Friend suggests, because he brings unique experience and authority to the debate. However, I do not want to make the children pawns in these situations. We need to get these things right, but I will take account of what he has said.

The Bill provides for the commission to take funds from the bank accounts of non-resident parents, which will be particularly important in improving compliance for the self-employed. It also provides for the withdrawal of a non-resident parent's passport and, as an alternative to jail, the imposition of a curfew.

Jeremy Wright (Rugby and Kenilworth) (Con): Will the Secretary of State give way?

Mr. Hain: May I just finish this point? Then I will give way.

Members will be aware that the White Paper also consulted on giving the commission the power to remove a non-resident parent's driving licence. We have to find the right balance between introducing powers that encourage non-resident parents to pay and depriving people of their means to live and earn the income that will support their children. After serious consideration, I have decided that this particular power is best left with the courts.

Mrs. Maria Miller (Basingstoke) (Con): The Secretary of State rightly talks about the importance of robust enforcement, but is he aware of the National Audit Office report of 2005 which pointed out that 65 per cent. of assessments that come to enforcement contain an error? Does he agree that robust enforcement needs to go hand in hand with better assessment?

Mr. Hain: I am not sure that I agree that that 65 per cent. is a representative figure, but we obviously need to get these things right. That is why we are bringing in an entirely new organisation to replace the CSA.

We must realise that unrealistic expectations about moving from one system to another have blighted previous attempts to reform child support. We must ensure that the new commission is not held back by the failings of the old system. Equally, we must ensure that maintenance payments that are already being made can continue uninterrupted for the benefit of the children.

[Mr. Hain]

Parents will have three options. By the end of 2008, parents claiming benefits will no longer be compelled to use the statutory system, and will therefore be able to make their own voluntary arrangements, if they so choose, supported by the new information and support service of the commission. Secondly, from 2010, parents with a maintenance arrangement already in place, and who both agree that they are happy with it, will be able to ask the commission simply to ensure that the money keeps flowing. This will enable them to avoid the disruption of a whole new assessment that could open up old wounds. Instead, their existing payments will stay at the same rate, and the commission will ensure that the money is efficiently transferred to the parent with care.

Thirdly, for those unable to come to a voluntary arrangement, or for those without an existing arrangement in place, the commission will support an application to the new statutory system. The commission will begin talking to its clients about the new options in 2008. The actual movement of clients to the new statutory system will start in 2010 and is expected to be finalised in 2013.

There is a fourth part to the Bill which provides new support for people suffering from the asbestos-related cancer known as mesothelioma. This is now the most common cause of work-related death in Britain. Nearly 2,000 people die every year from this cancer as a result of asbestos exposure, and the number is expected to increase to a peak of 2,500 during the period from 2011 to 2015. It is estimated that one in every 100 men born between 1940 and 1950 will die of the disease.

Of course, no amount of money can ever compensate individuals and families fully for the suffering and loss caused by this terrible illness, but those who are suffering rightly deserve to receive some form of monetary compensation, and to receive payment before it is too late. No one should have to wait years before they see a penny of compensation, especially when, as in many of these cases, people do not have years left to wait. In fact, people with mesothelioma die, on average, within eight to nine months of diagnosis. It is very quick.

Although we already make some lump sum payments to employees for mesothelioma under the Pneumoconiosis etc. (Workers' Compensation) Act 1979, many sufferers miss out. These include the self-employed, those who lived with asbestos workers and inhaled dust from their clothing, those who lived near asbestos factories, and those who do not know how they got the disease. The Bill means that, once diagnosed, sufferers should receive some compensation within six weeks of making a claim. We are doing that by correcting an anomaly in how we make recoveries of state funds from civil compensation. At present, lump sum payments for mesothelioma and other dust diseases are not subject to such recoveries, which leads to a windfall for insurers and other liability holders, as they can reduce their payouts by the amount of any lump sum paid by the state. That is wrong. The Bill will allow us to recover the lump sum payments from later civil compensation so that the negligent party meets its liability in full.

By making those recoveries, we aim to fund the new payments without increasing the cost to the public purse. We intend to set the lump sum payment levels so that the overall expenditure matches the expected recoveries. That means that they will initially be lower than the existing lump sum payments, but we will increase the level each year as recoveries increase until they match the levels of our existing 1979 Act scheme payment. We must now get the money to those who need it—people with mesothelioma must receive some compensation while they are still alive to benefit from it. The Bill will allow us to get some compensation to all sufferers as early as next year. The proposals have been broadly welcomed by our stakeholders and in all parts of the House.

All Members have constituents who depend on child maintenance payments, and all of us want a system that delivers better outcomes for the children and parents with care who depend on it and which further contributes to reducing child poverty—to which our Government are committed, and which we have delivered. After almost two decades of reform, it is high time we got this right. The Bill provides the foundation for a lasting reform and a new start for child maintenance that will deliver fresh opportunity for the children who are affected by their parents splitting up. We need a new system that learns the lessons of the past; promotes parental responsibility; works with parents, rather than against them, to deliver the best outcomes for children; provides the taxpayer with true value for money; and, most importantly, ensures that no children are ever again condemned to poverty simply because their parents are not together. I commend the Bill to the House.

2.22 pm

Chris Grayling (Epsom and Ewell) (Con): There cannot be a Member of this House who has not witnessed the harsh financial consequences of relationship break-ups for all involved, particularly children. During the six years I have been in the House—and I am sure that other Members share my experience—many women have visited my surgery who were frustrated, and often desperate, about being unable to secure a proper financial settlement for themselves and their children. More often than not, their frustration has been directed at the Child Support Agency's inability to get things right—sometimes to answer the most basic inquiries and deal with the most basic issues.

It is not only women who have visited my surgery: men have also come to seek my advice on the clumsy way in which the agency has dealt with them. The agency has too often been utterly incompetent. I am sure that I am not alone in having read multiple letters that the agency sent to constituents on the same day saying entirely different things. I have had endless conversations with constituents about their experiences of the agency, such as long, fruitless telephone calls and being passed from person to person, none of whom seemed to know anything about the case in question. However, we should also remember that although not all the agency's staff have passed muster, the vast majority have done their best despite being facing with a deeply flawed system.

Every Member should share the Bill's aspirations of sorting out the problems and putting in place a better and more workable system. There has been a complete failure of public confidence in the CSA and there must be a fundamental culture change towards the entire process of child maintenance. We welcome elements of the Bill and the new direction. We want parents to take greater responsibility and children clearly to be at the heart of the process. We welcome some of the Bill's proposals, and the principles that underlie it.

Effective enforcement will play an important part in the change, but there must be a simpler and more efficient system of assessment and case management. Over the past few years, constituents have experienced problems in that regard. That is why we support the move to use income tax data as the basis of future assessment. I have come across numerous cases of women in my constituency who are frustrated because their financial fortunes have been diminished by the absence of a proper process for determining their former husband's or partner's income. I have been told time and again, "His income has been set too low," and, "He has undeclared sources of income," yet the agency's response to the complaint has been, "Well, we have to take his word for it." We understand the frustrations of the women concerned. I am glad that the Government accept that in too many cases that can lead to injustice.

It is also right to change the focus of how we handle child maintenance. I have always felt that the rules on participation are too tight. It is clearly in everybody's interests if parents can come to a voluntary agreement. Why enmesh the workings of the agency in cases where it is not needed? We support the change in that regard.

It is right to end compulsory participation in the CSA scheme by all parents with care who are on benefits. That amounts to a vital change from the previous benefit recovery focus to a much clearer focus as part of a wider child poverty strategy—again, putting children at the heart of the process. We welcome many aspects of the Bill, and its principles.

My party is clearly focused on the importance of the family as the basic building block of a healthy society and on the maintenance of the family structure. We believe that every child has a right to support, both material and emotional, from both parents, and that both parents have an obligation to deliver that support to the child. The family is created when a child is born, and that family responsibility persists regardless of what happens to the relationship between the parents. Our goal as a future Government will be to strengthen the family and to place great importance on early interventions that can help prevent family breakdown. However, relationships and families do break down. Where parents separate we should focus on supporting those separated families to ensure that they continue to provide not only material but emotional support to children.

The Bill specifically deals with financial support, but I also strongly believe that we must not allow the mechanisms for financial support to undermine other public policy objectives in respect of supporting separated families and supporting families. The comments of the right hon. Member for Birkenhead (Mr. Field) on that are apposite, and I will return to the issues he raised.

We need a change in culture so that the continued obligations of parents in separated families are understood and accepted as the norm, and so that the interests of the child are put at the heart of the process. As the Secretary of State says, the provision of good child maintenance arrangements when the family structure breaks down is one of the keys to establishing an effective child poverty strategy. Both the Prime Minister and the Leader of the Opposition have said that that is close to their hearts.

However, this cannot and should not be just one of those days when Ministers simply sit back and bask in consensus. I am glad that they are putting in place some of the building blocks for improvement, but after 10 years in government, Ministers cannot divorce themselves from the failings of those years. Although the Secretary of State is new to his job and is therefore grappling with the joys of trying to deal with complicated questions on the Floor of the House after only a few days of getting up to speed on his brief, the fact is that his boss, the new Prime Minister, has for the entire past decade micro-managed domestic policy from No. 11 Downing street. In that time, he has sat back and watched the CSA go from bad to worse, thereby failing many families and children under his watch.

It is no defence simply to say that the CSA was established under a Conservative Government—I am surprised that I have not been intervened on yet to make that point. It is a matter of fact that that was the case, and it was established with the best of intentions—to support those in separated families and to protect the welfare of children. I am not ashamed of that. As we have learned since, however, the best intentions do not always work out in the detail of practice, and never has that been clearer than in the case of the CSA.

Mr. Hain: May I just interrupt the hon. Gentleman's rant against the Prime Minister—

Mr. David Evennett (Bexleyheath and Crayford) (Con): My hon. Friend has been speaking pearls of wisdom.

Mr. Hain: Does the hon. Gentleman mean by that that I "ain't heard nothing yet" from his hon. Friend?

May I draw attention to the operational improvement plan that has been put in place for the CSA? I am grateful for what the hon. Gentleman says about its staff, because they deserve a great deal of praise for the tremendous improvement in performance. Let us take a look at what all this means. In March 2006, 591,000 children benefited from the agency's collecting or arranging maintenance. The target for March 2008 is 720,000 children—a significant rise—and the total is already rising beyond the 2006 figure. The target for 2009 is some 791,000 children. That means an increase of roughly 200,000 over the period concerned, which is a significant increase, as the hon. Gentleman ought to acknowledge.

Chris Grayling: As the right hon. Gentleman knows, the Government first started addressing this issue in 2000, before I became a Member of this House. I wish that I could have sat him down with some of the women let down by the CSA with whom I have had

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conversations in the years since then, and allowed him to explain to them the statistical information that he has just given. I think that they would have given him pretty short shrift.

Mr. Hain: I am grateful to the hon. Gentleman for giving way again. His assuming a monopoly of moral wisdom on this issue does not encourage progress. We have all had problems with CSA cases. I remember being one of the earliest MPs to identify—in the early 1990s—the problems with the original CSA. It was clear that the whole construct brought in by the previous Government, although they were trying to achieve an honourable objective, was extremely destructive, ineffective, discriminatory and inefficient, and penalised people across the piece. We have all dealt with such cases for well over a decade. We are trying to get things right, so making the points that the hon. Gentleman is making does not help.

Chris Grayling: In the past few years, the Government have spent more than £500 million sorting out this problem, and still we are back in the House today, setting up the system again, so the Secretary of State does not have much of a record to defend. The truth is that—

Mr. Evennett: My hon. Friend is making a very good point. Although we accept that there have been improvements over the years, my constituents, for example, are still facing new and increasing problems because of the agency's ethos and the IT systems, which have continued to fail. So although we accept that what the Secretary of State says about improvements is right, new cases involving considerable failures are still arising.

Chris Grayling: Indeed, and it is a shame that it has taken so long to make some of the proposed changes. As I have said to the Secretary of State, we approve of some of the principles in the Bill, but a lot of detail still needs to be addressed.

The truth is that this Government have been bedevilled by their inability to deliver. This is not the first time that they have tried to get to grips with this problem. The Secretary of State himself referred to interim improvements made three or four years ago in an effort to sort things out. The Government have made some progress, but many of the people whom we deal with daily—I appreciate that this point applies to Members in all parts of the House—are still getting nowhere. The National Audit Office has said that overall, the vastly expensive system that has been put in place to make the CSA work has proved no more effective than its predecessor. So let us hope that the latest attempt to sort out the situation can make a difference. Given the Government's track record to date, it would hardly be surprising if people waiting for the agency and its successor to sort out their problems were frustrated again.

Jeremy Wright: Does my hon. Friend agree that one reason why Members in all parts of the House have so many such cases of concern is that the CSA does not use effectively some of the powers that it already has? Many constituency cases are based on the argument that, despite information being presented to the agency by the parent with care, it does not take appropriate action. It is therefore not enough simply to provide extra powers; such powers have to be used.

Chris Grayling: My hon. Friend makes an extremely good point. We can only hope that the successor body—I will return to the issue of how much of a successor it really is—can make a difference and deal with the problems itself. My hon. Friend is absolutely right—the truth is that in few policy areas can we find a clearer case of big promises from the Government, followed by failure to deliver.

The Government claim that the Bill will help to tackle child poverty. That is to be lauded, but the truth is that the Prime Minister moved next door last week after 10 years of rhetoric about child poverty in which the figures actually increased, rather than decreased. The real picture today is that child poverty rose by 100,000 before housing costs last year, and by 200,000 after housing costs. After those 10 years, the total figure for child poverty now stands at 2.8 million before housing costs and 3.8 million after housing costs.

The Bill will go only a small part of the way in dealing with a problem of this scale, but for that part we welcome it, even though, as we agree, it is overdue. And even though it is overdue and the Government have had so much time to prepare it, they have still managed yet again to present Parliament with legislation that is praiseworthy in intent, but which leaves many questions still to answer, many details still to be addressed and a lot of information—although long promised—not yet available to the House. Ironically, the Bill, rather than being flawed in detail, contains very little detail. It is another of those measures that contain little substance and create a loose framework, leaving it to the Secretary of State to work out the details. Many of the Bill's clauses are built around phrases such as "arrangements will be made" and "the Secretary of State may".

Let me put the Secretary of State on notice that before we step aside to allow him to act, we will expect a lot more detail from him in Committee on how he intends to deal with the small print. It would help the Committee if he published draft regulations before it discusses these issues, so that we could understand the detail behind his intentions.

Danny Alexander: The hon. Gentleman is making a very important point about the need to publish regulations in draft. As the Secretary of State knows, a large volume of draft regulations relating to the Welfare Reform Bill—on whose Standing Committee I served—were published in advance, so that the Committee could scrutinise them. I hope that that practice will be followed by this Department on this Bill when the Committee stage starts.

Chris Grayling: The hon. Gentleman makes a good point; let us hope that the Secretary of State picks up on it and publishes the relevant details.

As the hon. Gentleman knows—and as we learned yesterday on hearing the details of the statement on constitutional reform—we have to study the small print extremely carefully under this Government, since the advent of the new Prime Minister and his new appointments.

Danny Alexander: And before.

Chris Grayling: Absolutely. Having waited so long for these essential reforms on such an important subject, which affect the lives of so many families in the UK, it is essential that we get them right.

Let me return to the question of how much is really changing—the point that I made a moment ago in response to my hon. Friend the Member for Rugby and Kenilworth (Jeremy Wright). The creation of a new child maintenance and enforcement commission sounds like a brave new departure in this important area: a new body, a new location, a new team, new systems to improve on what we had before—a completely fresh approach to the service that will change the frustrations of the past few years. I have no doubt that that is what people will be expecting from this Government and this Bill, but if I am not mistaken, that is not necessarily what is happening.

It appears that the organisational side of the Bill involves unscrewing the CSA name-plate from the front of its building and replacing it with one saying "Child Maintenance and Enforcement Commission". The Government are pretty good at changing name-plates. We have not forgotten the £600 bill for replacing the name-plate of the Office of the Deputy Prime Minister with one saying, "Deputy Prime Minister's Office". Of course, inside the new agency's building, there will be the same team of people in the same offices using the same computer system—the one that has caused the Government so many headaches over the past few years.

Perhaps the Minister will be able to tell us in his winding-up speech what is being done internally to ensure that this is much more than just a re-branding exercise for the CSA. What is actually being done to ensure a real culture change within the organisation? Are the Government really planning to maintain the same internal systems, or will they need to spend yet more large sums of taxpayers' money on yet another new computer system? And why is it taking so long for the transition to the new system to take place? The new approach, we understand, will not be fully operational until 2013—most of the way through the next Parliament. Why is the change to a system in which assessments are based on information from Revenue and Customs not being fast-tracked? After all, it will be dealing with one of the biggest sources of current frustration with the present system. If Ministers can accelerate that change, they will have our support in doing so.

When the Bill is in Committee, my hon. Friends will want to probe the Government in detail about whether they intend that there should be support for couples seeking to enter into voluntary agreements. Many interest groups, for example, would like a formal structure whereby the new agency can provide back-up support for couples as they negotiate with each other. In particular, we expect to discuss in detail in Committee whether the new agency should be able to offer women information about the income levels of their former husbands or partners, in order to help inform those voluntary agreements. Given that these negotiations will be taking place at a very emotional, sensitive and difficult time for those involved, it is absolutely right that the Committee look carefully at the level of support given to those embarking on the task of reaching a voluntary agreement.

Likewise, there is an issue about how equipped the voluntary sector will be to cope with the advice that undoubtedly it will be asked to give. I know how hard pressed many such groups are at the moment. The citizens advice bureau in my constituency is facing more and more demands for its services, particularly with the worrying growth in consumer debt. I have no doubt that the welcome change to greater use of voluntary agreements will place an extra burden on such organisations in my constituency and around the country. What steps are the Government planning to take to ensure that the voluntary sector can cope?

John Penrose: It seems sensible that the advice functions should be outsourced, as CMEC will be focusing on enforcement. If so, and if it is to be an organisation with teeth, it is unlikely to have the right approach and atmosphere for people wanting a consensual advice service as well. If the services are to be outsourced, it is essential that the right organisations are chosen, and that the commissioning operation is sensitive to that. It must come equipped with sufficient money to fund these advice organisations even if they are not provided in-house.

Chris Grayling: My hon. Friend makes a number of important points, and we will look forward with interest to seeing what information the Government give us in Committee on that subject. This is another example of an area in which we have precious little detail about what the Government envisage for an important part of the Bill.

At the top of that list is the question of the benefits disregard. We understand the theory of what the Government are trying to do but we will need to discuss in Committee with Ministers the potential consequences of their plans—if they are prepared to provide details by then.

I know that some see the income disregard as an essential tool to motivate parents on benefits to participate in the system and to make sure that money actually gets to the child rather than the state. It has also been seen as a way of targeting funding on children to ensure that we can lift them out of poverty. But as the Secretary of State rightly said, there is a counter-argument, which is that the disregard could end up providing a perverse incentive to separate. Although I do not for a moment believe that money is the prime motivator for people to stay together or to separate, the harsh reality is that in some cases it does make a difference, and we should not use either our tax or our benefits system in a way that encourages family break-up.

I am disappointed that the new Secretary of State does not have more information for the House today, and that he was not able to offer to provide the information sought by the right hon. Member for Birkenhead and myself. I appreciate that it is early days, but will he look at the issue again and come back with information as quickly as possible, as it is central to the viability, the cost and the working of the scheme? The Government are asking the House to debate the fundamentals of the Bill—in the Chamber today, and in Committee—without that information. That suggests that the Government are not being as full, open and collaborative with Members as they should be, given the supposed change of tone in the Government.

[Chris Grayling]

It is also important that the Committee examine in detail the issue of self-employment. We think that the previous-year assessment basis and the disregard of income changes of up to 25 per cent. are logical for people in normal PAYE employment. But we need to understand how the Government intend to handle self-employment. I have lost count of the number of times that women have come to see me with the complaint that their former husband or partner is declaring a very low income to the CSA, but is self-employed and clearly hiding a much higher income; he may have a big house and a big car. The frustration of those women is clear; they say, "I know he's better off than he says. He's telling the CSA that he's only earning £17,000, and the CSA says it will take his word for it." That is obviously wrong and unfair.

The Secretary of State will know that while it is difficult to dodge factual information within the conventional PAYE system, there is greater flexibility for self-employed individuals to avoid the full force of the system. Will the Government explain in Committee in more detail how they intend to address the issue and tackle the potential problems that self-employment can create?

The one part of the Bill that is long on detail is the section about enforcement. I am all in favour of strong enforcement. Too many men have been able to get away without meeting payments, knowing that there is little prospect of real enforcement. The message that this sends beyond the families is potentially damaging as well. Fatherhood is, and should always be, a big personal obligation. One of the reasons for the original establishment of the Child Support Agency was to ensure that fathers lived up to their obligations, and that they understood that there was an organisation that would ensure that they could not walk away from those obligations, leaving mothers and children dependent on benefits.

That was not just for fathers at the end of a relationship, but for those who never really got into the relationship in the first place and regarded fatherhood as something transitory. Sadly, that does happen in our society. We still get high-profile cases that undermine confidence. Last year the *Metro* newspaper reported the case of a 21-year-old, Keith Macdonald, who had already fathered seven children with seven different women, running up a benefit cost of an estimated million pounds a year. Cases like that make the need for a range of sanctions to deal with the issues contained in the Bill desirable and necessary, and we support that principle.

There are issues about enforcement and the curfews. How does one enforce a curfew? The idea of withdrawing passports is a good one, but it worries me that the one bit of the Bill about which we have detail—by contrast with the other areas that we have addressed today, where there is precious little detail—is enforcement. This comes from a Government who have dined out on spin for the last decade. It is noticeable that the detail is all about things that might make a headline in the newspapers, while the important detail remains unresolved. Too many questions remain unanswered—which would of course be in no way typical of what we have experienced for the past decade under the Government. I hope that the new Secretary of State will be able to do things a little better.

I have no doubt that change is necessary. Too many women in my own constituency, and millions around the country, have been left stranded by the incompetence of the CSA in the past few years and by the Government's failure to get to grips with the problem. It is not just the women. Men, too, have found themselves caught up in the failings of the agency; not knowing quite where they stand or what they have to pay. When Ministers spend £500 million of taxpayers' money and the NAO says that things have got no better, they really have cause to be ashamed.

Mr. Frank Field: Before the hon. Gentleman finishes, will he give the House one piece of information? He has criticised the Government for making errors for 10 years, but he then says that they are bringing forward proposals for change. To what extent does he support these changes? He has made some valid points, particularly about the disregard, which is at the heart of the Bill, and about which do not have information. But will he divide the House on Second Reading? Or does he think that, on balance, the House should support the Bill, although he may come back on Report and divide the House then, if we still do not have the information?

Chris Grayling: I can assure the right hon. Gentleman and the Secretary of State that we have no intention of dividing the House this afternoon. The principles behind the Bill are worth while and it deserves to go into Committee. The right hon. Gentleman, my hon. Friend the Member for Basingstoke (Mrs. Miller) and I will have many questions to put to Ministers as the Bill goes through the House. But we all hope that this time, they have got it right, and that the change can make a difference so that in future, mothers and fathers will be able to resolve their affairs through a system that is fair, transparent and effective, and that those who step outside the rules will face proper sanctions.

The truth is that the Bill is short on detail. The changes to be made may be the ones that are needed, but too many questions remain unanswered. A lot of work needs to be done in Committee; the Government still have a lot to do. This time, they cannot afford to get it wrong. Too much rides on the Bill: the financial well-being of women around the country, and a fair deal for the men—but above all, the interests of the children, the innocent victims of relationships gone wrong. For their interests, more than any others, the Bill and the Government need to get it right.

2.49 pm

Mr. Michael Clapham (Barnsley, West and Penistone) (Lab): I welcome the new DWP team to their positions and I am sure that my right hon. Friend the Secretary of State and the Under-Secretary, my hon. Friend the Member for Warwick and Leamington (Mr. Plaskitt), will make sure that the DWP continues to play the part that it has done previously. The Bill is extremely important. The CSA became operative in 1993 following the Child Support Act 1991. By 1995, we had had the first reform, under the Conservative Government, because the system was not working as expected.

Then we had the second reform in 2000, which introduced a new calculation, but that was not implemented until 2003. Nevertheless, we did see improvements. The hon.

Member for Epsom and Ewell (Chris Grayling) mentioned the costs, but in 1995, £1.05 was spent for every £1 recouped for families. After the second reform, that changed dramatically, so there was a clear improvement in efficiency after that reform. The hon. Member for Basingstoke (Mrs. Miller) looks a little bemused at that, but the document produced by the Library includes that figure.

John Barrett (Edinburgh, West) (LD): Does the hon. Gentleman agree that collecting £1.85 for every £1 spent in doing so is not good enough?

Mr. Clapham: I accept that it is not good enough, but we have seen gradual improvements. When the process was examined further, it was recognised that fundamental change was needed. The former Secretary of State, now Secretary of State for Business, Enterprise and Regulatory Reform, made the point in February 2006 that the failures in the scheme clearly showed that it was not fit for purpose. He then called on Sir David Henshaw to provide a report after analysing how the scheme was operating. That was done and became the basis of the White Paper. It was recognised that a clear break with the CSA and the previous management system was necessary, and Sir David Henshaw's report made that plain.

The recommendations of the Henshaw report, together with the recommendations in the White Paper, form the basis for the Bill, which should be welcomed.

Mrs. Maria Miller: Is the hon. Gentleman happy that the clear break that he mentions will be achieved if, as is detailed in the Bill, there is a complete transfer of CSA staff, IT system and even buildings? Is that the clear break that Sir David Henshaw talked of and will the new organisation be rid of any taint of failure in the past?

Mr. Clapham: In talking about a clear break, Sir David Henshaw realised that the staff, who have worked hard—as has been recognised on both sides of the House—would continue to be used. Some of the IT systems will continue in use, but what is important is that CMEC has a role to play in advising people about consensual arrangements. Such arrangements, which will flow from the advice that CMEC gives, will considerably reduce the burden on the new organisation, which will allow it to foster a culture of efficiency, care and understanding that will result in a much improved system.

Central to CMEC will be the way in which it is able to advise people to enter into consensual arrangements. It will deal with people who previously could not enter into arrangements because of the benefits that they were drawing down. The new Bill proposes that people on benefits should be able to enter into arrangements. Some two fifths of people who receive benefit would like to enter into a consensual arrangement on maintenance with their absent partner, so we will see many more such arrangements, which will relieve the burden on the organisation. So although it will use the same IT systems and the same—experienced and hard working—staff, the new culture will ensure that the organisation can focus and deliver, in a way that the CSA did not.

Mr. Frank Field: I wish to emphasise the importance of the point that my hon. Friend makes. In the past 10 years, we have had two big experiments, one of which was tax credits, which were sparkly and new, and taken into a different Department. However, a fair amount of chaos resulted and continues to result. Another benefit called pension credit was run by the DWP and on the old IT system and with the existing staff, but I have never had a complaint about it. While it sounds good to say that we should have a spanking new system, there can be dangers in starting from scratch, so I agree with my hon. Friend. There is a huge amount of goodwill with the staff already in the system and it would be foolish to destroy that for the sake of a press release on the creation of the new agency.

Mr. Clapham: I am grateful to my right hon. Friend for that comment, which will have been heard by the Opposition. They will be able to take from that the point that taking older systems and driving them with a new culture can actually deliver.

Mr. Hain: I am grateful to my hon. Friend for the interest that he is taking, and I agree with him and my right hon. Friend the Member for Birkenhead (Mr. Field). Just setting up a shiny new organisation with a new building and a new set of people will not achieve what we want to achieve. I wish to reassure my hon. Friend—who rightly takes a great interest in such matters, as do I—that the new staff will have full trade union rights and retain their pension rights and conditions of service. That will enhance confidence among the staff that they can deliver the challenging task that the Bill sets them.

Mr. Clapham: I am grateful to my right hon. Friend for that information. The very fact that trade union rights will be underpinned will, alongside continuity of salaries and no redundancies, contribute to a staff who are committed to ensuring that they deliver a service of the standard that their clients wish to see.

The main aim of the Bill is to tackle child poverty, and the disregard makes that a possibility. My right hon. Friend the Secretary of State suggested that the change to the disregard could mean that 100,000 children would be lifted out of poverty, and that would be a major step forward. People will enter into consensual arrangements, but we should bear in mind that that could cause difficulties. Women who have parted from their husbands or partners because of domestic violence could find that pressure is put on them to come to an arrangement that is not as suitable for them as it might be. We need to keep an eye on that. I hope that the Secretary of State and his staff will do that, as it is an important matter.

Parents will get advice, but how will it be made available? We must make sure that there are people who can explain the advice being given to couples thinking about entering into an arrangement. The service must be cost-effective and professional, and seen to be so.

Mrs. Maria Miller: I thank the hon. Gentleman for giving way again. He is right to say that private agreements will play an important part in driving the culture change, but does he share my disappointment that the Bill does not contain more detail about how CMEC will fulfil its role?

Mr. Clapham: I hope that we will be able to get the details of how CMEC will do its work when we discuss the Bill in Committee. I have no doubt that the hon. Lady will play her part in ensuring that we do.

This is a Bill for families. It is focused on children, and I think that it will bring many improvements. It is due to be in full operation by 2013, and I expect it to give families a chance to ensure that they have an income that will support their lifestyles.

The Government deserve congratulation on part 4 of the Bill, which deals with the payments made to sufferers of mesothelioma cancer. At present, they can claim industrial injuries disablement benefit, and the Government should be praised for ending the dual system that used to be in force. Under it, a person diagnosed with mesothelioma cancer by a hospital consultant then had to see the DWP doctor for an endorsement of that diagnosis before being able to draw the benefit. Now, the consultant's report on a person diagnosed with mesothelioma cancer is used as the basis for the payment of industrial injuries disablement benefit, which is paid at 100 per cent. That has been a great step forward.

Alternatively, the benefit could be claimed as a result of an action for civil damages under the common law. Where such an action has not been possible, a sufferer has been able to make a claim for payment under the Pneumoconiosis Etc. (Workers' Compensation) Act 1979. That legislation was brought in originally to deal with problems suffered by slate quarrymen, but up to now payments have been limited by the fact that they had to be decided in the industrial sphere. That meant, for example, that a woman who developed mesothelioma cancer from the fibre on her husband's clothing was not able to claim payment under the industrial injuries disablement benefit scheme.

The Bill is a great step forward because it allows a woman in that position to make a claim under the 1979 Act. The Government have in effect provided a no-fault liability scheme for mesothelioma sufferers. Moreover, the Bill also means that another category of people—those who live near a factory where asbestos is used—will now be able to make a claim.

As I have said, the Government deserve to be congratulated, but it is important that we understand the size of the problem. The document provided by the Library makes some astounding assumptions about death rates. For example, Robin Howie, an industrial hygienist, has suggested that in the 91 years between 1929 and 2020, there are likely to be between 663,000 and 803,000 deaths in the UK caused by problems with asbestos. Mesothelioma sufferers will be part of that total, and we know that the number of diagnoses of the disease is rising. At present, there are some 1,800 or 1,900 a year, but the total is likely to continue to increase until 2015, after which it will plateau and fall away by 2050. It is clear, therefore, that an enormous number of people will die as a result of exposure to the fatal fibre that is asbestos.

We must not forget that the TUC has argued that other cancers as well as mesothelioma are caused by asbestos. We can be sure that asbestos fibre causes mesothelioma but, although the evidence is not quite as strong for other cancers, we know that 4,500 people die each year as a result of exposure to asbestos. The TUC is worried that the number of such deaths between 2000 and 2050 will be extremely high.

Peter Martin wrote an article that appeared in *The Sunday Times* magazine of 17 May 2004, in which he predicted that, in the UK alone, there would be 186,000 deaths between 2000 and 2020 as a result of exposure to asbestos. It is therefore extremely important to have a no-fault compensation scheme for people who develop mesothelioma cancer.

I look forward to the time when the compensation recovery unit is able to secure payments as a result of successful civil actions brought by people who previously claimed under the 1979 Act, as that will help us to ensure that payments under the Act will equal the payments made as a result of civil claims. They may be lower in the beginning, but I am sure that we will catch up. The average payment made under the scheme is between £6,000 and £14,000—not a lot of money, but people in the last months of their lives can use that resource to make their lives a little easier.

I very much welcome the Bill. I appreciate the changes that it makes to the system of maintenance payments, but I am most pleased by the introduction of the no-fault liability scheme for sufferers of mesothelioma cancer.

3.9 pm

Danny Alexander (Inverness, Nairn, Badenoch and Strathspey) (LD): It is a pleasure to follow the hon. Member for Barnsley, West and Penistone (Mr. Clapham) and I want to associate myself with his remarks about mesothelioma. He has worked very hard on behalf of the disease's many sufferers and he pioneered the all-party group, so he deserves great credit for the fact that the Government have brought forward the measures in part 4 of the Bill, which my party also intends to support.

I welcome the new Secretary of State to his position. He has made a good start over the past two days with two debates on two complicated issues. His predecessor is a hard act to follow. I welcome the hon. Member for Epsom and Ewell (Chris Grayling) to his position, too. We are all new in these roles. Our predecessors formed consensus when appropriate, but their exchanges were robust when that was appropriate, so I hope that both elements will continue during our periods in these positions.

I am particularly pleased that the Under-Secretary of State for Work and Pensions, the hon. Member for Warwick and Leamington (Mr. Plaskitt), retains his place in the ministerial team. He has been an assiduous Minister and, as he knows, I have had cause to be grateful to him in relation to a Child Support Agency case. His work in showing what can be achieved adds to the disappointment in the many cases where such progress is not made, but I am grateful to him for what he has done. I pay tribute to my hon. Friend the Member for Yeovil (Mr. Laws) into whose enormous shoes I step with some trepidation. His hard work and assiduousness in this portfolio mean that he is a hard act for me to follow.

There has been a particular moment of trepidation for me in relation to the debate, although it is not so much to do with the debate as with the fact that I imminently expect to receive a message that my wife is on her way to hospital to give birth to our first child,

due on Saturday. If that message arrives, my hon. Friend the Member for Edinburgh, West (John Barrett) has offered to step in to replace me.

Mr. Hain: The hon. Gentleman has my congratulations and those of the whole House on that big event. If he feels like giving me his speech and trotting off to help his wife, I shall be happy to read it afterwards. He could then get on with more important things.

Danny Alexander: I am grateful to the Secretary of State, but my wife is not yet on her way to hospital. He can rest assured that if she were I should certainly not be here—important though the debate is.

As the Secretary of State said earlier, the interests of children must be at the forefront of our minds. Whatever disadvantages they may face because of their circumstances, it is important that financial disadvantage is not added to the list. That is the context for our debate on the Bill.

The Liberal Democrats have some deep concerns about the Bill, but we welcome some of its core principles—certainly, the idea of encouraging more private arrangements in all classes of case where that is appropriate and where it can be ensured that the arrangements can be carried out consistently, especially where benefit payments are involved. The Bill frees people to make private arrangements and that is welcome. The increased focus on tackling child poverty is an important aspect—the measures are no longer simply about reducing public expenditure on claims for child maintenance.

The Liberal Democrats and the Conservatives have signed up to the Government's aspiration to abolish child poverty by 2020 and it is good that the presentation of the Bill took that aim into account. The provisions on greater effectiveness in the collection of maintenance and the enforcement of maintenance orders are important, but that approach should also apply to the Government's attitude to the £3.5 billion of outstanding arrears. That point has not yet been made today, so I hope that when the Minister winds up he will make clear the Government's plans for recovering that huge amount of historical debt. The Government's figures suggest that they regard £1.9 billion as possibly uncollectable, which is a worrying statistic. We have not yet heard from Ministers what they anticipate the CMEC's attitude will be to that debt.

The debate is not just about principles; it is, importantly, about practice. As we have seen, since the CSA was established the devil is in the detail, in particular the administration. Perhaps unlike the hon. Member for Epsom and Ewell, I approach the Bill with a certain pessimism, which is shared by at least some outside organisations. The citizens advice bureau briefing for the debate said that

"there must be major doubts about whether the Bill's proposals will in practice resolve the seemingly intransigent problems afflicting child support, which mean that only one in three children who should be benefiting from some child support are actually receiving anything".

The CAB also pointed out that the pace of reform was "disappointingly slow". As has been said, we need to consider the proposed reforms against the background of administrative failure and the huge backlog of uncleared cases in two systems—shortly to become three. The backlog is getting longer and the average time for an assessment is now 500 days.

Mr. Weir: I agree entirely. The fact that two or three systems are operating in the agency undermines confidence. Does the hon. Gentleman agree that the Government should have cut the Gordian knot and put everybody into the same system to show that there was a new fairness in child maintenance?

Danny Alexander: I thank the hon. Gentleman for that intervention. He makes an important point. The continuation of three systems will be a ball and chain on the new agency. We have heard from the Secretary of State and from the hon. Member for Barnsley, West and Penistone about the aspirations for a change of culture, but the ball and chain effect of those old systems will be a serious problem for the new agency to tackle.

There are IT problems and questions about the administrative competence of the organisation. Furthermore, when the CSA was established and again when the 2001 reforms were implemented in 2003, there was over-optimism about how quickly things could change. We have to counter those problems, especially given the fact that in the 1.4 million cases being handled by the CSA, only 455,000 of the 750,000 non-resident parents liable for maintenance actually pay anything. I am deeply concerned that the mistakes may be repeated in the new system, so I counsel the House that the reforms are doomed to failure in meeting the aspirations that have been set out unless there is a rapid change of course to address some of the administrative problems.

Both the Government and the Conservatives made the point that many of the CSA staff are hard working and have a sense of commitment. I associate myself with those remarks. A large number of the staff are trying their best in incredibly difficult circumstances, not least those imposed on them by the system—for example, the phone and IT systems. However, the Secretary of State's justified praise for many CSA staff needs to be put into the context of the Government's plans for significant staffing reductions at the agency. By March 2008, over an 18-month period, there will be a staff reduction of 20 per cent. About 2,000 staff will be taken away from the CSA at a time when I and, I hope, the whole House, would have expected a real effort to be made. To refer to the point made by the hon. Member for Angus (Mr. Weir), if we are to clear the backlog of cases and get the new agency off to a good start, such a dramatic cut in staff is completely the wrong approach.

Mr. Weir: To emphasise that point, another problem is that when people phone the CSA, they never speak to the same person twice. If we are to tackle the problems, the same officer should deal with the case from start to finish, which will not happen if staff numbers are being cut to the extent proposed for the existing CSA. I suspect the situation will be the same for the CMEC.

Danny Alexander: The hon. Gentleman may have had the same experience as I have—of the most difficult cases being referred to the office in Bolton, which I believe does not take incoming calls. There may be good reasons for that. However, it adds to the sense of frustration, particularly for Members of Parliament who are pursuing

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cases—*[Interruption.]* I see that the hon. Member for Bexleyheath and Crayford (Mr. Evennett) is echoing that sentiment.

The staff cuts are taking place against a background of poor performance and uncollected arrears. Given that, the CMEC does not look like the clean break recommended by Sir David Henshaw; it seems to be much more like a rebadging of the existing operation. It will have to manage three maintenance systems simultaneously, as well as collect past arrears. I accept the Minister's good intentions, but despite them the staffing cuts mean that the new agency risks being crippled by the problems of the old one. I hope that the Minister will address that serious point in his closing remarks.

Heroic assumptions have been made about the extent to which the Government believe that large numbers of people will shift towards making private agreements. I support the objective of making them. However, there is the context of the staff reductions and if the aspiration for a large number of new private agreements is not met, either the CMEC will be overloaded and unable to cope or huge numbers will opt out of the system, not make a private agreement and therefore have no maintenance at all. That is a serious potential backward step.

Furthermore, the CMEC will have to process up to 600,000 benefit cases, which will automatically fall off the system next year. On top of even that, there will be an extra administrative burden if large numbers of people choose to withdraw their cases under the old system and reapply under the new—and the hon. Member for Angus suggested that many would. That is the context that leaves me pessimistic.

I come to some of the specific elements of the Bill. I have said that the Liberal Democrats support the aspiration for private arrangements. However, the Bill does not make obvious how the Government expect large numbers of people to come to their own private arrangements. As I said, there is a risk that many will end up with no maintenance arrangement at all. Meanwhile, the Government assume that there will be an enormous decline in CMEC cases; an assumption is being made that there will be large numbers of private arrangements, and administrative costs are planned to fall by £200 million a year from the current £570 million. That would be a huge contraction in the budget. Clearly, if the reforms were successful both sides of the House would expect a reduction in the amount of money needed to run the system. However, to plan ahead to cut the budget before we have seen how the new system is performing seems to put the cart before the horse—or perhaps that should be the other way round.

Mrs. Maria Miller: Does the hon. Gentleman share my slight concern about the difference between the numbers that we were given by the former Secretary of State on how many people the Government expect to use the new system, and the numbers that appear in the regulatory impact assessment? I recall the former Secretary of State talking about a halving of the numbers of people using the CMEC—in other words, half the number of people currently using the CSA would use the CMEC—yet the regulatory impact assessment says that there would merely be a 400,000 decline. Does the hon. Gentleman share my concern about that discrepancy?

Danny Alexander: I certainly do. I hope that that matter will be teased out in Committee. To a large extent, the underlying assumptions and the factual basis on which they are generated will determine how successful or otherwise the reforms will be.

The point about the 12-month rule has been made—particularly in the Scottish context—by my hon. Friends, who are no longer in their places. There is a concern about the rule, which means that after 12 months of a private arrangement, the people concerned will be free to opt back into the CMEC system. In some cases, that is a disincentive to private arrangements. That is especially the case in the Scottish context, where, as the Minister will know, Scots law provides for a system—not found in English law—of the registered minute of agreement, described perfectly by my hon. Friend the Member for Orkney and Shetland (Mr. Carmichael). There is a need to protect that, at least in Scotland, perhaps by extending the 12-month rule to a 48-month rule, for example. I hope that the Minister will be willing to consider that. Perhaps he could also consider the benefits of the Scottish system of registered minutes of agreement and whether that wisdom of Scots law could benefit people in England and Wales.

Mr. Weir: Will the hon. Gentleman give way again?

Danny Alexander: I shall give way one last time.

Mr. Weir: I thank the hon. Gentleman, who is very generous. There is also the point that if there were a problem, the CMEC, rather than sheriff officers or the courts, could be given the power to enforce the minute of agreement. That would short-circuit the process, and that is where we are all trying to get to.

Danny Alexander: The hon. Gentleman makes a good point. In the current legal position, I suspect that empowering the CMEC to enforce the agreements would involve a provision in each individual agreement. However, there are plenty of solicitors around who could make such an arrangement work.

The basis of the Government's approach to private agreements is the advice system that will be put in place. It is essential that there should be good quality advice, particularly face-to-face advice. Earlier, the Secretary of State said that he expected the CMEC to be the principal dispensary of such advice, although he said that function would not be exclusive to the new organisation. I note that in its excellent report, the Select Committee recommended a degree of separation between the CMEC and the advice function, not least because if the CMEC takes tough powers, people might be dissuaded from going to it for advice. Going to a neutral third party, such as a citizens advice bureau or another organisation of the sort mentioned by the Secretary of State, might be much better. It is important to ensure that the advice networks used for that purpose are properly funded and set up. Again, we need a clear statement from the Government about how they wish to establish such advice networks.

There has already been a debate about the maintenance disregard. I share the Government's view that the £10 figure is too low and should be raised. I do not accept the objections to that, which have been

raised in this debate. Clearly, there has to be a cap at some level and I hope that, before the Committee stage, the Minister will be able to make that level clear. It has to be there to prevent abuse. However, there is also a question of timing. The current plan is that the higher disregard will not be introduced until 2011, but existing benefit claimants will be expected to reapply under the new system, or opt out with a private arrangement, in 2008. That means that the existing £10 disregard will apply in those circumstances. I am concerned that not applying the higher disregard at the same time as benefit claimants are told to reapply will result in a disincentive for those who need to reapply, because they will not feel that they will get any major financial benefit. The timings should be the same.

The new assessment process will be based on income from the previous year. I welcome that fact that the Minister has taken on board the view that data from Revenue and Customs should be used for that purpose. That is a good start. The Liberal Democrats are of the view that that agency should also be responsible for collection, and I shall return to that point later. I hope that that point will be investigated before anything is settled on. None the less, the information will still be one or two years out of date and there will be an administrative burden of annual reassessment.

There is also a real concern about the percentage figures that the Government are recommending in respect of fluctuations of income before a reassessment is made—they are talking about a 25 per cent. fall in income or a 25 per cent. rise. The organisation Resolution, which specialises in such matters, has pointed out an example of a case in which a 24 per cent. fall in the income of the non-resident parent could lead to a rise in the amount of maintenance that they pay, from 29.2 per cent. of their income to 42.4 per cent., without, at the moment, any right of appeal.

I hope that the Minister will consider having an asymmetric rule to ensure that the figure that would trigger reassessment would be lower for a fall than a rise. Perhaps we could be talking about cases in which the non-resident parent has a fall in income of, say, 10 per cent., but there could be discussion of the figure. Clearly, the smaller the figure, the greater the administrative burden. However, in the case of a fall in NRP income, there is a strong case for having a lower figure and therefore an asymmetric rule.

The Government also propose to raise the minimum weekly payment in benefit cases from £5 a week to £7—a 40 per cent. rise. I have some doubts about the fairness of that proposal against the general background of the low level of benefits and the upratings that we have seen in recent years. If such a change is to be introduced, it should be done only in the context of a wholesale review of the adequacy of the benefits system. We have to bear in mind that a young person on jobseeker's allowance may be on only £45 a week, so that increase could well have a substantial impact on their standard of living. I hope that the Minister can deal with that important point of detail.

We are deeply sceptical about the proposals to allow the new agency to charge for its services. Previous powers that have been available have not been used and they should not be used now. They will be a disincentive to use the system. There may well be a case in future for charging in cases of non-compliance as an incentive for the non-compliant person—usually the non-resident parent—to pay. However, in the general run-of-the-mill cases, charging for the services of the CMEC sends a bad signal.

We would prefer HMRC to be responsible for collection. The use of HMRC data raises the question of why a new agency is needed at all. HMRC already collects our taxes and has systems for making calculations—for example, those used in tax credits. We need to know why the Government feel the need for an additional layer of bureaucracy. Why not let HMRC collect the money that absent parents should be paying for their children? That would be quicker, fairer and simpler. *[Interruption.]* Judging from the expectoration on the Labour Benches, I think that the hon. Member for South Derbyshire (Mr. Todd) wishes to intervene, and I am happy to give him his opportunity.

Mr. Mark Todd (South Derbyshire) (Lab): That resounding vote of confidence in HMRC's abilities to handle the collection and sharing out of money to our citizens is deeply encouraging. Obviously, the hon. Gentleman's experience of tax credits is far more positive than mine. Would he care to set out the context of his recommendation?

Danny Alexander: I am grateful for that intervention. My experience of HMRC in relation to the paying out of money under the tax credit system is not good, but my experience of HMRC in relation to the collection of money through the tax system is very good.

Mr. Evennett: Ruthless.

Danny Alexander: It is ruthless, as the hon. Gentleman says. On that basis, the idea has serious merit and should be considered and debated.

Jeremy Wright: Does the hon. Gentleman agree that another concern about the involvement of HMRC is that expressed by a number of voluntary bodies, who have no doubt been in contact with him as well—namely, that HMRC will store its information in several different places? It is important that that information is co-ordinated so that it can be passed on to the CMEC and used for the purposes set out in the Bill. Does he share that concern?

Danny Alexander: The hon. Gentleman makes an interesting and important point. It might help to support the argument that I have just made, despite the objections of the hon. Member for South Derbyshire.

It is also important to make sure that the maintenance, once collected by the CMEC, is passed on. In my constituency—I am sure that other hon. Members have had this experience—there are a large number of cases in which maintenance is collected by the Child Support Agency, as it currently is, but little or nothing is received by the parent with care. Sometimes the money seems to sit with the CSA and is not passed on. We need to make sure that there are mechanisms for passing the money on.

There is no question in my mind but that enforcement needs to be stronger and much more of a priority. I know that the Minister is taking that seriously. He has expressed that view to me in private. The lack of

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commitment to enforcement has been one of the great failures of the Child Support Agency. In that respect, the Bill is a mixture of good ideas and gimmicks. The proposal to name and shame on the internet is an utterly pointless gimmick.

When the Secretary of State raised the question of curfews, I was not sure whether he was rowing back slightly from what was previously proposed. I am dubious about the effectiveness of the measures. On the other hand, there is quite a lot of international experience to suggest that the proposals on passports and, in particular, driving licences can be highly effective. Having those powers in important. There is anecdotal evidence from the United States, for example, that when driving licences are threatened, long queues form the following day at the office where maintenance is paid. That is an important point.

Mr. Todd: The hon. Gentleman is being generous with his time, but the Chamber is fairly empty. Perhaps his speech is a vehicle for hon. Members to make a few points.

Surely one of the tests of the Bill will be whether it deals with the most obvious dodges and wheezes that people use to handle their liabilities to the CSA. Such elements as self-employment, running one's own business and operating in a small company in which one knows the proprietor extremely well are critical, as is the actual mechanism of collecting money after an assessment has been made. Does the hon. Gentleman think that the Bill will address some of the naked abuses that constituency MPs see all too often?

Danny Alexander: The hon. Gentleman makes an important point. Some abuses are obvious, and sometimes the parent in care has evidence to show that she—it is most often she, but not always—believes that dodges or wheezes are being carried out. I do not intend to repeat the good points that have been made about self-employment. I am not completely convinced that the Bill gets the balance right on these matters, but several of its additional proposals on enforcement will help to deal with the problems that the hon. Gentleman identifies. For example, there will be a power to seize money directly from bank accounts. However, I wonder why there is no power to seize property.

A strong system of appeal is needed, whether through the courts or otherwise, that is easy to access and understand. The Bill takes a slightly inconsistent approach because there will be an administrative right of appeal in some cases, while the Government intend to use the courts for others. More consistency would be useful. I have mentioned the competence of the CSA. We will encounter problems unless the new organisation has improved competence. The greater the administrative competence of that organisation, the greater the justification for giving it administrative powers. However, the greater its incompetence and the likelihood of incorrect calculations being made, the more important it will be to have court-based legal safeguards or a clear appeals process. We will make that point strongly in Committee.

It is utterly shameful that £3.5 billion of outstanding debt remains uncollected. If that debt is written off, the people who have been treated the worst will also get the worst outcome. None of the debt should be written off unless it is specifically found to be uncollectable, rather than statistically determined to be uncollectable, or a parent with care has agreed to a lower figure. More action is needed to collect the arrears and compensation should be paid if the CSA's negligence has contributed to a non-payment.

We will need more scrutiny of the operations of the future CMEC. The Social Security Advisory Committee might well be in a position to carry out such a role, as it does for other aspects of the benefits system. I hope that such a provision will be added to the Bill. Likewise, the CMEC must account in detail in its annual report for its performance on collecting arrears and enforcing debt recovery.

We need a child support system that works for those who matter most—the children of the families affected. Despite the many serious flaws in the Bill, I hope that it will proceed to Committee and that the Government will have an open mind about improving it. If they do not, however, we will not hesitate to vote against it on Third Reading.

3.38 pm

Mr. David Evennett (Bexleyheath and Crayford) (Con): I am delighted to follow the hon. Member for Inverness, Nairn, Badenoch and Strathspey (Danny Alexander). I wish him and his wife well for their forthcoming event and hope that that all goes extremely well.

I am pleased to participate in this important debate. Since I returned to the House in May 2005, hundreds of my constituents have visited my constituency surgery, or contacted me by post and e-mail, to comment on and complain about the Child Support Agency, which has been one of the biggest issues in Bexleyheath and Crayford. The problems have been many and varied, and they have often had severe consequences for the people concerned. Bureaucracy and inefficiency have caused my constituents frustration and worse. There have been many failings under the existing system, while bureaucracy and unfairness have caused considerable distress.

We are all concerned about child poverty; even today, many children in Britain suffer deprivation, and that is unacceptable. Obviously, we want to make sure that children are not deprived of the resources that are necessary if they are to develop and grow satisfactorily. Of course, we also need to consider the taxpayers' interests and the issue of fairness. I was interested to hear the Secretary of State's measured speech, and I agreed with the broad thrust of his remarks. The Bill is generally to be welcomed, and I am broadly supportive of it. My Front-Bench colleague, my hon. Friend the Member for Epsom and Ewell (Chris Grayling), highlighted the issues extremely well in his excellent speech. He mentioned the aspects that we support, but he also raised issues of concern. Most importantly, he and the hon. Member for Inverness, Nairn, Badenoch and Strathspey (Danny Alexander), who spoke for the Liberal Democrats, asked whether the Government's aim is attainable through the Bill. Will it work, or is the new body just the CSA mark 3?

There are still real concerns about the Bill. The Secretary of State talked about change as if his party had not been responsible for the CSA for the past 10

years, and for the problems that occurred. Our concern is that the Bill has been presented as a radical reform, but as currently drafted it promises the same people, the same buildings, and—I do not know—perhaps the same computer system. There is very little detail on how the measures will deliver the culture of change that we need, and the change to child maintenance that the Government promised.

I was in the House in the 1990s when the CSA was established. I was supportive of action and hopeful of success in dealing with the problems that it was set up to solve. I was a supporter in principle, and remain a supporter of the founding principles. Regrettably, the CSA did not get off to a smooth or effective start. It suffered a loss of popular confidence at the very beginning, and it never regained the confidence of the people who depended on it. That has been a matter for regret over the years. As I said in an intervention on my hon. Friend the Member for Epsom and Ewell, there have been improvements, and we welcome that, but regrettably there are still huge areas of failure. That is not to be critical of the staff; they are working hard and are doing their very best, but that is no good as an answer to our constituents, who experience problems that include constantly getting letters that say different things, failing to get through on the telephone, and failing to get satisfaction. That is why it is so important that we discuss and debate the issue in detail this afternoon.

I want to highlight a number of problems that my constituents have experienced. The first relates to compliance. Statistics for my constituency show that partial or non-compliance seems to be going up, and that is worrying; full compliance is down considerably. Some people—men, particularly—are just not taking responsibility for their children, and that is totally unacceptable. All of us in the House are in agreement on that. It is not a party-political issue; we are just discussing how we can improve the situation. We want to be constructive. We want to make sure that the Bill is improved, and we want to make sure that when it reaches the statute book, it will determine successful outcomes for applications.

I must raise the case of one of my constituents, and I would particularly like to draw it to the attention of my hon. Friend the Member for Basingstoke (Mrs. Miller) on our Front Bench, who will wind up for us. My constituent signed over the equity in his house when his relationship broke up, and he then went on to have another family. The partner who had taken the equity had no wish to accept any more maintenance, but the CSA did not take the equity in the house into account, so the man had to continue to pay, and had considerable financial difficulties. The CSA seemed unable to deal with a situation in which there was a voluntary agreement, and in which the parties wanted no further involvement with the CSA.

The main problem has been administration. Constituents have come to my surgery with letters, sometimes written on the same date, saying completely different things. People who have the responsibility of bringing up children, which is difficult enough in today's society, do not need the additional problem of getting three letters from the same organisation which say three different things at the same time. I hope that when the new commission is set up, it will be much more robust and efficient, so that the distress and hardship caused to people who are already subject to considerable pressure is not exacerbated, and they are helped.

The principle underlying the CSA was to help children out of poverty and to help mothers with responsibility for children to fulfil their responsibility without worrying about extra money. I was fortunate—my wife and I were together, yet we found that even with two parents, children were difficult to bring up. With only one parent, it is extremely tough. We want the new system to deal with the problems effectively.

Sometimes the bureaucratic problem is the failure to get through on the phone or to get any answer at all. That causes considerable frustration.

Danny Alexander: The hon. Gentleman is making an important point. One of the problems that our constituents often have in their dealings with the CSA is its lack of responsiveness. There is a system within the CSA for allocating the most difficult cases to the clerical office in Bolton. Has he had the same experience as I have with the office not taking incoming calls? Even by contacting the excellent MP hotline at the CSA, it is impossible to get information back without hugely delaying the case further as it is being dealt with at Bolton, because we cannot get hold of staff directly ourselves.

Mr. Evennett: The hon. Gentleman makes a fair point. My office has had similar experience. The nub of the issue is to improve communications and get results.

As I understood it from the Secretary of State, there is to be a new ethos and better administration. I am a little concerned that that will take a long time. I follow the points made by the hon. Member for Inverness, Nairn, Badenoch and Strathspey about phasing in. We all know that IT systems are temperamental, but the IT system at the CSA has been a disaster. I have recently seen examples of payments being calculated quite unreasonably. Even when men have presented the information from their wage packets or salary, the calculations have been wrong because of IT problems. That aspect of the new set-up must be examined closely.

I welcome the income disregard. That is a positive feature of the measure because it addresses difficulties that have arisen in the past. I am very keen on private arrangements between people to fulfil their responsibilities towards their children if the relationship breaks up or has never got started. An amicable settlement must be best for everybody concerned. Regrettably, that is not always possible, as we have heard from the cases described this afternoon, and an agency is required to help out. The more private arrangements we can encourage, the better, but we will always need a failsafe, even for those who have had private arrangements, when things go wrong.

Mr. Todd: One of the tests of the legislation will undoubtedly be the proportion of cases that can be dealt with outside the state's intervention. I have found, as I am sure have other hon. Members, that the mere involvement of the state has often exacerbated the problem. The frustrations of dealing with the CSA and the antagonisms of producing detailed assessments and arguing over them make the situation worse. The

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further we can get the state to withdraw, except in extremis where it is required, the better it will be.

Mr. Evennett: I endorse that. It encapsulates my passionate belief that there is a place for the state, but where arrangements can be made privately, it is essential that we should encourage that and help to make it happen.

Child maintenance is obviously a critical factor in supporting child welfare, and our children deserve the best. I shall not go through the facts and figures because they are well known and on the public record. Children are our future and we must do all that we can to ensure that they are helped, and child maintenance is pivotal in alleviating child poverty. We have already heard about various reports, and Lisa Harker's report "Delivering on child poverty" points out that 42 per cent. of children in poverty are living in lone-parent families, and that maintenance ought to play a major part in reducing child poverty. That is absolutely the case, and that is why we are looking at the matter so seriously this afternoon.

I welcome the Bill, and I hope that it will take the necessary steps to address the real problems of families under today's system. But as many hon. Members have said, the devil is in the detail and in the implementation. We support the two founding principles—to ensure that children receive a proper and fair maintenance payment, and that there is fairness for the taxpayer. I look forward to seeing how the Bill is developed in Committee, I hope making it a slightly better Bill. But at this stage, I think that it has qualified support and we look forward to future developments.

DEFERRED DIVISION

Mr. Deputy Speaker (Sir Michael Lord): I now have to announce the result of the deferred Division on the motion relating to the European global navigation satellite system.

The Ayes were 318, the Noes were 141, so the motion was agreed to.

[The Division Lists are published at the end of today's debates.]

Child Maintenance and Other Payments Bill

Question again proposed, That the Bill be now read a Second time.

3.52 pm

Jeremy Wright (Rugby and Kenilworth) (Con): I begin, as the Under-Secretary of State for Work and Pensions, the hon. Member for Warwick and Leamington (Mr. Plaskitt), re-enters the Chamber, by welcoming him to his old job this afternoon. He has been involved with the preliminary reforms of the CSA, and I am pleased that he will be able to carry forward further reform. I also want to join in the consensus that there has been across the House in agreeing that that reform was absolutely necessary, and that we could not simply proceed with the situation that we were in, with a failing agency that was not doing the job that it needed to do for a variety of families and children in our society.

I welcome the Bill's general thrust towards encouraging more voluntary maintenance agreements. Other hon. Members have spoken on this, and it is important to say that this is the way in which we should wish to encourage parents to resolve child maintenance issues. If the state does not have to be involved, it should not be.

It is important also that we encourage those voluntary maintenance agreements in whatever context we can. It is worth remembering that a number of parents who are separating will be in the process of forming their arrangements at or near courts. Not every separating couple find themselves at court, but many do, so it is sensible to encourage parents who are at court in any event, resolving a number of other aspects in their lives and for the future of their children, if possible to resolve also the financial aspects of child maintenance while they are in a frame of mind to discuss the future, and if possible, being represented. That is not to say that I advocate going back to the old days where all these matters were resolved by the courts; I do not advocate that, but it would be helpful for those parents already involved with the courts system to be encouraged to engage with a voluntary procedure while they are in that context.

As the right hon. Member for Birkenhead (Mr. Field) said, the reality is, whether we like it or not, that in the minds of many parents the issues of access and contact are inextricably bound up with those of financial support. Although it would be wrong for anyone to advocate that we should have a system in which it appeared that access or contact was being bought by financial support, it is also important to recognise that the two issues are connected in the minds of many parents. It is crucial to have a system in which we avoid a situation whereby financial support and contact are put in place in such a way that one can be used in a weapon in the battle over the other. I hope that if we move towards voluntary maintenance agreements, with flexibility in terms of how they can be implemented, we can avoid that situation in as many cases as possible.

We in this House may say that voluntary maintenance agreements are the way forward and tell parents to get on and make them, but even with a

broad measure of cross-party support, it is not as simple as that. We must recognise that in many cases there is a significant imbalance between the two parents in terms of how able they feel to negotiate, to argue their case, and to ensure that at the end of a voluntary negotiation process a fair settlement is reached which benefits the children. I entirely agree that that is our foremost priority. However, because of that potential imbalance in power, it does not necessarily follow that without some assistance parents will end up in a situation whereby the children benefit from such an agreement.

We have heard about the need for advice and support, which is vital. With that advice and support, we can have confidence, in the vast majority of cases, that a voluntary maintenance agreement is the way forward. I very much support the thrust of the Bill in that sense. However, that advice and support should almost certainly not come, at least directly, from the new agency, CMEC. We must have a system in which even if, as the Bill suggests, CMEC will have the responsibility of commissioning advice and support, there is some distance between it and those delivering advice and support to families. Mediation is always a better way of resolving such situations than resorting to the state through the CSA, CMEC or any other agency, or through the courts. If it can be done by voluntary agreement, it should be. It is vital that parents who are considering an agreement are not deterred from engaging in that process because they think—they may well be wrong—that if they were to go to CMEC, engage in an open discussion of their situation, and volunteer information as to their circumstances, CMEC would use that information against one party or another, in a more enforcement-related process, if the agreement broke down at a later date.

That is not the same as saying that CMEC should not be there in cases where voluntary maintenance agreements broke down. However, it is vital that advice and support come not directly from CMEC but from other agencies that are more trusted in environments where they are relied upon to give impartial advice. That requires far greater involvement of the voluntary sector and many more organisations being involved in the process. Of course, they will require adequate financial support to do that job; I recognise that there will be financial implications. However, if we are to avoid the longer-term expenditure involved in agreements breaking down and CMEC becoming involved in a way that we would not wish it to, it is worth that initial expenditure.

Let me return to the point about encouraging voluntary agreements and what CMEC can do in that regard. It is important that it should be able to support those arrangements by standing behind them. Several hon. Members—initially my hon. Friend the Member for Weston-super-Mare (John Penrose)—made the point that there is a big difference between CMEC being enabled to enforce a voluntary agreement and enabled to take an application from square one from a family whose voluntary maintenance agreement has broken down.

There is little incentive to engage in the voluntary maintenance agreement process for someone who thinks that all the hard work will come to nothing if the agreement breaks down. We should have a system that allows CMEC to take on part of the process whereby the agreement was reached, and provides for enforcement at least partly on that basis. Although the agreement would not remain voluntary, such a system would not only reduce CMEC's work load, and therefore its expense—an eminently desirable aim—but make families more likely to engage in the voluntary agreement process.

Voluntary agreements are not only good for the families, although that is the most important consideration, but if more separating couples reach a such an agreement, it will leave CMEC much freer to spend more time on the difficult, complex and irreconcilable cases, which require a great deal of time and effort to resolve the situation or, if necessary, to pursue errant partners who are not prepared to fulfil their financial responsibilities.

When we consider the rest of the Bill and all the powers that CMEC can exercise, it is important to acknowledge that, as I said in an intervention on my hon. Friend the Member for Epsom and Ewell (Chris Grayling), providing the powers is only half the story. The other half is ensuring that the commission can exercise them. It needs the time, personnel and resources to exercise them, or having them in the Bill will do no family any good.

I should be grateful for clarification of a specific point, which the Secretary of State may have covered but about which I was not clear. The Bill grants four specific powers to CMEC when a partner does not provide financial assistance and the commission cannot persuade that person to do so. At the top of the scale is imprisonment, followed by a curfew, deprivation of a driving licence and deprivation of a passport. The Bill appears to say that CMEC can make the order directly for deprivation of a passport. In the case of the other three, CMEC must go to court to obtain an order. It would be helpful if the Under-Secretary explained the logic behind that discrepancy.

As I said, I may have heard the Secretary of State confirm that the court should be the deciding agency for all four powers. However, if that is not the case, I should be grateful for an explanation. It gives me some cause for concern, because all four appear to be fairly significant punitive powers for the court and, in one case, the commission. I believe that they should all be exercised through a court-related process rather than directly on the commission's application and decision.

It is entirely sensible that the new commission should have the power, when appropriate, to examine the financial circumstances of cases that have been outstanding for some time and decide that it would make sense to accept a lesser figure than the total outstanding arrears. However, I would like reassurance that, if the commission is prepared to make that sort of decision, it will not do so without involving the parent with care. It would be wrong of the commission to appear to make decisions for administrative convenience without the agreement of the parent with care, who will suffer the financial burden of the full amount not being collected. Although I acknowledge the good sense of having such a power available, I would be grateful for reassurance that, when it is used, the parent with care will be fully involved and invited to give consent to the action before it is taken.

For all of us who have experienced many constituency cases in which the CSA has not done the job that we would wish it to do—and that its staff wish that they could have done—the reason is often that,

[Jeremy Wright]

despite detailed, accurate and extensive information from the parent with care about the non-resident parent who is absent and has either disappeared off the face of the earth or been found, the latter's income is not accurately reassessed to ensure that the appropriate amounts are being paid.

If we are all to assure our constituents that CMEC will do a better job than the CSA, we need not only to demonstrate to them that the Bill provides the new commission with more powers to do the things that they want it to, but to ensure that when they call CMEC—hopefully, they will be able to get through on the phone—to communicate information, which is often verified independently rather than simply on their say-so, action will be taken in response to it. The powers in the Bill must be used when constituents have provided the requisite information.

In common with other hon. Members, I give the Bill a qualified welcome. Some matters within it need clarification. It is regrettable when, as so often, a great deal of the important nuts and bolts of legislation are dealt with through regulation after the fact. It would be helpful if we heard further detail from the Minister in Committee about how the regulations can be expected to operate. Be that as it may, and even if we can resolve all the issues relating to the wording and associated regulations, we will still want some reassurance that the mechanisms and set-up at CMEC will allow it to be rather more effective than its predecessor.

4.7 pm

Hywel Williams (Caernarfon) (PC): May I begin by welcoming the Front-Bench speakers to their respective posts? I have to say that because, as my hon. Friend the Member for Angus (Mr. Weir) reminded me, we are old lags in this matter, having laboured in pensions and benefits since we were elected in 2001. We have the scars on our backs to prove it.

I welcome the Government's intention to put the Child Support Agency out of its misery—or possibly reform it yet again. That has been long expected and long hoped for. As many others have observed, the agency that was set up long ago in the 1990s had the fundamental flaw of appearing to be a benefit-recovery agency rather than a means of ensuring that parents with care had adequate incomes or, of equal importance, that non-resident parents made a proper contribution. It is right that the responsibility is shouldered by the people who should shoulder it. Unfortunately, there is still a pressing need to improve the incomes of parents with care, particularly single parents.

Child poverty has come down, which is greatly to be welcomed. The latest figures for Wales, relating to 2004-05, show that progress has been stalled—momentarily, one hopes. According to Save the Children, about 28 per cent. of children in Wales—180,000 children—are still living in poverty. Many of those children live in single parent households or those where there has been a divorce. If we want to achieve or even better the Government's target of halving child poverty by 2010 or of eradicating it by 2020, we need to take great strides. I hope that the Bill will go some way in that direction. In that respect, I certainly wish it well.

Every hon. Member will have their own tales of woe arising from the current arrangements. Many of mine are due to the nature of the local economy. As has already been pointed out, problems often arise when people are self-employed. The private economy of my constituency is overwhelmingly made up of self-employed sole traders or partnerships where the financial arrangements are not always very clear. To be frank, they are easily hidden.

Some cases are very straightforward—I shall not go into the detail of all my constituency cases—and some inexplicable in small communities. In one recent case, a mother asked me how it was that the father—he is a builder—was able to build a new house with his new partner and drive around in a new 4x4, while paying nothing off his arrears. Without the proper information, the CSA was apparently powerless to help. In another case, a father wants to migrate to the new mark 2 system, but the CSA says that he cannot. He fears that he might have to default, although in the past he has always fully co-operated with the CSA.

One danger that must be guarded against is the new agency simply reaching for the low-hanging fruit. In the past, there has been a danger that the obvious cases—the people who co-operate and who are prepared to provide financial information—are addressed, while the classic example of the man who has run away to work on the rigs is never pursued, because it is a good deal easier to tick the box and meet the target by reaching for the low-hanging fruit instead.

Earlier, my hon. Friend the Member for Angus and I were quietly discussing whether all the old cases would eventually migrate to the new system, or whether we would have three systems running at the same time. The latter could be a recipe not only for great difficulty but for strong feelings among those who felt disadvantaged by not being able to move to the new system.

We have all seen extremely complicated cases, and I am slightly reluctant to go into this one, but I want to give the House an idea of the measure of complexity that can be involved. A disabled father, a constituent of mine, is unable to take his disabled son overnight because of the son's disruptive behaviour. The parents have therefore agreed that that should not happen, but the mother is on benefit, so the CSA has said that the father has to make payments. They have no choice; that is the administrative law. The father claims that he cannot afford to pay, because of a loss of income arising from his disability, and he says that he will have to give up his work. There is an element of tragedy in this case, because the parents are co-operating to the best of their ability, but this man, who has a disability but is managing to struggle on, will have to give up work.

I do not want to go into too many cases, but another pertinent one involves the growing trend towards 50:50 shared care. How will the agency deal with such situations? Some parents will be able to organise such arrangements in an amicable way, and that is all well and good. However, there have also been a great many disputes, and they are often expressed in terms of money. We must be careful when addressing the point made by the right hon. Member for Birkenhead (Mr. Field), when he appeared to suggest that access might be linked to

payments. That would be a dangerous route to travel, and we must think carefully before we head in that direction.

I have referred to some of the problems relating to the CSA, but I do not blame the staff in any way. They have always been courteous and done their best, as far as I am concerned. I want to pay tribute to them and, in particular, to the Welsh language unit, which is based in Birkenhead. On a lighter note, I suggest that hon. Members take on Welsh-speaking case workers, because it is very easy to get through to the Welsh language unit, which provides a Rolls-Royce service. I commend that course of action to the House. On a serious note, the position of the staff in the new agency must be protected and safeguarded, because I know that the CSA has had some concerns in that regard.

Members of the Scottish National party and I welcome the principles of the Bill, including the new responsibilities for both parents—I emphasise both. I have always been uneasy with the present arrangement in which the father's responsibility is almost always expressed in monetary terms, as though all that the father needed to do was pay the money. That has not led to good parenting in many cases, and we need to move towards encouraging good parenting by the system and by the state.

If the hon. Member for Nottingham, North (Mr. Allen) were here now, I am sure that he would be on his feet extolling the virtues of working with parents to improve the quality of their parenting. Unfortunately, I fear that because of the way in which the system has worked we have produced a generation of children who have seen parental relationships and responsibilities reduced to vicious squabbles over money, and who might now believe that that is all it was about. I fear that some of that process of degeneration has been fuelled by the present system, and I certainly hope that the new arrangements will be part of the solution.

Andrew Selous (South-West Bedfordshire) (Con): Is the hon. Gentleman aware of the Australian CSA practice of helping long-distance parenting, whereby the non-resident parent can maintain their tremendously important bond with their child while paying maintenance? Does he think that it might be useful for CMEC to go down that route?

Hywel Williams: I thank the hon. Gentleman for making that point, and I certainly hope that CMEC will provide an active and creative advice service, rather than one that is simply concerned with the nuts and bolts of money. Many parents live at opposite ends of the country, but there are many ways in which that can be addressed. For example, long-distance computer communication via e-mail should be considered as a means of ensuring that the relationship between the parent who does not have care and the child is maintained.

Like other Members who have spoken, I am very much in favour of parents reaching voluntary agreements without going through CMEC. Citizens advice bureaux, Cymorth I Fenywod—Women's Aid in Wales—and End Child Poverty Network Cymru point out that we must take seriously the danger of non-resident fathers in particular taking the opportunity to pressure their former partners not to resort to advice and guidance from the new agency and to steer clear of CMEC. Some women may have been in abusive relationships and still be under physical and emotional pressure from their former partners. We must guard against that possible unintended consequence.

I want advice and guidance to be available as locally as possible. Parents going through a divorce might not be in a position to travel tens or even hundreds of miles to seek advice from the agency. I represent a rural area and I am unconvinced that the matter is being taken seriously enough. Government offices have been closed in my area, and services have been moved 70 or 80 miles to towns such as Wrexham. A long-distance computer camera system is being installed in the west of my constituency to deal with the new passport system. I do not want to pursue that point, but I hope that the advice service will be provided as locally as possible.

I am also concerned that the intention to use gross earnings for one year might not enable CMEC to take into account variations in earnings throughout the year, which can have disastrous effects on parents' incomes. Many of my constituents work in the holiday industry and make little money in the winter and quite a lot in the summer. In the past, that affected the dates when people applied for disability living allowance or attendance allowance. Ice-cream salesmen would apply for attendance allowance in February, when their incomes were low. There are also huge variations in the incomes of others who are self-employed.

Let me briefly return to my concern about split care—the 50:50 situation that I alluded to earlier—which can complicate otherwise straightforward arrangements. I came across one case in which people literally counted the days: they worked out how many nights the child had stayed for, and when the total came to half of 365—my arithmetic does not extend that far—the parent with care changed. I do not want us to go down that route, where parents look not at the quality of care but whether distortions might cost them hundreds or thousands of pounds.

My hon. Friend the Member for Angus is anxious that I raise a point about fee charging. The Law Society in Scotland has suggested that the ability to charge fees might be postponed until the standard of service reaches a certain level. It is saying that, if we take the view that the CSA's service has not been acceptable, let us wait and see how the new body performs before we start charging for a service that might not be fully up to standard.

The Bill is not a perfect solution by any means—there will never be a perfect solution in cases where parents are splitting up; there will always be problems—and I hope that it will be improved in Committee. Perhaps the arrangements already available in Scotland, which my hon. Friend mentioned earlier, can be built on. Of course, our overriding aim must be to make sure that this time the money goes to the children.

I want to refer briefly to the mesothelioma proposals. I have some experience in this regard. Some Members might recall that the Pneumoconiosis etc. (Workers' Compensation) Act 1979 was introduced because of the difficulties experienced by some of my constituents and others in the north Wales slate industry, and in the jute industry in Dundee. The previous employers had gone bankrupt or out of business, and there was literally

[Hywel Williams]

nobody to sue. People could not sue for the compensation that they were due, and the then Government eventually stepped in and introduced the 1979 Act. I am therefore very pleased that this Government are addressing the mesothelioma issue through this Bill.

Many of the slate workers in my constituency who were exposed to the danger of slate dust went to work in the very large Ferodo factory that opened outside Caernarvon. It was part of the Turner and Newall group, and it made brake linings out of asbestos. So some of the workers who had been exposed to slate dust went to work in a factory where asbestos was being used. I am very pleased that particular arrangements have been made in respect of Turner and Newall workers—or Federal-Mogul workers, as they now are. If the hon. Member for High Peak (Tom Levitt) were here, he would doubtless want to contribute, and I pay generous tribute to his efforts on behalf of workers in his constituency and in mine. The Bill's proposals on mesothelioma are therefore very welcome.

To end on a chilling note, mesothelioma is a dreadful disease. It is very quick—people live for months only. Before I was elected, I went to a coroner's court with a widow for the results of a post mortem on her husband, which eventually proved that he did have slate dust. She eventually got compensation—but that, of course, was after he had died. I welcome the possibility that, under the new mesothelioma proposals, such people will very quickly get the compensation that they deserve.

4.23 pm

John Barrett (Edinburgh, West) (LD): This is a very serious debate. Many people have waited far too long to discover what is to replace the Child Support Agency. We have heard today about individual and more general cases involving the CSA from every Member who has spoken today—from Members in all parts of the House. We all agree that the reduction of child poverty is a key issue, but even in relatively affluent constituencies such as mine, where child poverty certainly exists in pockets, we need to provide a fair deal for those whose ex-partners have decided not to deliver on their responsibility to look after their children. Often, it is the wife who is the carer, and we must ensure that such people get a fair deal in bringing up their children.

Tackling evasive non-resident parents, particularly self-employed non-resident parents, in respect of whom there are specific problems, is also a key aspect of the Bill. The resident parent—often, it is the mother—may have worked in their ex-partner's business, particularly if it is a small business, and knows exactly what the income of her ex-partner is. When that ex-partner says that he now lives on £100 a week, receiving a very low assessment from the CSA, the resident parent will frequently say that he has bought a new car, built a new house or has a new partner, and is living fairly high on the hog. In many cases, the problem is not that the regulations are not in place, but that no action has been taking using the existing powers.

Voluntary arrangements are to be encouraged, and communication with other Government Departments is vital. I dealt with a case of a father who was telling the CSA that he had a very low income and could not possibly pay a reasonable amount to look after his children, while he was telling the Home Office how well-off he was because he wanted to sponsor a potential new wife who was coming into the country.

I agree with my hon. Friend the Member for Inverness, Nairn, Badenoch and Strathspey (Danny Alexander), who asked, "Why not use Revenue and Customs to collect the money through the taxation system?" HMRC is ruthless in the way in which it collects income tax, and it is collecting the money, not distributing it, that is usually the problem. If that could be covered using an existing department, it would be one way forward.

It is easy to forget that most parents are interested in the welfare of their children, whether or not their relationship survives—but sadly there are some who are not. People must be allowed to put a voluntary agreement in place if they can. Before I was a Member, there was a case in my constituency where a young father of two had come to a voluntary agreement with his ex-partner. He was being hounded by the CSA, and in the end, the CSA letters were found along with his documents after he had committed suicide. It is not just a question of sorting out the financial needs of families. These are often families whose entire lives are falling apart; the marriage has fallen apart, and there are financial problems and concerns about the welfare of the children.

If the new Secretary of State can deliver a solution to the victims of the CSA, he will find agreement on both sides of the House. I congratulate the right hon. Gentleman on his new position, as well as Opposition spokesmen including my Front-Bench colleague, my hon. Friend the Member for Inverness, Nairn, Badenoch and Strathspey.

I intervened on the hon. Member for Barnsley, West and Penistone (Mr. Clapham) to point out that the CSA spends approximately £1 for every £1.85 it collects. If ever we needed evidence of why it is time for a change, that is it. That is one of the worst ratios of any country in the world. The CSA long ago abandoned the new scheme's original targets of clearing applications within six weeks. The average clearance time now for new cases is close to six months.

The bottom line for any system of child support is whether the money is getting to the children. In this respect the current system has an unenviable record. In 1990, under the old court system, the typical maintenance award was in the region of £20. Fifteen years later, it is £21 per week, despite a considerable rise in the costs of bringing up children.

One issue that I shall touch on is the use of the IT system within the CSA. Some time ago, it came to my attention that the existing IT system—much maligned, with IT operators accepting the blame for being unable to transfer enough cases to the new system—was being blamed as the bottleneck holding up cases. But I was informed that the IT system was not the cause of the problem, but that those dealing with it were prepared to accept the blame because they had a number of other IT contracts with the Government.

One task for the new Secretary of State is to find out whether the IT system is really a problem, or whether EDS is well able to deliver corrections to the IT system

but cannot because it has been told that the work that a smoothly running IT system would produce would require more staff. We have heard about staff cuts in the CSA. I have visited hard-working CSA staff in their offices and seen them do their best, often while being the victims of verbal abuse on the telephone. I am not blaming the staff, and I hope that in the new system, the staff get the back-up and the IT system that they deserve, and that the mothers get the money they deserve to spend on the children, whose welfare is all-important.

There has been much talk of change and a new approach to politics this week. However, I doubt that many hon. Members will disagree with me when I say that if ever there was a policy area in which change is most urgently needed, it is the system of child support. Ten years of this Government have been accompanied by 10 years of child support chaos. We have said goodbye to a Prime Minister, but the problem of the CSA and its replacement will prove more enduring, unless the new Government take the bold steps necessary.

In my six years in this place, I have taken part in half a dozen debates on the CSA and I have needed to trigger such debates in Westminster Hall on more than one occasion. When I looked back through *Hansard* I was disappointed to see that I had to make the same arguments and raise the same concerns year after year. I would like to believe that that says less about those debates and more about the lack of action by the Government. It is a scandal that some of my constituents have had to wait for so long for the Government to take meaningful action in that area. I am also disconsolate at the thought that even if the new system that the Bill will introduce works as the Secretary of State claims it will, it will not be up and running until 2010.

I was not in this place in 1991, but I know that there was cross-party support for the Child Support Act 1991. I would love to say that today's Bill will be given the same warm welcome across the Chamber, but I for one have several real concerns about the proposals. Other hon. Members have outlined the scale of the failure in the CSA, but it is difficult to overstate how serious the challenge is for any new system. Some 38,000 Scots are waiting for payments and some £3.5 billion in maintenance remains uncollected, with £2 billion written off as uncollectable. That is not the Government's debt to write off. Parents are due that money, and should be able to take action to recover what they can through the courts if it is written off by the Government. Less than half of the non-resident parents who made a payment in the last quarter are paying the full amount they owe and, in spite of the ongoing problems at the CSA, staff numbers have been cut.

Until recently, Ministers were still talking about dealing with the problems in the agency and saying that they could get it "on a stable footing". I am pleased that the Government have recognised that there is no use in steadying a sinking ship. While I welcome the belated decision to scrap the old agency, we must ensure that the Child Maintenance and Enforcement Commission is not merely a rehash of the CSA. We need real root-and-branch reform at every level, and I would contend that the jury is still out on whether that is what the Bill will provide. I echo the concerns of the National Association for Child Support Action, which rightly pointed out that if CMEC is to manage existing cases, and operate with existing CSA staff and IT systems, it is difficult to understand how it can be considered a "radical" departure from the old system.

Perhaps the biggest immediate hurdle that the CSA has to overcome is the perception that it is a toothless and failing agency that is not taken seriously by parents—the very parents who often owe substantial arrears towards the welfare of their children. The recent report by the Work and Pensions Committee stated that it was

"difficult to exaggerate the CSA's low reputation"—

although some hon. Members have tried their best this afternoon. I am sure that every Member's weekly surgery appointments will demonstrate the scale of the mistrust and underline the challenge of winning the hearts and minds of parents wronged by the current system. To restore that shattered reputation, we will need far more than tinkering change. We need wholesale replacement of one of the most disastrous organisations in modern British political history.

Other hon. Members have dealt with the fine detail of many aspects of the Bill already, so I will keep my own comments brief and focus on several areas of particular concern to my constituents. A key reason why the agency is seen as toothless is that it has placed far too little emphasis on compliance and too rarely uses middle-order steps to ensure regular payments. Currently, there is little confidence that the CSA will pursue non-compliant parents, and if maintenance is not being paid, the parent with care has to make numerous complaints. Even then, the agency may not deliver effective enforcement action. Many of us will have heard at first hand from mothers about why they have had to act as detectives to prove that their ex-partners have higher incomes than have been declared. At the same time, however, the agency will often take the word of the non-paying father as gospel.

In that regard, I am pleased that some new measures to increase collection are being introduced, such as the use of deductions from earnings. However, I caution that the problem with enforcement has had less to do with the CSA's lack of powers than with its failure to use them. I hope that the new structure will change that, but I am not convinced that the measures in the Bill will fix the problem. As I said, the jury is still out.

The principles guiding the changes look good, but I share the concerns of those who feel that we have been given insufficient detail about how the changes will be achieved. With the best will in the world, measures such as removal of passports and driving licences will do nothing to deal with the fundamental problems that dogged the previous organisation from the start.

We all agree that a truly child-centred policy must look beyond merely enforcing the financial obligations of non-resident parents and do much more to encourage the involvement of both parents in their children's upbringing. In that regard, I welcome the Government's recognition that there should be no barriers preventing parents from coming to their own, mutually agreeable, arrangements for child support. However, if such agreements could be reached in every case, the Government would not need to get involved in child support at all. As that is clearly not the case, I seek assurances from the Minister today that parents with care must have a clear choice to go to CMEC if that is what they want to

[John Barrett]

do, without being pushed into making voluntary arrangements that are unsatisfactory—to them, or in respect of the child. In particular, I hope that the Minister will say what help and advice will be given to parents before a decision about whether to adopt a private arrangement is made. Also, if the agreement breaks down, CMEC must be ready, able and accessible, so that it can help sort the problem out.

Various Scottish Members have mentioned the key problems that exist in Scotland. However, I think that I am the only Scottish Member here today who has not been briefed by the Law Society of Scotland on that topic, so I shall not try to repeat the details that have been given already.

Another major problem is that the current system is clearly unable to cope with the volume and complexity of its work load, while the communication with the Inland Revenue that is crucial for accurate assessments has been very poor in the past. I am pleased that there is to be a greater role for the Revenue in that respect, but I am concerned that the workload will remain unmanageable unless the system is simplified.. Simplicity is vital if maintenance calculations are to be made quickly and reliably.

I am pleased that the Bill recognises the problem of calculating income when the non-resident parent is self-employed, but I have yet to be convinced that the new measures will close the loopholes currently being exploited. There has been a particular problem where the ex-partner is self-employed, and it is difficult to verify profits and income independently. A case that I took up last year involved an ex-husband who said that his income was around £100 a week. The CSA calculated maintenance on that basis, but anyone who looked closely at that man's lifestyle would see that it simply could not be supported on £100 a week.

Any basic investigation by the CSA would have discovered that, but none took place. I remain unconvinced that the measures outlined in this Bill will put a stop to fathers avoiding supporting their children by using clever accounting techniques. It is therefore vital that information-gathering powers for the new organisation be improved, so that access to information held by other arms of Government and other organisations, such as banks and credit agencies, can be made easier.

Like other hon. Members, I am concerned about the problems that any new handover will bring. We are still waiting for some old cases to transfer to the current system, which presents us with the ridiculous prospect that when the new system is launched, three entirely different child support systems could be in operation at the same time. Like other Members, I seek assurances from the Minister that that will not happen.

The 2006 National Audit Office report said:

"The Child Support Reforms have failed to deliver the improvements in customer service and administrative efficiency, which might have been expected from the much-needed new rules".

There is much still to be done to ensure that we shall not be saying precisely the same thing about this Bill in the years to come.

4.39 pm

Mrs. Maria Miller (Basingstoke) (Con): We have, I fear, heard from Members on both sides of the House a catalogue of concern caused by the Government's failure after 10 years in power to put in place a child maintenance system that works. A total of 1.4 million families are caught in the current failing system; it costs £465 million a year to run the Child Support Agency, yet fewer than one in three eligible families receive any payment at all. Outstanding debt of £3.5 billion continues to mount by £20 million every month. Some of the comments we have heard this afternoon highlighted the results of those failures.

The hon. Member for Barnsley, West and Penistone (Mr. Clapham) identified a number of points, especially the cost of recovery of child support, on which he talked in some detail. He also noted the aspects of the Bill about which he hopes to hear more in Committee; for example, the importance of private agreements in driving the culture of change that the Government have talked about. He shares my hope that more detail about that element will be forthcoming in Committee.

I want to touch on some of the hon. Gentleman's points about mesothelioma, although I shall refer to the subject later in my speech. He spoke with great passion about the tragic situation faced by mesothelioma sufferers and the magnitude of the problems of exposure to asbestos and the resulting illnesses. He stressed the importance of the Bill's provisions on changes to payments and of the need to ensure that they are made quickly in such cases. The House should pay tribute to the tremendous work he does in the all-party group on the issue.

Other contributions picked up on elements that we shall debate with the Minister in more detail in Committee. I welcome the hon. Member for Inverness, Nairn, Badenoch and Strathspey (Danny Alexander) to his new post, and hope that I pronounced the name of his constituency correctly. On behalf of my party, I send our best wishes to him and his wife on their impending new arrival.

The hon. Gentleman highlighted the importance of collecting arrears and noted the lack of any mention in the Secretary of State's speech of the priority it will be given under the new system. We, too, are concerned about the subject, because collecting arrears is of great import to parents already trapped in the system, so we hope that we can call on the hon. Gentleman's support in Committee for amendments to ensure that parents with care are fully involved in any write-off and that no unilateral decisions on those issues are taken by the Government. I look forward to the hon. Gentleman's support.

The hon. Gentleman referred to the differences between the Scottish and English systems. He and his colleagues will obviously have much to add on that subject and I look forward to hearing more of his thoughts in Committee. He made a rather more controversial point when he expressed his party's view that the collection and passing on of maintenance might be carried out not by the Child Maintenance and Enforcement Commission, but by Her Majesty's Customs and Revenue. That may be a somewhat ambitious role for HMRC, given some of its current problems, but we look forward to hearing more about how the hon. Gentleman would make that proposal work in an amendment.

My hon. Friend the Member for Bexleyheath and Crayford (Mr. Evennett) talked eloquently about the problems faced by his constituents, particularly as a result of the increase of non-compliance, which has caused him much concern. He works hard on behalf of his constituents to help to alleviate those problems. He also expressed concern about the continuing failure of the existing system and pointed out that assessments do not reflect the reality of people's individual arrangements. That is an important point, given the fact that the Government intend to push forward changes in enforcement before they make changes in the assessment procedure. When the Minister winds up, will he allay my concerns and explain how the two issues could be better linked? By making changes in enforcement before there are changes in assessment, he could cause further problems for people who may not have received an accurate assessment in the first place. Perhaps he could allay our fears by talking about the current system's level of accuracy. My hon. Friend the Member for Bexleyheath and Crayford said that the devil is in the detail and he was absolutely right; all of us should have that attitude in Committee.

My hon. Friend the Member for Rugby and Kenilworth (Jeremy Wright), who also made a good contribution, talked about the role of courts and mediation, which no other Member touched on. He mentioned the importance of ensuring that financial support is not used as a weapon to stop contact between parents and their children. My hon. Friend the Member for Epsom and Ewell (Chris Grayling) discussed the importance of ongoing contact and the enduring responsibilities of parenthood. Again, I hope that we can discuss such issues in more detail.

The hon. Member for Caernarfon (Hywel Williams) spoke well about the importance of the Bill in reducing poverty and the problems of assessing the self-employed; I look forward to hearing more of his thoughts in Committee. The hon. Member for Edinburgh, West (John Barrett) also mentioned assessment problems for the self-employed; perhaps the Minister will pick the issue up in his closing remarks. Under the current system, the self-employed could be reassessed if their income varied by plus or minus 25 per cent.; there could regularly be such changes in the incomes of the self-employed, particularly for those in seasonal occupations in the holiday industry, which has been mentioned.

In opening the debate, the Secretary of State said that the Bill would provide a more effective and efficient system. I am sorry, but hon. Members could be forgiven for feeling that they had heard such promises before. Almost exactly eight years ago, the then Secretary of State for Social Security, now Chancellor, introduced the 1999 Child Support Agency White Paper. He said:

"We are putting the confidence back into child support, replacing complexity with simplicity, replacing delay with quick and accurate decisions, and replacing bureaucracy with a high-quality customer service...We are delivering for children and putting their needs first."—[*Official Report*, 1 July 1999; Vol. 334, c. 435.]

Those are fine words, but we are here today because of the failure of that set of Government reforms. The system was so flawed that at the moment more than one in three non-resident parents simply do not bother to pay their maintenance. The computer system that was developed still does not work properly; indeed, in the past 12 months, there has been a doubling in the number of maintenance cases that have to be dealt with manually, because the computer system simply cannot cope. Eight years on, 750,000 cases are still on the Child Support Agency system. There are more cases on the old system than on the new scheme.

A number of hon. Members have referred to the National Audit Office's damning indictment of the Government and the fact that despite £539 million of investment, nothing has improved the Child Support Agency's performance. The Secretary of State's predecessor, the right hon. Member for Barrow and Furness (Mr. Hutton), said that the new proposals before the House today were a fundamental redesign; the Secretary of State himself said that the new proposals were driving a change in culture. The reform has certainly been presented as radical, but when we read the Bill, we see that the similarities are greater than the differences. If there is a fundamental redesign, it is not in the Bill. Sir David Henshaw, commissioned by the Government to put forward a vision for the future of child support, said that

"the Child Support Agency as it stands is not capable of the radical shift in business model, culture and efficiency...A new organisation should be set up".

He went on to say that a redesign of the system

"must not be contaminated with previous failings."

Why are the Government not listening to what Sir David Henshaw talked about in his recommendations? Henshaw raised many issues that the Government have failed to cover in any detail in the Bill.

The Government's position on reform has been somewhat uncertain in recent years and perhaps that is why we feel that the lack of detail in the Bill is so concerning. The Under-Secretary of State for Work and Pensions, the hon. Member for Warwick and Leamington (Mr. Plaskitt), as recently as January 2006, rejected the idea of simply shutting the Child Support Agency down. He said:

"Simply scrapping it or closing it down might look attractive in terms of dealing with some of its problems, but it would only create another heap of problems that someone else would have to pick up. It is, in fact, a simplistic solution to suggest that the only thing to do is shut it down."—[*Official Report*, 9 January 2006; Vol. 441, c. 10.]

The right hon. Member for Sheffield, Brightside (Mr. Blunkett)—the Secretary of State before last—requested a plan for the wholesale redesign of the present system, which was put forward by the chief executive. That was then scrapped by the right hon. Member for Barrow and Furness—the next Secretary of State—and Sir David Henshaw was brought in. Now the Government are advocating a move towards more voluntary agreements, although there is precious little detail in the Bill. That idea was roundly rejected by the right hon. Member for Birkenhead (Mr. Field)—who made some excellent contributions to the debate earlier—when he was Minister for Welfare Reform. So a lot of contrary views have been expressed.

We want to see more detail in the Bill so that the culture change that has been talked about will be driven through and have results for families and children in all our constituencies. We fear that the Bill is too simplistic. Far more detail needs to be woven in in Committee to ensure that parents are supported to take responsibility for their child's maintenance. It is clear from the debate today that the Government cannot let this be yet another missed opportunity to

[Mrs. Maria Miller]

establish a maintenance system that works, and we will work with them to ensure that that does not happen.

Child maintenance is a critical factor in supporting child welfare and we have no option but to get our child maintenance system right. Each and every year, between 150,000 and 200,000 couples with children separate. Indeed, 15 per cent. of children never live with both their parents and more than 1 million children in lone parent households live in poverty. Effective maintenance is crucial and we will do all we can to support the Bill to be better at providing an effective maintenance structure.

Members have already talked about the importance of the Bill in terms of alleviating child poverty. My hon. Friend the Member for Bexleyheath and Crayford cited Lisa Harker's report, which pointed out that 42 per cent. of children in poverty are living in lone parent families and that maintenance ought to play a much greater role in reducing child poverty. However, as I am sure the Minister is aware, under the present system just one in five lone parents receives maintenance payments. The Secretary of State himself pointed out that child maintenance makes a paltry contribution to reducing child poverty in this country. That is in contrast to other countries—not just countries in northern Europe, but Austria and Switzerland as well.

My hon. Friend the Member for Epsom and Ewell said that this is not a time to sit back and bask in consensus. Although we welcome the Government's proposals to put in place some more building blocks to improve the current system, we believe that we need to move further. We support parents taking responsibility. We welcome the decision to scrap the CSA, but we need to make sure that the new organisation is not contaminated by previous failure. We welcome the innovative idea of CMEC being a commissioner of services, but we need to see the flesh on the bones of that idea and that detail is not currently in the Bill.

We welcome the move to a more robust form of assessment, based on previous years' income and using HMRC data, but the transition to the new system for those suffering as a result of the current chaos is just too slow. Why cannot we fast-track the change in assessment, as my hon. Friend suggested? We also agree that effective enforcement is an important part of creating a new culture, but if faith is truly to be restored in the child maintenance system, we need to make sure that enforcement goes hand in hand with a more reliable and accurate assessment system.

The Bill contains precious little detail on many of the areas that hon. Members have raised today. In Committee, we will press for more detail from the Government. It is important that we do not just wait for regulations to come through. For example, we need more detail about how we will support private agreements to be more effective, rather than just one-week wonders. Such concern has been raised by not only Conservative Members, but the Work and Pensions Committee, the National Council for One Parent Families and the Child Poverty Action Group. I hope that the Minister will take the point seriously and give us his considered and detailed views in Committee on how such agreements will work.

The repeal of section 6 of the Child Support Act 1991 will mean that it will no longer be mandatory for those on benefits to apply to the CSA. As other hon. Members have asked, is there a need to link the repeal of the section to ensuring that additional information and support will be available for families so that they can make their own private agreements? Without such a link and a change to the level of disregard prior to the repeal, some families might fall through the child maintenance net, so will the Minister reassure us on that matter?

At the heart of the Bill is the Government's desire for parents to take more responsibility. Will that principle extend to the recovery of arrears? The Government are sidestepping in the Bill the question of charging fees for making agreements. In Committee, we will need to hear about how that will be handled.

All these matters cannot be left to regulations, so we will need a full debate on them in Committee. I hope that the Government will come forward with draft regulations or amendments to the Bill before that stage.

The provisions that will change the way in which mesothelioma will be dealt with are the other important element of the Bill. There is no cure for that cruel and distressing disease, about which the hon. Member for Barnsley, West and Penistone spoke in depth. We will be pressing the Government for more details on their intentions because, as is the case for so much of the Bill, a great deal will be laid down in regulations. Again, we hope that the Government will publish draft regulations so that we can discuss them in detail in Committee.

There is much work to be done in Committee to take the Bill forward so that it brings about the culture change that is needed to ensure that children in this country receive the support that they need from their parents throughout childhood. As my hon. Friend the Member for Epsom and Ewell said, the family is created when the child is born. Whatever happens to the relationship between parents, their family responsibilities persist. The Bill needs to support families to take responsibility for giving children the support that they need throughout their childhood to help to ensure that they get the start in life that they deserve.

4.58 pm

The Parliamentary Under-Secretary of State for Work and Pensions (Mr. James Plaskitt): We have had a thoughtful debate—I am inclined to say that it was something of a specialist debate—during which the Bill has received broad general support from hon. Members on both sides of the House, which I welcome. The Government accept that we have come to the end of a road on which we all embarked in 1990 with the White Paper that heralded the introduction of the Child Support Agency. The agency was brought into being because of the failures of the previous court-based arrangements. It is worth remembering that the White Paper referred to that court system as

"fragmented, uncertain in its results, slow and ineffective".

It continued:

"In a great many instances, the maintenance awarded is not paid or the payments fall into arrears".

Since then, successive Governments have tried to tackle the issue of securing child maintenance via the CSA. As we all know, there were valid reasons for

embarking on such a route in the first place. There have been valiant attempts to try to make the system work. However, we have come to the view that the system is fundamentally flawed. Despite the fact that billions of pounds in maintenance have been collected by the CSA, and despite the fact that more than 650,000 children are currently being supported with maintenance payments as a result of the CSA, confidence in the agency has been lost. That is why we came to the conclusion that a new approach was necessary.

The main lesson learned by all of us is that the CSA approach was just too complex. The agency was being asked to do too much: it was asked to be the calculator, the adjudicator, the administrator and the enforcer. Indeed, as the National Audit Office concluded in 2006:

"With hindsight, the Agency was never structured in a way that would enable the policy to be delivered cost effectively."

Since taking the decision in 2006 to make a fresh start, we have moved quickly. We have been strongly supported by the staff in the existing agency who, above all else, want to be part of a successful child support system.

The new start envisaged by the Bill has today been widely welcomed by Members across the House, and by virtually all the stakeholders who have commented on the proposals so far. I cannot improve on the observations of the Child Poverty Action Group, which said:

"the Bill provides an important opportunity to improve the lives of children and families."

That is exactly so.

I turn to the main points raised in this afternoon's debate. To begin with the issues raised by the Opposition Front Benchers, the hon. Member for Epsom and Ewell (Chris Grayling) rightly spoke of the frustration felt by many parents with care, and indeed by some non-resident parents, as a result of the problems with the agency. I was pleased that he moved on to say that the Conservatives share our aspirations for the Bill. He said that, at the moment, it is too easy for too many parents to evade their responsibilities, but that is why the Bill envisages significant new enforcement powers. The hon. Member for Basingstoke (Mrs. Miller) asked about those powers, which are very important. There are new powers to give us means of accessing accounts, powers relating to financial institutions, powers to notify credit reference agencies—that can have a significant impact, particularly on self-employed people—and, of course, powers giving access to Her Majesty's Revenue and Customs income records. All those measures will help us to prevent people from evading their responsibilities.

It was disappointing when the hon. Member for Epsom and Ewell tried to suggest that there had been 10 years of neglect, and that disappointment was made obvious by other Members who spoke. There was, of course, a programme of improvements in 2000, which was implemented in 2003, and which the Conservative Front Benchers of the time supported. More recently, we introduced the operational improvement plan, which, again, was welcomed by the Opposition Front Benchers. It has been in operation for only a year, but already 58,000 more children receive maintenance payments, and the backlog of uncleared cases is down by 80,000 since we got going with the plan. It is not the case that there has been 10 years of no effort to try to make the agency work better.

The hon. Gentleman asked what was different about the envisaged reform. He said that the transfer of the same staff implied that there would not be any difference. That is unreasonable to the staff, who cannot be blamed for the systemic failures in the agency's design and who want to be part of a successful operation. Indeed, it is important to retain their expertise so that they can help us as we go forward with the new operation. He wanted to know about the IT system. A number of fixes are being rolled out right now, and it is important to get that right before the Child Maintenance and Enforcement Commission assumes all its responsibilities. He wondered why the process was taking some time, but of course we are taking time to ensure that we get it right this time.

The hon. Gentleman overlooked other measures included in the proposal that show just how different the new system is. I have already spoken about the new powers; we are also introducing new support for voluntary agreements and repealing section 6 of the Child Support Act 1991, which has forced so many people who did not need to use the agency into contact with it. There is a new information platform that we can work from, which includes data-sharing with HMRC, and there will be a wider use of disregard. Those are all fundamental changes.

The hon. Gentleman asked about the role of the voluntary sector, which indeed has an extremely important part to play in helping us deliver the reforms. We are in discussion with the voluntary sector about the evolution of the support and advice services, which will be an important part of the new arrangements.

The hon. Gentleman complained about the lack of detail at this stage, but if we have learned anything from the experience of the CSA, surely it is the importance of getting the detail right. He will understand that the Bill puts in place the basic architecture. It is crucial in many respects that the commission be allowed to evolve particular ways of doing things in the light of the duties with which it will be charged under the Bill. That is the right way to go, as opposed to the more micro-managed and over-complex approach which bedevilled the agency. We must learn the lessons from the agency. Regulations will be rolled out over 2008 to 2010 before the CMEC becomes fully operational.

Mrs. Miller: The Minister speaks about the importance of developing an architecture for the commission. I understand that, but one of the basic parts of that architecture is the income disregard. We had a lengthy debate across the House about that because we are all concerned about it. Can the Minister shed a little more light on the work that has been done on that and when the Government will be more forthcoming?

Mr. Plaskitt: There are two main parts to that. The extension of the £10 disregard will come in quite quickly. As is clear from the Bill and everything that we have said, it will be extended to those on old cases. In respect of a higher amount applied across the board, as we said early in the debate it is essential to determine the correct level. That is not a back-of-the-envelope calculation. There are important assessments to be made. There are many dimensions—the cost of it, the impact on parents with care, the interaction between different levels of disregard, and work incentives. It is a

[Mr. Plaskitt]

significant change and it is important to get it right. There will be opportunities to discuss that further in Committee.

Danny Alexander: Before the Minister leaves the subject of detail that will be in regulations, can he set out for the record which regulations the Government intend to publish in draft form before the Committee stage?

Mr. Plaskitt: As I have indicated, given that the CMEC comes into being only in 2008 and steadily increases its duties up to 2010 and the transfer process rolls on thereafter, it is important to take time and get the details right. I will not give the hon. Gentleman a precise timetable for the emergence of regulations. It would not be appropriate to do so. I stress that we have all learned the importance of getting the system right. There will be plenty of opportunity in Committee to debate all the aspects that will be subject to regulation.

The hon. Member for Basingstoke began by talking about enforcement and pleaded that we should defer those measures, although she seems to be asking us to go faster in other respects. The enforcement measures are needed now. There are opportunities right now for parents to evade their responsibilities. We all share a concern about that and wish to see effective enforcement measures brought into being as quickly as possible.

The hon. Lady mentioned the increased number of clerical cases and attributed that to IT failures. They are not all down to IT failures—there are other reasons why some cases become clerical. They are being separately dealt with and we are trying to clear them. In many instances those are the toughest and most complex cases. We have set up a specialist unit to deal with them and we hope that they will be resolved quickly.

The hon. Lady seemed to suggest that we were not doing what David Henshaw recommended, but we are doing precisely what he recommended. I think that she misinterpreted what I said about not shutting down the CSA. Of course I would not advocate that. It is important always to bear in mind the interests of the children who are being supported by maintenance. I was arguing that simply to close down the CSA and then later introduce something different would leave a yawning gap in the middle, in which children would not be supported. It is important that we move seamlessly from existing systems to new ones without dropping the ball in terms of getting maintenance payments through to children, which is the essence of what we are about.

I am sorry that the hon. Member for Inverness, Nairn, Badenoch and Strathspey (Danny Alexander) is pessimistic. I hope that when he and his wife have had their happy event he will become optimistic, and I congratulate him on that impending news. I am pleased that he supports the principles. He raised concerns about the debt issue, and that is very much a legacy problem. The debt started to accumulate from day one of the CSA and has grown immensely throughout. The Bill deals with what can be done to handle debt better, and there will be an opportunity to negotiate reasonable settlements where there is consent between the parties involved. We are introducing the power to have lump sum deduction orders, which is a means of collecting arrears that we have not had before. The Bill introduces the option of selling debt to private purchasers and we are already beginning to use private debt collectors. However, as he knows, there is no general power of write-off, and nor should there be.

I appreciate the positive comments that the hon. Gentleman made about the staff who work for the agency. There is a programmed reduction in numbers from the present level, but it simply takes the numbers back to the kind of level that they were at before the operational improvement plan came into being. Once that plan has tidied up many of the legacy problems that it was designed for, the agency should be able to operate on the numbers that it had before. As we move into the new commission-based arrangement we anticipate fewer numbers coming through, and it will be reasonable to expect the opportunity to take staff numbers down further. Precise decisions on that will be for the new commission.

Michael Jabez Foster (Hastings and Rye) (Lab): I apologise for not being present for much of the debate, but on the question of staff numbers, in my constituency people have been offered assurances that there will be no reduction in total staff. How can the Government follow that assurance if they have delegated responsibility to a non-departmental Government body?

Mr. Plaskitt: As my hon. Friend knows, we have already published staff numbers through to 2008 as part of the Department's existing commitments. Staff will transfer to the new commission with protection under the Transfer of Undertakings (Protection of Employment) Regulations 1981. Neither we nor they can at this point make firm commitments about staffing levels beyond that.

I was disappointed to see that the hon. Member for Inverness, Nairn, Badenoch and Strathspey is still clinging to his party's proposal that we hand the whole operation over to HMRC. I welcome him to his post—he has had two years as the understudy, and he now has the opportunity to revise the policy. He does not have to be committed to it any longer. I hope that he will think again about handing the whole operation over to HMRC. There are important reasons why that would not be the appropriate route and he knows that that is my and the Government's view. He should bear in mind that in those systems where the child maintenance collection arrangements are operated by the equivalent of HMRC, the system is underwritten at the same time. I have never heard him propose that. I hope that he will have the opportunity now that he is top man on this to have another think about that aspect of Liberal Democrat policy.

I am pleased that the hon. Gentleman welcomed powers of increased enforcement, because that is something of a contrast with what some of his Liberal Democrat predecessors have said. They expressed concerns about human rights in respect of previously existing enforcement powers.

We have also had five very thoughtful speeches from Back-Benchers. My hon. Friend the Member for Barnsley, West and Penistone (Mr. Clapham) welcomed the Bill and he spoke extremely forcefully and effectively and

from great knowledge of the mesothelioma clauses in the Bill, and I pay tribute to his work and the campaign that he has mounted on the issue, which is in part why the Government are having to respond and make these welcome changes in respect of sufferers from that terrible disease.

I am pleased to note that the hon. Member for Bexleyheath and Crayford (Mr. Evennett) welcomed the improvements. He rightly acknowledged that there are still too many failures in the existing system from which many of our constituents are suffering. He welcomed the income disregards and the greater emphasis that will be placed on private arrangements. I appreciate his comments.

We heard a thoughtful contribution from my neighbour, the hon. Member for Rugby and Kenilworth (Jeremy Wright), who wanted more voluntary agreements and rightly pointed out that at the same time we have to safeguard children's interests. He said that separating parents need advice and support—as he knows, we are taking measures in the Bill to ensure that that happens—and rightly observed that that advice and support needs to be held at arm's length from the state. He will see, as these services evolve, that that is very much in accordance with our thinking.

The hon. Gentleman also raised the apparent difference between our approach to orders in respect of passports and to those in respect of driving licences, and suggested that there was an inconsistency. In fact, there are good reasons for doing it in different ways. Removing a driving licence, which we already have powers to do via the courts, has a direct impact on the livelihood of the person concerned, potentially on their employment and certainly on their mobility. Those significant consequences, bearing heavily on day-to-day life, make it legitimate to seek that power through the courts. The removal of travel documents relates rather more to discretionary activity—the drive to go on holiday, for example—and it is appropriate that such powers can be handled administratively.

Jeremy Wright: No doubt this is a matter to which we can return in Committee, but will the Minister at least accept at this stage that it is worth considering it again, given that for some individuals the ability to travel abroad is integral to their working lives as well as their recreation?

Mr. Plaskitt: We have already given that matter careful consideration and I have tried to explain to the hon. Gentleman why the differences are there, but we can certainly discuss it again in Committee.

The hon. Member for Caernarfon (Hywel Williams) also made a thoughtful speech and I appreciate his comments. He asked about the advice service in rural areas. That is an important point. We envisage that the advice service might be largely phone-based or available via internet sites, and therefore accessible from wherever. He mentioned constituents of his whose income fluctuates dramatically during the course of the year because of the nature of their employment in such an area. The assessments will now be based on annual income, so anyone will know what their assessment will be throughout the subsequent year and can plan and budget accordingly. That should smooth out the fluctuations in income that he described.

I am grateful to the hon. Member for Edinburgh, West (John Barrett) for his contribution. He rightly drew attention to the IT system. As I have tried to explain, we are already introducing phased releases of improvements to ensure that the IT platform that is in place by the time that the CMEC assumes its powers is up to the job. Or course, that is very important.

The establishment of the new commission will mark a clear break with the past. Lessons from the systemic failures of the CSA have been learned and applied. The Bill introduces a radical new approach to delivering child maintenance that is based on three core values. First, it is integral to our ambition to eradicate child poverty and central to our support for families. Secondly, it enshrines a clear set of rights and responsibilities—the right of parents to choose how best to support their children and responsibilities that make it clear that if people fail to fulfil their duties as parents they will be held to account. Thirdly, it creates a simpler, more transparent system to the advantage of parents and of our hard-working staff. The Bill represents a radical change in our approach to securing support for children when relationships between their parents have broken down. This reform is built centrally around the needs of children, but it also approaches the adults involved, supporting those who are trying to do the right thing by their children but pursuing with relentless determination those who would try to evade their responsibilities. For all those reasons, I commend the Bill to the House.

Question put and agreed to.

Bill accordingly read a Second time.

CHILD MAINTENANCE AND OTHER PAYMENTS BILL (PROGRAMME)

Motion made, and Question put forthwith, pursuant to Standing Order No. 83A (Programme motions),

That the following provisions shall apply to the Child Maintenance and Other Payments Bill:

Committal

1. The Bill shall be committed to a Public Bill Committee.

Proceedings in Public Bill Committee

2. Proceedings in the Public Bill Committee shall (so far as not previously concluded) be brought to a conclusion on Tuesday 16th October 2007.

3. The Public Bill Committee shall have leave to sit twice on the first day on which it meets.

Consideration and Third Reading

4. Proceedings on consideration shall (so far as not previously concluded) be brought to a conclusion one hour before the moment of interruption on the day on which those proceedings are commenced.

5. Proceedings on Third Reading shall (so far as not previously concluded) be brought to a conclusion at the moment of interruption on that day.

6. Standing Order No. 83B (Programming committees) shall not apply to proceedings on consideration and Third Reading.

Other proceedings

7. Any other proceedings on the Bill (including any proceedings on consideration of Lords Amendments or on any further messages from the Lords) may be programmed.—*[Mr. Watts.]*

Question agreed to.

CHILD MAINTENANCE AND OTHER PAYMENTS BILL (CARRY-OVER)

Motion made, and Question put forthwith, pursuant to Standing Order No. 80A(1) (Carry-over of bills),

That if, at the conclusion of this Session of Parliament, proceedings on the Child Maintenance and Other Payments Bill have not been completed, they shall be resumed in the next Session. —*[Mr. Watts.]*

Question agreed to.

CHILD MAINTENANCE AND OTHER PAYMENTS BILL [*MONEY*]

Queen's recommendation having been signified—

Motion made, and Question put forthwith, pursuant to Standing Order No. 52(1)(a) (Money resolutions and ways and means resolutions in connection with bills),

That, for the purposes of any Act resulting from the Child Maintenance and Other Payments Bill, it is expedient to authorise—

(1) the payment out of money provided by Parliament of—

(a) any expenditure incurred by the Secretary of State or a government department in consequence of the Act, and

(b) any increase attributable to the Act in the sums payable out of money so provided under any other enactment, and

(2) the extinguishing in consequence of the Act of liabilities owed to the Crown under the Child Support Act 1991.—*[Mr. Watts.]*

Question agreed to.

CHILD MAINTENANCE AND OTHER PAYMENTS BILL [*WAYS AND MEANS*]

Motion made, and Question put forthwith, pursuant to Standing Order No. 52(1)(a) (Money resolutions and ways and means resolutions in connection with bills),

That, for the purposes of any Act resulting from the Child Maintenance and Other Payments Bill, it is expedient to authorise—

(1) the charging of fees by the Child Maintenance and Enforcement Commission in connection with the exercise of its functions, and

(2) the payment of sums into the Consolidated Fund.—*[Mr. Watts.]*

Question agreed to.

MENTAL HEALTH BILL [*LORDS*] (PROGRAMME) (NO. 3)

Motion made, and Question put forthwith, pursuant to Standing Order No. 83A (Programme motions),

That the following provisions shall apply to the Mental Health Bill [*Lords*] for the purpose of supplementing the Orders of 16th April and 18th June 2007 (Mental Health Bill [*Lords*] (Programme) and Mental Health Bill [*Lords*] (Programme) (No. 2))—

Consideration of Lords Message

1. Any Message from the Lords may be considered forthwith without any Question being put.

2. Proceedings on that Message shall (so far as not previously concluded) be brought to a conclusion one hour after their commencement at this day's sitting.

Subsequent stages

3. Any further Message from the Lords may be considered forthwith without any Question being put.

4. The proceedings on any further Message from the Lords shall (so far as not previously concluded) be brought to a conclusion one hour after their commencement.—*[Mr. Watts.]*

Question agreed to.

Mental Health Bill [*Lords*]

Lords message considered.

Clause 10

THE FUNDAMENTAL PRINCIPLES

Lords amendment: No. 1A.

5.21 pm

The Parliamentary Under-Secretary of State for Health (Mr. Ivan Lewis): I beg to move, That this House agrees with the Lords in the said amendment.

Madam Deputy Speaker (Sylvia Heal): With this we may discuss Lords amendments Nos. 4A, 32A, 32B, 41A, 41B, 41C and 41D.

Mr. Lewis: Before speaking about the substance of the amendments, I would like to say a brief word about the Bill generally. As all hon. Members know, my right hon. Friend the Member for Doncaster, Central (Ms Winterton), who was formerly Minister of State for Health, has until now represented the Government on the Bill. I pay tribute to the magnificent way in which she secured advances, which will, over time be acknowledged as historic and in the best interests of people with mental health problems. I am sorry that she has not had the pleasure of seeing the Bill through to the end, but I am pleased to have the honour of speaking about the amendments today. I also pay tribute to Lord Hunt of Kings Heath, who did a tremendous job in piloting the Bill through the other place.

I am also pleased to assume lead responsibility for mental health in the Department and I look forward to working with all stakeholders. Whenever possible, I shall try to build a consensus that tackles the stigma that people with mental health problems and their families experience all too frequently.

There is no doubt that the Bill has been contentious from the time when work began on it in 1998, and throughout its passage. There is also no doubt that the Bill has benefited from vigorous debate. We may not always agree about the exact nature of the provisions, but the debate has enabled us all to understand the wide range of perspectives on the important issues that the Bill covers, and I believe that my right hon. Friend the Member for Doncaster, Central explained fully the reasons why the Government could not agree to some of the amendments that were tabled.

The Government have however agreed to many amendments. To name but a few, they include: requirements around age-appropriate services for under 18s; making explicit the purpose of medical treatment for mental disorder; the introduction of statutory advocacy; including on the face of the Bill a list of issues that must be addressed in a statement of principles in the codes of practice; making it explicit that the conditions for supervised community treatment must be linked to a person's treatment or the need to protect them or others from harm; new safeguards for the use of electroconvulsive therapy, and new safeguards for those who are deprived of their liberty in their own best interests but who do not have Mental Health Act 1983 safeguards.

On Monday, the other place considered the Commons amendments to the Bill and agreed several further amendments which, in the Government's view, represent a sensible way ahead on the outstanding issues, and I have no hesitation in commending them to the House.

First, let me deal with the proposed list of new exclusions to the definition of mental disorder that were agreed in the other place but rejected by this House. The reasons for their rejection have been fully debated, and I will not go through them again. Although we could not agree to the proposed new exclusions, the Government fully understood the concern expressed by many to ensure that mental health legislation should never be used to exercise social control, and that reassurance needed to be given to people—especially those in certain black and minority ethnic communities—who fear that the measure may be misused to their detriment, or to the detriment of their families and communities.

That is why the Government were pleased to support the amendment tabled by the noble Lady Baroness Barker, which added respect for diversity to the matters to be addressed in the statement of principles. Respect for diversity is already covered in the draft illustrative code for England, but following wide-ranging debates in both Houses, we intend to look again at the draft and seek ideas on how to improve it. The codes for both England and Wales will, of course, be subject to formal consultation. We believe that it would be helpful to have built into the amended legislation respect for diversity, which should be included, as I said, in the list of issues to be addressed in the statement of principles.

Mr. Tim Boswell (Daventry) (Con): Does the Minister agree that embodying this issue in the principles, albeit within the structure proposed in the Bill, is very important? In an extreme case—though I do not anticipate one—of a frankly delinquent public authority, those matters could at least be taken to judicial review on grounds of non-compliance with the essential principle. In our view, securing compliance is extremely important.

Mr. Lewis: As usual, the hon. Gentleman makes a constructive and sensible point. There are concerns among black and ethnic minority communities about the disproportionate numbers within them who for one reason or another receive mental health services, and I believe that it is important to be sensitive to such concerns. This is probably the best way to achieve the outcomes that I suspect are shared on both sides of the House.

I would like to deal now with doctor involvement in key decisions and the modernisation of professional roles. The House reversed the Lords amendments that would have allowed the responsible clinician's decision to be overridden by a doctor who may not even be involved in the patient's care. That would have undermined the new ways of working initiative and would have stood in the way of efforts to ensure that professional skills are recognised and focused where they are needed, to the benefit of patients and an efficient work force.

The Government have always said that the decision to renew a patient's detention should involve the multidisciplinary team of professionals concerned with the patient's care. The legislation already requires that, before furnishing a renewal report, a patient's responsible clinician has to consult at least one other person on the multidisciplinary team. On Monday, the noble Baroness Murphy laid an amendment whereby the responsible clinician has to secure the agreement of a person who

[Mr. Ivan Lewis]

must be of a different profession from his own. That provision would apply to all responsible clinicians of whatever professional background.

We considered that amendment carefully and we believe that this approach provides a sensible solution. The approach is compatible with multidisciplinary assessment and has the renewal decision made by professionals who actually know the patient. It is for the responsible clinician to decide whether their patient's detention should be renewed, but it is not unreasonable to expect that they have formal support from at least one other member of the multidisciplinary team.

Let me deal now with the Lords amendments on supervised community treatment. The introduction of SCT is one of the most important features of the Bill. It is about allowing people with serious mental health problems to be cared for in the community when appropriate by having the right systems in place to help to avoid deterioration in their condition and thereby to protect them and others from harm.

Both here and in the other place, SCT has been a source of heated and considerable debate. While we agree that there must be safeguards to ensure that people are not inappropriately put or kept on SCT, we are clear that the criteria must not be so restrictive that people who might benefit from its use are denied it. In particular, we could not accept the requirement that a patient should be ill enough to require two detentions prior to its use, because SCT might well help to prevent from relapse some patients who have been detained only once. We cannot accept a situation whereby clinicians and families have to stand by and watch a patient discharged from hospital relapse before SCT becomes an option for them. Delays in treatment inevitably worsen prognosis in the longer term.

The Government are happy, however, to accept the Lords amendments that make clear the factors that clinicians should consider when making a community treatment order. The responsible clinician, in assessing the appropriateness or otherwise of SCT, must consider the risk of deterioration and, in so doing, must reflect on the patient's history.

It has been a long road to this stage of the Bill, and I should like to pay tribute to everyone who has made it all possible. I should also like to make it clear that we have much work ahead to ensure that we get the secondary legislation, codes of practice and implementation right. We want to work with all interested stakeholders in a genuinely authentic partnership. In spite of past disagreements, we have the same aim as those who have debated every step of the legislation with us: the timely and effective treatment of all who need that treatment. To realise that goal, we need to work together in the interests of patients, their families and carers, the professionals involved and the entire community.

5.30 pm

Tim Loughton (East Worthing and Shoreham) (Con): Well, here we are again, and I hope that this will be the last time. I welcome the Minister to his new mental health brief. He is the last man standing in the Department of Health Front-Bench team, and he has joined one of the most challenging pieces of legislation ever to go through his Department at the very last corner. He has done well on his timing there. I should also like to pay tribute to his predecessor, the right hon. Member for Doncaster, Central (Ms Winterton), who was with the Bill almost as long as I have been with it, and to my colleague in the House of Lords, the noble Earl Howe, who has an equally longstanding association with the Bill and with the whole issue of mental health.

The fact that we are considering amendments that were agreed by all sides in the Lords shows that the Opposition were right to say on Second Reading and on Report that although a lot of progress had been made—we welcomed the amendments that the Government agreed to on youth-appropriate treatment, the treatability test and advocacy—there was a little further to go. The Lords have demonstrated that there were further concessions to be wrung out of the Government, so we were right not to give the Bill our full endorsement at that stage. We can now scrutinise these further amendments. This has been a worthwhile, if elongated, exercise over what now amounts to about eight years.

We still have doubts as to whether the amendments to which the Government have agreed go far enough. We would like to have seen the impaired decision making amendments that were placed in the Bill in the Lords retained. To quote my noble Friend, Earl Howe:

"To have acknowledged in law that there is a place for the wishes and feelings of patients who are capable of making their own choices would have been a profoundly far-sighted and beneficial change."—[*Official Report, House of Lords*, 2 July 2004; Vol. 693, c. 826.]

I welcome the Minister's opening comment that one of his missions in his new brief was to root out stigma, but we believe that the provisions on impaired decision making might have played an important part in achieving that.

Mr. Boswell: Does my hon. Friend agree that it is an essential and important principle that we should not discriminate, that we should treat people fairly, and that we should not impose conditions on them unless there is a manifest need to do so? That has been the principle behind mental health legislation as our culture and knowledge have evolved over more than a century. We have made some progress in taking this forward, but perhaps not quite enough.

Tim Loughton: I completely agree with my hon. Friend. Those who want to see mental health being dealt with on a level playing field alongside any other physical health matters think that the Bill could have gone further towards achieving that. Before you rule me out of order, Madam Deputy Speaker, that brings me to the first of the amendments and the issue of exclusions—I hope that I got away with that one.

We have had a long-running debate on the exclusions that we think should be added to the Bill. The matters that particularly exercised us, and the Lords, related to religious, cultural and political beliefs. The amendment that was proposed in the upper House by Baroness Barker mentions

"respect for diversity generally including, in particular, diversity of religion, culture and sexual orientation (within the meaning of section 35 of the Equality Act 2006)".

It is useful that that reference has now been placed in the Bill, because we do not have principles set out in the Bill, which we believe to be a weakness.

We challenge the Government over whether exclusions could be incorporated in the Bill, as they were in the 1983 Act. Indeed, exclusions stronger and more precise

than those now being proposed have worked perfectly well in New South Wales, Victoria, New Zealand and, most recently, Scotland and have not, as the Minister's predecessor warned, been the subject of legal challenges. Exclusions in the 1983 Act have been subject to only four legal challenges. We therefore believe that further tightening of exclusions would be a correct and appropriate counterbalance to the Bill's widening of the definitions of mental illness and its absence of principles.

Concern remains most markedly about the impact on the black and minority ethnic community. The most recent submissions of the Commission for Racial Equality challenge the Government's race equality impact assessment, describing it as

"at best flawed and at worst highly misleading. The Race Equality Impact Assessment cannot be taken as an accurate indication that the provisions of the Bill will not adversely impact on particular ethnic groups when the legislation is implemented."

Given the apparent absence of rigorous internal consideration of the impact of the proposals prior to the introduction of race equality impact assessments, it would be useful if the Minister said how the Government are monitoring the impact of the Bill's watered-down exclusions on the BME community. There is no need to repeat the figures: we are all aware of the disproportionate number of members of the BME community, especially black African men, who are sectioned and subject to restraint and powerful drugs in hospital. I should be grateful if the Minister gave some undertakings on that.

Mr. Boswell: Is my hon. Friend concerned about the possibility of community treatment orders being applied disproportionately to certain groups in society, rather than being applied evenly?

Tim Loughton: My hon. Friend is absolutely right, and I shall deal with that in a minute. The BME community, and certain parts of it, seem to be affected disproportionately by the Bill's provisions on compulsory treatment, so we need more research to understand that and see how it can be overcome.

We believe that the criteria for renewing a sectioning order should be no less rigorous than the Bill's criteria on the initial issuing of an order—it is as important for a patient as the initial detention. We therefore welcome the amendments proposing that two clinicians be involved in a patient's treatment. We are still concerned, however, about the medical expertise of the professionals issuing renewals notices. As we said in Committee and on Report, we do not want to introduce some form of hierarchy, but we do not understand why the Government have introduced inconsistencies between the original section and the renewal, and the renewal and the provisions of the Mental Capacity Act 2005. Those inconsistencies could give rise to future problems.

We have another concern about these amendments. Which of the professionals now tasked with providing the renewal order do the Government envisage will give the objective medical expertise on mental disorder that has been determined by the European Court of Human Rights? The Minister will know that we have serious qualms about how the legislation as previously framed, and even as amended by the Lords amendments, will fare under ECHR legislation.

We are also concerned about the fact that the primary professional now responsible could get his or her colleague in the multidisciplinary team simply to rubber-stamp the decision on a renewal of detention. We need to ensure that the second person reaches a separate and independent decision. I would like some further clarification, and guarantees from the Minister that that is what the Government envisage. Without that, the role of the second professional, and the assurances provided by having a second professional as part of the process, are rather worthless. There must be a proper, independent and rigorous check.

I turn to community treatment orders and the amendments tabled in the name of Lord Patel of Bradford in another place, which are supported by my colleague the noble Lord Howe and Cross Benchers and Liberal Democrats. We welcome the changes that were made on Report to CTOs. We have never been against the principle of CTOs, but because they are very powerful devices, we want them to be applied to a closely defined group of persons—real revolving-door patients—in closely defined circumstances as laid down by the pre-legislative scrutiny committee, of which I was a member.

We were therefore particularly keen on and welcomed the change to proposed new section 17 B (3)(e), which the Minister will have at the tip of his tongue. It added a very coercive measure to the exercise of CTOs:

"a condition that the patient abstain from particular conduct."

That gave rise to CTOs being dubbed psychiatric ASBOs. The Government dropped that, which was welcome. The new condition is that CTOs must relate to what is necessary for beneficial medical treatment, but what constitutes medical treatment is still a broad definition within the Bill. It is also a shame that an end-date was not set on CTOs. Why does the Minister still not think that appropriate? We should consider the lobster-pot scenario that Professor Genevra Richardson described many years ago in her expert committee. We can easily see how people can now be subject to CTOs and other parts of sectioning. It is difficult to see how they can get out of that system, which is why we propose a three-year cap on the operation of the initial CTOs, and a right of appeal against the conditions attached to them.

If a CTO involves giving treatment that is harmful to a patient—for example, a drug that has severe side-effects on that patient, and which he would prefer not to take—in whose interests are we actually acting? I should be grateful if the Minister commented on that. In the debate in the Lords on Monday, his colleague Lord Hunt acknowledged

"concerns that supervised community treatment could be used too readily and that it could be used as a failsafe option without true justification."—[*Official Report, House of Lords*, 2 July 2007; Vol. 693, c. 843.]

Lord Patel went on to say that CTOs could even become part of the normal discharge process that detains patients generally, as a kind of safety net for risk-averse mental health service staff and managers. As my hon. Friend the Member for Daventry (Mr. Boswell) said, that might apply disproportionately to members of the black and minority ethnic community. The early experience in Scotland has certainly been that a much larger number of people have been put on CTOs than was originally envisaged. Of course, that also has great resourcing implications. A lot of finances will have to go into resourcing CTOs, which will surely be to the disbenefit of other parts of the mental health service. I would like some guarantees that, under the amendments, the Minister does not think that CTOs will gobble up a disproportionate part of the resources, causing problems elsewhere.

5.45 pm

The Government originally introduced CTOs to deal with revolving-door patients, and we would like further clarification as to how the amendments apply to such patients, because there is some woolly terminology. The amendment refers to having to take account not only of the patient's history of mental disorder, but of "any other relevant factors." What does that mean? What situations will be considered? For example, if a person had been a voluntary patient, as well as being under compulsion, would that be considered? What exactly in the patient's history of mental illness are the Government going to take into account under the amendment? We, and the Government, support the amendment, but it is not nearly as detailed and specific, or as prescriptive, as the amendments that the Lords put into the Bill, which the Government took out and we tried to restore on Report.

If the purpose of CTOs, even with the amendment, is no more than to get a patient to take his medication, we are saying that medication should be forced on a patient even if it is doing him no good and even if it may lead to harm. That brings into question the whole attitude of Ministers: that CTOs have to be with the agreement of the patient. If the patients are agreeing to treatment, why do we need compulsory treatment orders in the first place? That is a clear anomaly. I would like some assurance that the code of practice, perhaps, will be clear as to the ultimate purpose of a CTO and that compulsory medication should not be used as a substitute for adequate mental health care in the community. We need some assurance that the code of practice will work as it relates to the amendments.

Finally, we welcome the progress that has been made with the amendments, but we still do not think that they have gone far enough. This is a great missed opportunity in many respects to have a Bill that could serious challenge the problem of stigma. In the not too distant future, when we are in government and in a position to look at mental health legislation, we will want to review some of the provisions of this Bill. I hope that the Minister will give an undertaking to review some of these radical and innovative—but unproven and untried—measures, particularly regarding CTOs and the impact they are having on the BME community and some of our most vulnerable patients. If he does not review it, we certainly will want to and we shall monitor this legislation closely. We want to be sure that, after eight years in gestation, the Bill works for the benefit of vulnerable people.

5.48 pm

Dr. John Pugh (Southport) (LD): In considering the passage of this Bill—Lords, Commons, Commons, Lords—I am reminded of the nice cop, nasty cop routine. Their lordships savaged the Bill menacingly, and this House sought collectively to cajole the Government to mend their ways. In part, I think they did. Genuinely, it has not been a bad double act. The Bill has been improved, although not to universal satisfaction. I have referred to the remarks made by Baroness Murphy and Lord Alderdice in the Lords, which were full of dark foreboding, largely about the use to which psychiatrists might put the Bill. I have suggested that the Bill could be called the Mental Health (Fear of Psychiatrists) Bill.

With that in mind, we would do well to accept the Lords amendments, particularly relating to the powers of the responsible clinicians, the exceptions and the additional conditions on CTOs. With regard to the exceptions, I pointed out on Report that it was restrictive, as the Government have said, but innocuous, judging by international comparisons and the way the law pans out elsewhere. However, it also sends out powerful signals about cultural, religious and social sensitivity. Some of the same effect could also be achieved, if people wished, by a statement of principles.

Baroness Barker's excellent amendment produces a kind of cross between those two solutions. It was Lord Hunt who called the attempt declaratory, and declaration has a place in legislation. It is a good amendment and sends important signals.

Lord Patel's amendments are more genuinely substantive and equally welcome. The residual question is whether enough has been done to allay the fears of Lord Patel, Lord Alderdice and Baroness Murphy, which were expressed by Lord Patel when he asked how we can be assured that this legislation will not massively increase the legal coercion of psychiatric patients. When the Government have been pressed on the question of whether more people will be under coercion as a result of this legislation, they have been shy of saying that no more people will be affected.

Our question now is whether we should do more, without going so far as to frustrate the objectives of the Act. I do not know whether we can, or whether, if we are tempted to do that, we could deliver it politically. The legislation has been improved by forensic criticism on one side, and by a listening Minister. I pay tribute to the right hon. Member for Doncaster, Central (Ms Winterton), who as a Health Minister played a conspicuous part in seeing this legislation through.

It would have been good if the other place, notwithstanding their disappointments and amid their lordly back-slapping, had recognised that the House of Commons has played some part in making progress on this legislation. For example, Baroness Barker said:

> "Some of the debates in another place were disappointing in that they were conducted by people who had clearly forgotten some of the many abuses in the mental health services in this country, where there are still people who were subjected in the past to wrongful application of compulsory mental health treatment. I meet some of them in the course of my work…although they are now very old".—[*Official Report, House of Lords*, 2 July 2007; Vol. 693, c. 816.]

I do not think that she was talking about events since the 1983 Act or—I hope—about events consequent on its amendment here. Only time and a serious review—which we badly need—will tell. It seems to me that though the business today will be concluded, it is, as the Minister has implied, far from finished.

Mr. Boswell: Like other hon. Members who have spoken, I commend the amendments to the House, although I do so without total and unqualified approval. It would be churlish to fail to acknowledge my delight that the Minister has come among us to discuss this important subject. He has been very involved in health matters, and only 24 hours ago he and I were in the same room together discussing them. He will bring a sensitive touch to the issue, by which I mean no disrespect to his colleague who carried the brunt of the consideration of the Bill in Committee.

I wish briefly to pay tribute to my hon. Friend the Member for East Worthing and Shoreham (Tim

Loughton) on his huge contribution and to those professionals from the Mental Health Alliance and other organisations who briefed those of us who do not claim to be experts on this issue. We should not be cynical about legislation, because we have made some genuine progress here. The issue is whether we have made enough progress.

I come to the Bill not as an expert in mental health issues—although I have a real interest in them—but because of my general interest in some of the issues of rights it involves. Indeed, through a member of my family, this is something of a family trade, and I was also involved in the Mental Capacity Act 2005 and the development of such concepts. One tries to test them, but my judgment is that, as my hon. Friend implied, with this legislation we have squeezed the lemon as far as we can. There may be another lemon to squeeze before long, when my hon. Friend is the Minister, but—remembering the treaty of Versailles—there may be some gloves to leave on the table in the way of concerns about the human rights implications of the Bill.

Those are, first, in terms of the best interests of the individual, to use a phrase from the Mental Capacity Act, and concerns about whether that principle has always been enacted, especially when an individual does not have impaired decision making and is, in effect, being subjected to compulsory treatment against their will. I still have some major concerns about that, as does my hon. Friend the Member for East Worthing and Shoreham.

Equally, or even more importantly, the Committee expressed real concern about the differential impact on black and minority ethnic communities. That has to be tackled; whatever the legislation says, it is not acceptable in practice. The Minister's commitment to a diversity amendment is helpful in that regard, and deserves to be singled out.

We are now at the small-print stage of our scrutiny. That is quite proper, as I believe that legislation should be considered in detail, but we must not overlook the big picture. Legislation is part of that, but it is also about delivering services effectively. No single amendment at this stage would make a huge difference in that respect. All of us who were involved in the Committee know that mental health provision in this country remains poor. It is still a Cinderella service: I must choose my words carefully but, at least in relation to other priorities, it is inadequately resourced. We need to give it a better emphasis, which means that we must establish the right sort of legal regime.

Gradually, we have edged our way to a structure that does not challenge the rights of the individual in most cases. We have softened some of the Bill's rough edges, and although it has taken eight years, the process has been worth while. We can let the Bill go forward, in the belief that it will be enacted and implemented in the most sensitive way possible. No longer will we be able to make assumptions about people who are mentally ill, let alone give the impression that we are consigning them to a lifelong sentence of compulsory control and stigma.

James Duddridge (Rochford and Southend, East) (Con): I begin by echoing the welcome extended to the Minister, who I am sure will lead us through the final breaths of the Bill as ably as the right hon. Member for Doncaster, Central (Ms Winterton), who is now Minister of State at the Department for Transport, did in its earlier stages.

The Minister said that it had been a long journey to get this far with the Bill, and it certainly has been. I only joined when I became a Member of Parliament two years ago, and the many constituency cases that I encountered sparked my interest in mental health matters. However, if the road has been long, our route has not been direct and the vehicle that we have used has not been the most efficient. We did not ride in the Government's Toyota Prius, with all its economy and value; instead, we have taken an old banger to move from left to right. Yet we are where we are, and we have our Bill nevertheless.

Mr. Boswell: Does my hon. Friend accept that at certain points along the road, we appeared to have broken down altogether?

James Duddridge: That is true, but we managed to crank up the old car so that we could move forward again as we approached the end of the Bill's passage through the House.

I welcome the Government's latest concessions, and I was especially pleased with earlier amendments on electro-convulsive therapy and age-appropriate treatment. It was with some sadness that I must relate that this is the only one of all the debates that we have had for which I did not receive a briefing from the Mental Health Alliance, which has otherwise given fantastic help throughout.

I am grateful for the amendments that have been tabled—and especially the one dealing with respect for diversity—although they are weaker than I would have preferred. In addition, it makes an awful lot of sense that the amendment dealing with the renewal of detentions should specify two clinicians. I welcome those changes, and the strengthening of the power to recall patients in the community, although I have some caveats as to how that can be done.

However, I retain some deep concerns about CTOs, and especially about the ones that, year in and year out, will not work. I would have preferred a three-year limit on such orders. I would also have preferred the Lords to include a Government amendment to provide an acceptable balance on impaired decision making.

6 pm

Unfortunately, I still feel that this is a bad Bill overall, but we have managed to make some progress in the end. I say that it is a bad Bill because people in my constituency—health service professionals—are still opposed to it for solid reasons. I believe that they are still confused by it in many ways, because of the peculiar processes involved in the old banger's long journey, which has finally come to "The end".

Mr. Ivan Lewis: With the leave of the House, Madam Deputy Speaker, I shall respond to some of the points made during the debate. There have been some constructive contributions.

It is difficult to respond to the hon. Member for East Worthing and Shoreham (Tim Loughton), but I pay tribute to him for the way in which, I am told, he led for Her Majesty's Opposition during the deliberations on

[Mr. Ivan Lewis]

the Bill. I thank him for his congratulations on my new responsibilities, which I hold alongside my responsibilities for adult social care.

The hon. Gentleman asked about monitoring the changes with specific regard to members of black and minority ethnic communities. I assure him that we shall be monitoring the measures, including their impact on people from those communities, extremely closely. However, the existing mental health, criminal justice and education systems raise massive issues for our society in terms of relative access to services, relative deprivation and underperformance, some of which have to do with ethnicity. The changes that we propose will do nothing to make that situation worse, and will indeed make it better, so it is slightly disingenuous to suggest that there are no diversity issues or problems for people from ethnic minority communities in the existing mental health system. We have to address such issues irrespective of the changes we are making in the Bill.

The hon. Gentleman asked about the respective professionals who would be able to make decisions. Amendment No. 4A requires the second signatory to the renewal report to have been

"professionally concerned with the patient's medical treatment",

so that person will actually know about the patient's condition—a point I made earlier. To give some further detail, the second signatory has to state

"in writing that he agrees that the conditions"

for renewal are met. They will not be able to do that unless they have examined the patient recently and are confident that they know the patient's current condition. We regard that as good professional practice. We shall make it clear in the code of practice that such a person should be suitably competent professionally to make the decision.

Tim Loughton: Can the Minister give some more detail about the meaning of "suitably competent" and provide some examples of the sort of practitioner he thinks will now be empowered to give that additional view about renewals?

Mr. Lewis: As I said, the code of practice will make that clear, but "suitably competent" means—*[Interruption.]* This is important. The Conservatives talk constantly about devolution to the front line, trusting the professionals and professional responsibility, yet they want a definitive list of people who would be regarded by clinicians and senior managers at local level as suitable professionals. It is disingenuous to say that we should not prescribe such things from Westminster and Whitehall, while requiring an exhaustive list in the Bill.

Tim Loughton: This has nothing to do with localism and trusting professionals; it is about compliance with the European convention on human rights. Is the Minister saying that those professionals will not have to comply with the ECHR and that everything will be left to local direction? If so, he has grossly misread the legislation.

Mr. Lewis: No, I am not saying that at all. We have checked, and it has been confirmed that the situation is entirely compatible and consistent with the legislative framework. We are clear that we want a different way of working in all elements of the health service. We genuinely want a multi-disciplinary approach through which professionals from different backgrounds and with different expertise can make a contribution according to their knowledge, skills and qualifications. What I am talking about is a classic example of that.

Mr. Boswell: Although I do not disagree at all with the excellent sentiment that the Minister has expressed, does he not appreciate that some Conservative Members, some of those in the other place and others in professional circles can see a distinction between wishing to assist a patient—particularly when there is a voluntary capacity—and seeking to coerce a patient in the interests of the wider community? In the second case, there has to be a proper process that is carefully defined to meet human rights criteria.

Mr. Lewis: With all due respect to the hon. Gentleman, I should say that that balance has had to be struck in the mental health system every day of every week since time immemorial. We believe that the legislation has strengthened the approach to those difficult judgments that professionals have to make. Clearly, they have to make them within a robust legislative framework and according to best professional practice. We believe that the legislation strengthens that framework in that environment.

The issue is not new; professionals make those agonising decisions daily, and 99 per cent. of the time they do an amazing job of getting those judgments right. In the tragic cases, of which we are all aware, the judgments are not always as we would want. However, in the vast majority of situations, specialist mental health professionals with expertise on such issues have to weigh up the considerations as an integral part of their professional practice. The legislation does not change that, but strengthens it. One of the challenges is to ensure that every professional working in mental health services should be properly trained about the implications of the Bill and how they will be expected to work.

Ann Coffey (Stockport) (Lab): Does my hon. Friend agree that professionals will be subject to disciplinary procedures should they fall below the standards expected of them? That, of course, is a safeguard for the patient.

Mr. Lewis: I agree entirely. There are a number of issues about protecting and securing best practice: good leadership, good management, continual professional development and the legislative and professional regulatory frameworks. All those things contribute towards ensuring maximum professionalism at the front line of our mental health services. In time, this legislation will be seen to have added significantly to those professionals' ability to do the job as they would want.

The hon. Member for East Worthing and Shoreham also raised the question of revolving-door patients. As we have said in the past, attempting to define the clinical group in view, as the Lords amendments have attempted to do, is crude and arbitrary. It prevents supervised community treatment from being available to protect vulnerable patients, as well as other people in the community. SCT must be available to patients

undergoing their first period of compulsory treatment, who may be at great risk if they are discharged into the community without the protection of SCT. The incredibly important point is that the first relapse in the community can often be the fatal one. It would be irresponsible to ignore what is clear from the evidence on making such decisions.

The hon. Gentleman also said that the criteria for SCT were too broad and would lead to there being too many people in the system. Actually, the criteria set a high threshold for placing a patient under a community treatment order or SCT: first, a patient must be detained for treatment in hospital; and secondly, the amendment now agreed in the other place makes clear the factors that a clinician must consider when placing a patient under SCT. They include the risk of a patient getting worse in the community. In assessing that risk, the clinician must consider the patient's history. Those are reasonably clear safeguards in terms of thresholds.

The hon. Member for Southport (Dr. Pugh) usually makes measured contributions, and did so again in his brief speech today. *[Interruption.]* We are not that inclusive. However, it is bizarre to suggest that Ministers should announce today the number of people who will end up on treatment orders, or that they should guess or guesstimate such a figure. This is all about best professional judgments in terms of the interests of people with mental health needs, their families, and the wider community. It would be ludicrous for the Government or the House to prescribe the number of people who will end up accessing the new form of treatment.

Dr. Pugh: I did not suggest that the Minister should give us an exact number; I asked him whether there would be an increase or a decline, and whether it would be substantial. He can tell us that.

Mr. Lewis: The only thing I can say about increases and decreases is that, the way things are going at the moment, there is no question but that the hon. Gentleman's party will see a significant decrease in its representation in the House. I suspect that questions such as that simply reinforce the point. If I cannot be expected to define a specific figure, how can I be expected to say whether it will go up or down? I am afraid that is beyond me, and would be beyond any Member of the House.

Tim Loughton: Perhaps I can help the Minister. I alluded earlier to the experience in Scotland—albeit at an early stage—which is that the number of patients released under CTOs has been considerably higher than was anticipated. Does he envisage that that may be replicated in this country when the legislation comes in? If so, the word "higher" might be what he is looking for.

Mr. Lewis: I want the professionals to use the legislation that this place is passing to best effect, in the interests of patients, their families and the community. Assuming that that is the basis on which decisions are made, the outcome of those best judgments and professional decisions will be in the best interests of our country. That is straightforward and pretty simple. The hon. Gentleman may want to make petty political points to position himself, but that does not do justice to a debate as serious as this.

[illegible] hon. Gentleman asked about limits on CTOs, and referred specifically to the concept of a three-year limit. There is a package of safeguards already in place to ensure that a patient does not stay on a CTO for any longer than is necessary. Once again, we do not agree that an arbitrary time limit is appropriate, because it simply has no clinical basis. An arbitrary time limit could mean patients no longer benefiting from a CTO when they need that treatment.

Tim Loughton: What is the package of safeguards that the Minister has just referred to?

Mr. Lewis: The safeguards will be included in the code of practice that we will publish in due course. They will be about assessment, ongoing review, and the right to appeal. The code of practice will clearly spell out people's entitlements and rights in terms of having the treatment order reviewed regularly. That will be about clinical judgment and the patient's health.

Ann Coffey: Does my hon. Friend agree that the Opposition are being extraordinary? They agree in principle to community treatment orders, because, like us, they believe that they are a good thing, enabling patients to have treatment in the community that they would otherwise have to be admitted to hospital to receive. The issue is whether community treatment orders are a good thing, and the Opposition agree that they are; otherwise they would continue to vote against them in the House. Predicting whether there will be an increase or a decrease is not the issue. The issue is whether they are going to be properly applied.

Mr. Lewis: I agree entirely with my hon. Friend. Once we have put the legislative framework in place, accompanied by suitable regulation and protection, surely it is for professionals on the front line to make clinical judgments according to their professional expertise. The Conservative party argues, on every matter of public service and public policy, that we should devolve to professionals, allow maximum autonomy at the front line and not command and control from the centre. However, during this debate, Conservative Members have wanted Ministers to prescribe on the Floor of the House what professionals ought to do, which is entirely inappropriate.

6.15 pm

Many people have made a tremendous contribution to ensuring that the Bill will finally make its way on to the statute book, so I do not want the debate to conclude without paying tribute not only to the Ministers who have been referred to, the Opposition spokesmen and the Back Benchers who have made a contribution, such as the hon. Members for Rochford and Southend, East (James Duddridge) and for Daventry (Mr. Boswell), but to the officials in the Department of Health who have navigated us through a difficult and tortuous process incredibly professionally. The Bill will be seen as a historic piece of legislation that not only reflects the best interests of people with mental health needs and their families, but ensures that the community can have confidence in a modern mental health system.

Lords amendment agreed to.

Lords amendments Nos. 4A, 32A, 32B, 41A, 41B, 41C and 41D agreed to.

REGULATORY REFORM (STANDING ORDERS AND RELATED PROVISIONS)

Ordered,

That the following repeals of Standing Orders, new Standing Orders, amendments to Standing Orders, and related provisions be made—

(A) Standing Order No. 18 (Consideration of draft regulatory reform orders) shall be repealed and the following Standing Order made—

Consideration of draft legislative reform orders

18.—(1) If the Regulatory Reform Committee has recommended under paragraphs (4) or (6) of Standing Order No. 141 (Regulatory Reform Committee) that a draft Order subject to the affirmative or super-affirmative procedure, laid before the House under Part 1 of the Legislative and Regulatory Reform Act 2006, should be approved, and a motion is made by a Minister of the Crown to that effect, the question thereon shall—

(a) if the committee's recommendation was agreed without a division, be put forthwith; and

(b) if the committee's recommendation was agreed after a division, be put not later than one and a half hours after the commencement of proceedings on the motion.

(2) If the committee has recommended under paragraphs (4) or (6) of Standing Order No. 141 that a draft Order subject to the affirmative or super-affirmative procedure be not approved, no motion to approve the draft Order shall be made unless the House has previously resolved to disagree with the committee's report; the questions necessary to dispose of proceedings on the motion for such a resolution shall be put not later than three hours after their commencement; and the question on any motion thereafter made by a Minister of the Crown that the draft Order be approved shall be put forthwith.

(3) If the committee has recommended under paragraph (4) of Standing Order No. 141 that a draft Order subject to the negative resolution procedure should not be made (and that the recommendation is not intended to operate section 16(4) of the Act), that recommendation shall be deemed to constitute notice of a motion under sub-paragraph (4)(a) of Standing Order No. 118 (Delegated Legislation Committees).

(4) Motions under paragraphs (1) or (2) of this order may be proceeded with, though opposed, until any hour.

(B) Standing Order No. 141 (Regulatory Reform Committee) shall be repealed and the following Standing Order made—

Regulatory Reform Committee

141.—(1) There shall be a select committee, called the Regulatory Reform Committee, to examine and report on—

(i) every draft Order laid before the House under sections 14 or 18 of the Legislative and Regulatory Reform Act 2006 ('the Act');

(ii) any Subordinate Provisions Order or draft of such an Order made or proposed to be made under sections 1 and 4 of the Regulatory Reform Act 2001 (except those not made by a Minister of the Crown);

(iii) any matter arising from its consideration of such Orders or draft Orders; and

(iv) matters relating to regulatory reform.

(2) In the case of every draft Order referred to in paragraph (1)(i) above the committee shall consider the Minister's recommendation under section 15(1) of the Act as to the procedure which should apply to it and shall report to the House any recommendation under the Act that a different procedure should apply.

(3) In its consideration of draft Orders under Part 1 of the Act the committee shall include in each case, in addition to such other matters as it deems appropriate, whether provision in the draft Order—

(a) appears to make an inappropriate use of delegated legislation;

(b) serves the purpose of removing or reducing a burden, or the overall burdens, resulting directly or indirectly for any person from any legislation (in respect of a draft Order under section 1 of the Act);

(c) serves the purpose of securing that regulatory functions are exercised so as to comply with the regulatory principles, as set out in section 2(3) of the Act (in respect of a draft Order under section 2 of the Act);

(d) secures a policy objective which could not be satisfactorily secured by non-legislative means;

(e) has an effect which is proportionate to the policy objective;

(f) strikes a fair balance between the public interest and the interests of any person adversely affected by it;

(g) does not remove any necessary protection;

(h) does not prevent any person from continuing to exercise any right or freedom which that person might reasonably expect to continue to exercise;

(i) is not of constitutional significance;

(j) makes the law more accessible or more easily understood (in the case of provisions restating enactments);

(k) has been the subject of, and takes appropriate account of, adequate consultation;

(l) gives rise to an issue under such criteria for consideration of statutory instruments laid down in paragraph (1) of Standing Order No. 151 (Statutory Instruments (Joint Committee)) as are relevant;

(m) appears to be incompatible with any obligation resulting from membership of the European Union:

Provided that in the case of draft Orders under section 20 of the Act, those criteria which are not relevant to provisions made pursuant to section 2(2) of the European Communities Act 1972 need not be taken into consideration in relation to those provisions.

(4) In relation to every draft Order laid under section 14 of the Act subject to the negative or affirmative procedure under sections 16 or 17 of the Act, the committee shall report its recommendation whether the draft Order should be made (in the case of the negative procedure) or approved (in the case of the affirmative procedure), indicating in the case of the latter whether the recommendation was agreed without a division.

(5) In relation to every draft Order laid under section 14 of the Act subject to the super-affirmative procedure under section 18 of the Act, the committee shall report its recommendation as to whether—

(a) the draft Order should be proceeded with unamended under section 18(3) of the Act; or

(b) a revised draft Order should be laid under section 18(7) of the Act; or

(c) no statement under section 18(3) or revised draft Order under section 18(7) should be laid.

(6) In relation to every draft Order or revised draft Order subject to the super-affirmative procedure being proceeded with under section 18(3) or 18(7) of the Act, the committee shall report its recommendation whether the draft Order or revised draft Order should be approved, indicating in the case of draft Orders which it recommends should be approved whether its recommendation was agreed without a division; and in respect of such draft Orders or revised draft Orders the committee shall consider in each case all such matters set out in paragraph (3) of this Order as are relevant and the extent to which the Minister concerned has had regard to any resolution or report of the committee or to any other representations made during the period for parliamentary consideration.

(7) It shall be an instruction to the committee considering draft Orders being proceeded with under section 18(3) or 18(7) that it report not more than fifteen sitting days (in the case of an order under section 18(3)) or twenty-five sitting days (in the case of an order under section 18(7)) after the relevant statement is laid.

(8) In relation to every draft Order or revised draft Order, the committee shall report any recommendation under section 16(4) of the Act that the draft Order be not made, or under sections 17(3), 18(5) or 18(9) of the Act that no further proceedings be taken in relation to the draft Order.

(9) In its consideration of any Subordinate Provisions Order under paragraph (1)(ii) of this order, the committee shall in each case consider whether the special attention of the House should be drawn to it on any of the grounds laid down in paragraph (1) of Standing Order No. 151 (Statutory Instruments (Joint Committee)); and if the committee is of the opinion that any such Order or draft Order should be annulled, or, as the case may be, should not be approved, they shall report that opinion to the House.

(10) The committee shall consist of fourteen members; and, unless the House otherwise orders, each Member nominated to the committee shall continue to be a member of it for the remainder of the Parliament.

(11) The committee shall have power—

(a) to send for persons, papers and records, to sit notwithstanding any adjournment of the House, to adjourn from place to place, and to report from time to time;

(b) to appoint specialist advisers either to supply information which is not readily available or to elucidate matters of complexity within the committee's order of reference; and

(c) to appoint a sub-committee, of which the quorum shall be two, which shall have power to send for persons, papers and records, to sit notwithstanding any adjournment of the House, and to adjourn from place to place.

(12) The committee and the sub-committee shall have the assistance of the Counsel to the Speaker.

(13) The committee and the sub-committee shall have power to invite Members of the House who are not members of the committee to attend meetings at which witnesses are being examined in relation to matters within paragraphs (1) (i) to (iii) and such Members may, at the discretion of the chairman, ask questions of those witnesses; but no Member not being a member of the committee shall otherwise take

part in the proceedings of the committee or sub-committee, or be counted in the quorum.

(14) It shall be an instruction to the committee that before reporting on a draft Order it shall afford to any government department concerned an opportunity of furnishing orally or in writing to it or to the sub-committee appointed by it such explanations as the department thinks fit, except to the extent that the committee considers that it is not reasonably practicable to do so without risking the opportunity for effective exercise of a function conferred on it under section 15, 16, 17 or 18 of the Act.

(C) Standing Orders No. 98 (Scottish Grand Committee (delegated legislation)), No. 115 (Northern Ireland Grand Committee (delegated legislation)), and No. 118 (Delegated Legislation Committees) shall be amended by leaving out the words 'regulatory reform order' and inserting the words 'legislative reform order'; and Standing Order No. 151 (Statutory Instruments (Joint Committee)) shall be amended by leaving out the words from 'under' in line 21 to 'and' in line 24 and inserting the words 'Part 1 of the Legislative and Regulatory Reform Act 2006, or any subordinate provisions order made or proposed to be made under the Regulatory Reform Act 2001,'.

(D) Any draft regulatory reform orders laid under the Regulatory Reform Act 2001 which are currently before the House shall be considered by the Regulatory Reform Committee appointed under this Order and by the House as if they were draft orders, subject to the super-affirmative procedure, laid under the Legislative and Regulatory Reform Act 2006.

(E) Notwithstanding the provisions of Standing Order No. 121 (Nomination of select committees), those Members of this House who were members of the Regulatory Reform Committee before the passing of this Order shall be the members of the Regulatory Reform Committee appointed under paragraph (B) above; and for the purposes of Standing Order No. 122A (Term limits for chairmen of select committees), the Regulatory Reform Committee established under paragraph (B) shall be the same committee as that established before the passing of this Order.—*[Tony Cunningham.]*

PETITION

Jobcentre Plus (Christchurch)

6.17 pm

Mr. Christopher Chope (Christchurch) (Con): I wish to present a petition against the proposal to close the Christchurch office of Jobcentre Plus. The petition was signed by between 4,000 and 5,000 local people during the one month consultation period, which ends this week.

The petition states:

To the Honourable the Commons of the United Kingdom of Great Britain and Northern Ireland in Parliament assembled.

The humble petition of residents of Christchurch declares its opposition to the proposal by JobCentre Plus to close the office in Christchurch and to relocate the service to Bournemouth. The closure of this much valued locally accessible office which serves the people of Christchurch with dedication is unacceptable and will create unnecessary additional expense and inconvenience for some of the most vulnerable members of the local community.

Wherefore your Petitioners pray that your Honourable House urge the Government to intervene to prevent the closure.

And your Petitioners, as in duty bound, will every pray, &c.

Since the launch of the petition there is a new Prime Minister who is committed to change. The people of Christchurch certainly hope that he will change the policy on this issue.

To lie upon the Table.

Travellers (Facilities)

Motion made, and Question proposed, That this House do now adjourn.—*[Tony Cunningham.]*

6.18 pm

Jessica Morden (Newport, East) (Lab): I am grateful for the opportunity to raise in the Chamber a matter of great importance to my constituents. I am pleased that I am giving the Under-Secretary of State for Communities and Local Government, my hon. Friend the Member for Hartlepool (Mr. Wright), his first opportunity to respond in his new role. I wish him well in carrying out his ministerial responsibilities. We worked closely together when he stood in the Hartlepool by-election. When we were tramping the streets of Hartlepool many years ago, little did I know that he would one day respond to my Adjournment debate. I am sure that his reply will be an early hallmark of a long and successful ministerial career.

I applied for the debate on behalf of my constituents, businesses and Newport city council. They have contacted me about the consequences of unauthorised encampments set up by Gypsies and Travellers in my constituency. I appreciate that the issue is sensitive and I acknowledge and welcome the steps that the Government and the Welsh Assembly are taking to address some of the difficulties faced by Gypsies and Travellers. The Assembly obviously has some responsibility for such matters, but the law of trespass, which I will mention later, is the UK Government's responsibility.

Newport has a particular problem with unauthorised encampments owing to its location—it is one of the gateways to Wales and it is on the M4 corridor. Over the past few years, the city of Newport has witnessed a wave of unauthorised camps being set up on significant community areas, including parks and school playing fields. There are problems to do with unauthorised encampments, and the cost of enforcement action and of clearing them up is unsustainable and locally very unpopular. It is estimated that about £18 million is spent each year on enforcement action in the UK.

In the past year, there have been 16 encampments on sensitive sites in Newport. Three were on school playing fields, causing damage to the fields and putting them out of bounds to the children for a total of 20 days. Five were on the grounds of a stately home, Tredegar house, and that not only affected visitors but put events in jeopardy—weddings, for example, were at risk of cancellation. Three were at Newport international sports village. They put the car park out of commission and thereby prevented the public from accessing the facilities. Three were in Coronation park, which is one of the main venues for community sport in my constituency. That put in jeopardy a major youth soccer tournament, which was attended by about 3,000 people and organised by volunteers from the Newport Corinthians football club. Caravans were parked on football pitches, causing damage and giving rise to major clear-up costs. The remaining two encampments were on other parks in the city.

Costs and the time needed to return facilities to good use were particularly critical in the case of the occupation of the school playing fields and Coronation park. In total, costs of over £10,000 were incurred in removing the rubbish and making the playing fields safe for schoolchildren to use again. I recognise that Gypsy and Traveller communities have their own legitimate needs and expectations and I support their right to live life as they choose. They have the right to be treated with dignity and respect. Although many Gypsies and Travellers act responsibly, sadly, my constituents regularly bring me stories that show that that is often not the case. Neither the Travellers nor the settled community should be able to ignore each other's legitimate expectations or prevent their enjoyment of life. The settled community also has the right to access its community facilities. Settled communities have the right to run youth soccer games in city parks, schoolchildren have the right to play safely on their school field and the public have the right to access parks and sports facilities.

Each year, unauthorised encampments continue to spring up. I appreciate that Newport does not have a permanent site. The Welsh Assembly Government have responded positively to the detailed report that they commissioned on the needs of Gypsies and Travellers in Wales and they are now working on a strategy that will have important implications for the provision of services in the long term, but in the meantime Newport works with neighbouring authorities in south Wales to provide alternative arrangements. The Assembly's commissioned report acknowledges that even in areas with existing Gypsy/Traveller sites, unauthorised encampments continue to be problematic. Its findings on the number of unauthorised encampments show that a significant number still occur, including in areas run by authorities that have official designated sites.

The effect of unauthorised encampment is to worsen inter-community relations and cohesion. That in turn makes it difficult for the council to identify a site. The endless round of court notices and eviction enforcements means that everyone, from settled neighbours to Travellers and their families, become exasperated, and council officials and the local police are often caught in the middle of difficult situations. The result is that the public's experience makes them fearful of the consequences of having a site in their area.

For the council and the police, the current legislation on trespass encourages tensions. Some argue that they would like the laws of trespass changed to bring us into line with the Republic of Ireland, where there are stronger powers to enable the police to deal with trespass. Will the Minister look at the experience in Ireland to see whether there are lessons that we could learn, and may we consider how the law works there? Residents who have experienced the after-effects of an unauthorised encampment often ask whether, at the very least, certain sites could be designated as "sensitive". By that, they mean school playing fields, parks, school grounds and sports facilities. That way, people in the settled community can continue to live their lives.

I want to stress that there is good co-operation between Newport City council and Gwent police, who take their duty of care very seriously. The two work in partnership to ensure the best outcome for both sets of communities. They seek to engage positively with Travellers and, in consultation with them, to agree the expected standards, including site cleanliness and timetables for departure. They work hard to provide

amenities and carry out the appropriate welfare checks. They try to act quickly when sensitive sites are involved. However, no matter how hard they try, on occasions it is not possible to gain movement without an expensive and time-consuming process. In the meantime, school playing fields, parks and other community facilities are put out of use.

The suggestion therefore is that on designated sites we impose stricter control and a trespass law, which would mean that occupation of those sites could be regarded as a criminal rather than a civil act. Failure to leave the site immediately would result in swift action and, most importantly, the threat of action could serve as a deterrent to unauthorised encampment in the future. The designation of sensitive sites could be agreed by local authorities and the relevant police forces together, and the areas could be published and subject to challenge through the courts on grounds of reasonableness. That could provide a better balance of rights and responsibilities and could give both communities greater clarity as to what is and what is not acceptable.

Paul Flynn (Newport, West) (Lab): Does my hon. Friend agree that on both sides of Newport, although there is sympathy with the Travellers and their difficulties, the behaviour that has occurred recently in Newport is found to be intolerable by many local people, particularly the dumping of huge quantities of rubbish on the sites after the Travellers move away?

Jessica Morden: I thank my hon. Friend for his intervention. He, like me, no doubt meets many constituents who make those points to us at surgeries.

The Welsh Assembly study that is taking place will provide a clear evidence base and a starting point for local authorities to make an assessment of local provision in Wales. Across the UK there is a requirement to assess need, and in England there is now financial assistance for sites. However, local authorities need the resources to provide sites and assistance in maintaining them, and communities need to see benefits and be reassured that the provision of a site will help to prevent, rather than increase, difficulties. Will my hon. Friend the Minister please look at the possibility of creating incentives for local communities that agree to sites in their localities?

In conclusion, I hope we can find a balance of responsibilities that creates an environment that supports Gypsies and Travellers as well as the settled community, upholds the rights of both and preserves community facilities for their usual purpose.

6.27 pm

The Parliamentary Under-Secretary of State for Communities and Local Government (Mr. Iain Wright): I congratulate my hon. Friend the Member for Newport, East (Jessica Morden) on securing a debate on such an important topic to her and her constituents. I pay tribute to the dignified, reasoned and eloquent way in which she conveyed her argument. She mentioned the Hartlepool by-election. She was one of the first people who came to help me in that by-election—help me get to this place—and I cannot think of anybody else to whom I would rather respond on my first run-out at the Dispatch Box.

My officials have told me that my hon. Friend has worked assiduously on behalf of her constituents on this issue, and I hope her constituents and agencies in Newport recognise what such a strong and valuable constituency MP my hon. Friend is. As she pointed out, responsibility for Gypsy and Traveller issues is devolved to the Welsh Assembly Government, so although I can provide information on the position in Wales where it differs from that in England, she will appreciate that I am not able to comment directly on the Assembly's behalf.

My hon. Friend highlighted in a powerful way some of the problems that can be created by unauthorised Gypsy and Traveller sites and the tensions that they cause with the settled community. At the root of those problems is the shortage of authorised sites for Gypsies and Travellers, which is forcing them on to unauthorised sites. The Government believe that everyone—I stress everyone—in the community should have the opportunity of a decent place to live. There is currently no such opportunity for households in about 20 per cent. of Gypsy and Traveller caravans across England and Wales. That is unacceptable and we are committed to increasing the number of authorised, good quality sites in the same way as we are committed to increasing the supply and quality of conventional affordable and social housing. Increased site provision, coupled with effective use of enforcement powers against unauthorised sites, and a joined-up approach between the various organisations with a role in Gypsy and Traveller and broader housing issues, is vital to addressing the problems that my hon. Friend has highlighted and helping to create strong, cohesive communities.

Although we do not need a large amount of land to address the shortage of authorised sites for Gypsies and Travellers, it can be particularly challenging to deliver specific land for sites. Many people do not want sites built near to them. They have fears about them that are based on rumour, conjecture and misinformation. A MORI poll in 2003 found that a third of those surveyed felt personally prejudiced against Gypsies and Travellers. It is a prejudice that it is still widely regarded as acceptable to express in a way that would be considered offensive against any other group. But it is a prejudice that is groundless, and I would like to take this opportunity to dispel some common myths. Research undertaken by the Joseph Rowntree Foundation investigated the experiences of neighbours who had objected to the establishment of three authorised sites, after the sites had been up and running for between one and four years. Most householders acknowledged that their fears had proved groundless. The police reported no noticeable increase in crime in the vicinity of the sites. Schools in those areas were able to cope with the additional pupils from the sites and reported that the Gypsy and Traveller children had integrated well socially.

Gypsies and Travellers are required to—and do—pay council tax, whether or not their sites have planning permission, and they are active in their local communities. For example, Candy Sheridan, an Irish Traveller, is a councillor for North Norfolk district council. Blue Jones, a Romany Gypsy, represents Kent on the National Youth Parliament. Kedra Goodall, a Gypsy, recently sought selection as the Conservative parliamentary candidate for Hammersmith and got through to the final four.

[Mr. Iain Wright]

Well managed, good quality sites can support cohesive, sustainable communities. The Ridgewell site near Halstead in Essex is just one example. The site is well integrated with the local community, with residents, members of the local neighbourhood watch scheme and patrons of the mobile library service, which regularly visits the site. So there are incentives for everyone—Gypsies and Travellers, local authorities and the settled community—to increasing site provision. Those extend beyond the obvious benefits of reducing unauthorised camping and the tensions that that can create with the settled community, of which my hon. Friend has spoken so eloquently.

Site provision will reduce the amount of resources that authorities spend on costly enforcement action. As my hon. Friend mentioned, this has been estimated by the Commission for Racial Equality at £18 million a year, and described by the Audit Commission in relation to one local authority as a "wasteful use of resources". Bristol city council has seen its enforcement costs drop from £200,000 to £5,000 a year since building a new authorised site. One result of that saving has been that its leisure services department has been able to spend an additional £40,000 a year improving the environment through investment in local parks and open spaces. I am sure that that approach is relevant and pertinent to my hon. Friend's experience, and I hope that she will take it up and begin to implement it in her constituency.

The provision of authorised sites also makes it quicker and easier to take enforcement action where unauthorised camping does take place. A range of powers are available to landowners, local authorities and the police to deal with unauthorised encampments, where Gypsies and Travellers camp on land that they do not own. Those range from common law powers and civil procedures in the county court, to the powers of local authorities and the police to direct trespassers to leave land in certain circumstances.

My hon. Friend asked me to look at the experience in Ireland, where stronger powers are available to deal with trespass, and to consider making trespass a criminal offence where it occurs on certain sensitive sites. Although trespass itself is not a criminal offence, it is already a criminal offence for a trespasser to fail to leave when directed to do so by a local authority or the police, or to return within three months. Our task group on site provision and enforcement, chaired by Sir Brian Briscoe, a former chief executive of the Local Government Association, has reviewed the operation of enforcement powers and taken evidence from local authorities and others. The group concluded that rather than making changes to those powers, authorities should be helped to use them more effectively. It recommended that we work closely with the Local Government Association and the Improvement and Development Agency to secure improvements in performance, and we will do so.

Police powers to direct trespassers to leave land will often be the quickest, as they can be used without reference to the courts. However, there are other things that authorities and the police can do to speed up the process, including having protocols in place to deal with cases of unauthorised sites. However, as the interim report of our task group makes clear, and as I have already stressed, enforcement action will always be quicker and more effective where appropriate authorised sites are available. We recognise that until sufficient numbers of authorised sites are available, local authorities, Gypsies and Travellers can be left in a difficult position. Authorities may want to consider whether enforcement action is absolutely necessary. Where an unauthorised encampment is in an obtrusive location, authorities could seek to agree a departure date with the campers. However, as in the instances described by my hon. Friend, there will be some locations where encampments are not acceptable—for example, where they prevent the use of important local amenities such as sports fields or stately homes for weddings. In those instances, authorities could seek to agree a less damaging location.

Having enough good quality accommodation will help to tackle the serious social exclusion experienced by Gypsies and Travellers and improve health and education outcomes. The average life expectancy of a Gypsy or Traveller is 10 to 12 years less than that of a member of the settled community. Gypsy and Traveller mothers are almost 20 times more likely to experience the death of a child. Twenty-two per cent. of Irish Traveller children and 15 per cent. of Gypsy children achieve five or more good GCSE grades, compared with 55 per cent. of children in the settled population.

In order to achieve the increase in accommodation we are seeking we have established a new framework for authorised site provision. Local authorities in England and Wales are required by the Housing Act 2004 to undertake accommodation needs assessments for Gypsies and Travellers in the same way as they do for the rest of the community. I understand that assessments have been completed, or are now under way, in 90 per cent. of authorities in England. We want all those to be complete by the end of the year. In England, regional assemblies will take a strategic view of need and set out the number of pitches that each local authority will be expected to deliver. Local authorities will then need to identify sites to deliver those pitches in their development plan documents. I am sure that my hon. Friend, as a Welsh MP, will be interested to hear that in Wales the National Assembly has consulted on planning guidance that would require local authorities whose accommodation assessments have identified unmet need for Gypsy and Traveller sites in their areas to identify sites to meet that need in their local development plans.

To back up that new framework, we have increased the resources available to local authorities for Gypsy and Traveller sites. In England, up to £56 million is available between 2006 and 2008 for providing new sites and refurbishing existing sites through the Gypsy and Traveller site grant. In Wales, £3 million is being made available between 2007-08 and 2009-10 to refurbish existing sites. We are beginning to make progress, but we need to step up the pace. We will work with local authorities and regional assemblies to provide challenge and support as they tackle this important issue.

The new framework that we have established is crucial to making progress on site provision, and coupled with effective enforcement action and a joined up approach to the issues, it will help create strong, cohesive communities. Only by significantly increasing the number of authorised sites will we ensure that all—I stress all—parts of the community have a decent place to live. That will reduce

the tensions that unauthorised sites can cause with the settled community, as mentioned by my hon. Friend, reduce the need for, and cost of, enforcement action, and make it easier to use enforcement powers as well as improving the life outcomes of the most socially excluded group in our society.

I would like once again to congratulate my hon. Friend on securing this debate and affording me the opportunity to explain why site provision is so important and how we need to see it in the wider context of affordable and appropriate accommodation for all.

Question put and agreed to.

Adjourned accordingly at twenty-two minutes to Seven o'clock.

Deferred Division

EUROPEAN GLOBAL NAVIGATION SATELLITE SYSTEM

That this House takes note of European Union document number 7828/07 and ADD1, Commission Communication, GALILEO at a cross-road—the implementation of the European GNSS programmes; and endorses the Government's approach to discussions on this document.

The House divided: Ayes 318, Noes 141.

Division No. 174]

AYES

Abbott, Ms Diane
Ainger, Nick
Ainsworth, rh Mr. Bob
Alexander, Danny
Anderson, Mr. David
Anderson, Janet
Austin, Mr. Ian
Austin, John
Baird, Vera
Baker, Norman
Balls, rh Ed
Barlow, Ms Celia
Barrett, John
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Bell, Sir Stuart
Benn, rh Hilary
Benton, Mr. Joe
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blears, rh Hazel
Blizzard, Mr. Bob
Blunkett, rh Mr. David
Borrow, Mr. David S.
Bradshaw, Mr. Ben
Brake, Tom
Brennan, Kevin
Brooke, Annette
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Browne, Mr. Jeremy
Bruce, rh Malcolm
Bryant, Chris
Burden, Richard
Burgon, Colin
Burnham, rh Andy
Burstow, Mr. Paul
Burt, Lorely
Butler, Ms Dawn
Byers, rh Mr. Stephen
Byrne, Mr. Liam
Cable, Dr. Vincent
Caborn, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Campbell, rh Sir Menzies
Carmichael, Mr. Alistair
Caton, Mr. Martin
Cawsey, Mr. Ian
Chapman, Ben
Chaytor, Mr. David
Clapham, Mr. Michael
Clark, Paul
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clegg, Mr. Nick
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Connarty, Michael
Cook, Frank
Cooper, Rosie
Cooper, Yvette
Corbyn, Jeremy
Cousins, Jim
Crausby, Mr. David
Creagh, Mary
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Darling, rh Mr. Alistair
Davey, Mr. Edward
David, Mr. Wayne
Davies, Mr. Dai
Davies, Mr. Quentin
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dismore, Mr. Andrew
Dobbin, Jim
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Eagle, Angela
Eagle, Maria
Engel, Natascha
Ennis, Jeff
Farrelly, Paul
Farron, Tim
Featherstone, Lynne
Field, rh Mr. Frank
Fitzpatrick, Jim
Flello, Mr. Robert
Flynn, Paul
Follett, Barbara
Foster, Mr. Don
Foster, Mr. Michael *(Worcester)*
Francis, Dr. Hywel
Gapes, Mike
Gardiner, Barry
George, Andrew
Gerrard, Mr. Neil
Gidley, Sandra
Godsiff, Mr. Roger
Goggins, Paul
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. Fabian
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Dr. Evan
Harris, Mr. Tom
Harvey, Nick
Havard, Mr. Dai
Healey, John
Henderson, Mr. Doug
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hillier, Meg
Hodge, rh Margaret
Hood, Mr. Jim
Hoon, rh Mr. Geoffrey
Hope, Phil
Hopkins, Kelvin
Horwood, Martin
Hosie, Stewart
Howarth, David
Howarth, rh Mr. George
Howells, Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Huhne, Chris
Humble, Mrs. Joan
Hunter, Mark
Hutton, rh Mr. John
Iddon, Dr. Brian
Illsley, Mr. Eric
Irranca-Davies, Huw
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Lynne
Jones, Mr. Martyn
Jowell, rh Tessa
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeley, Barbara
Keen, Ann
Keetch, Mr. Paul
Kelly, rh Ruth
Kennedy, rh Mr. Charles
Kennedy, rh Jane
Khan, Mr. Sadiq
Knight, Jim
Kramer, Susan
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, Mr. David
Laws, Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Llwyd, Mr. Elfyn
Love, Mr. Andrew
Lucas, Ian
Mactaggart, Fiona
Mahmood, Mr. Khalid
Malik, Mr. Shahid
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Marshall, Mr. David
McAvoy, rh Mr. Thomas
McCafferty, Chris
McCarthy, Kerry
McDonagh, Siobhain
McFadden, Mr. Pat
McFall, rh John
McGovern, Mr. Jim
McGuire, Mrs. Anne
McIsaac, Shona
McKechin, Ann
McNulty, Mr. Tony
Merron, Gillian
Milburn, rh Mr. Alan
Miliband, rh David
Miliband, rh Edward
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Moore, Mr. Michael
Morden, Jessica
Morgan, Julie
Mudie, Mr. George
Mulholland, Greg
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
O'Hara, Mr. Edward
Olner, Mr. Bill
Öpik, Lembit
Palmer, Dr. Nick
Plaskitt, Mr. James
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Price, Adam
Primarolo, rh Dawn
Prosser, Gwyn
Pugh, Dr. John
Purchase, Mr. Ken
Purnell, rh James
Rammell, Bill
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, rh John
Rennie, Willie
Robertson, Angus
Robertson, John
Robinson, Mr. Geoffrey
Rogerson, Dan
Roy, Mr. Frank
Ruane, Chris
Ruddock, Joan
Russell, Bob
Russell, Christine
Salter, Martin
Sanders, Mr. Adrian
Seabeck, Alison
Sheridan, Jim
Simpson, Alan

Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, rh Jacqui
Smith, John
Smith, Sir Robert
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Swinson, Jo
Tami, Mark
Taylor, Ms Dari
Taylor, David
Thornberry, Emily
Thurso, John
Timms, rh Mr. Stephen
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Ussher, Kitty
Walley, Joan
Waltho, Lynda
Ward, Claire
Wareing, Mr. Robert N.
Watts, Mr. Dave
Webb, Steve
Weir, Mr. Mike
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Williams, Hywel
Williams, Mark
Williams, Mr. Roger
Williams, Stephen
Willis, Mr. Phil
Willott, Jenny
Winnick, Mr. David
Winterton, rh Ms Rosie
Woodward, rh Mr. Shaun
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright. David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek
Younger-Ross, Richard

NOES

Afriyie, Adam
Amess, Mr. David
Arbuthnot, rh Mr. James
Bacon, Mr. Richard
Baldry, Tony
Baron, Mr. John
Bellingham, Mr. Henry
Bercow, John
Beresford, Sir Paul
Binley, Mr. Brian
Blunt, Mr. Crispin
Bone, Mr. Peter
Boswell, Mr. Tim
Bottomley, Peter
Brazier, Mr. Julian
Brokenshire, James
Burns, Mr. Simon
Butterfill, Sir John
Cameron, rh Mr. David
Campbell, Mr. Gregory
Carswell, Mr. Douglas
Cash, Mr. William
Chope, Mr. Christopher
Clappison, Mr. James
Clark, Greg
Clarke, rh Mr. Kenneth
Clifton-Brown, Mr. Geoffrey
Conway, Derek
Cormack, Sir Patrick
Crabb, Mr. Stephen
Curry, rh Mr. David
Davies, Philip
Davis, rh David *(Haltemprice and Howden)*
Djanogly, Mr. Jonathan
Dodds, Mr. Nigel
Duddridge, James
Duncan, Alan
Dunne, Mr. Philip
Ellwood, Mr. Tobias
Evans, Mr. Nigel
Evennett, Mr. David
Fabricant, Michael
Fallon, Mr. Michael
Field, Mr. Mark
Francois, Mr. Mark
Fraser, Mr. Christopher
Gale, Mr. Roger
Garnier, Mr. Edward
Gibb, Mr. Nick
Gillan, Mrs. Cheryl
Goodman, Mr. Paul
Gove, Michael
Gray, Mr. James
Green, Damian
Greening, Justine
Greenway, Mr. John
Grieve, Mr. Dominic
Gummer, rh Mr. John
Hammond, Mr. Philip
Hammond, Stephen
Harper, Mr. Mark
Hayes, Mr. John
Heathcoat-Amory, rh Mr. David
Hendry, Charles
Herbert, Nick
Hoban, Mr. Mark
Hollobone, Mr. Philip
Horam, Mr. John
Hurd, Mr. Nick
Jack, rh Mr. Michael
Jenkin, Mr. Bernard
Johnson, Mr. Boris
Jones, Mr. David
Kawczynski, Daniel
Key, Robert
Knight, rh Mr. Greg
Laing, Mrs. Eleanor
Lancaster, Mr. Mark
Lansley, Mr. Andrew
Letwin, rh Mr. Oliver
Lidington, Mr. David
Loughton, Tim
Luff, Peter
Mackay, rh Mr. Andrew
Main, Anne
Maples, Mr. John
Mates, rh Mr. Michael
May, rh Mrs. Theresa
McCrea, Dr. William
McIntosh, Miss Anne
Mercer, Patrick
Miller, Mrs. Maria
Milton, Anne
Mitchell, Mr. Andrew
Moss, Mr. Malcolm
Murrison, Dr. Andrew
Neill, Robert
Newmark, Mr. Brooks
Osborne, Mr. George
Ottaway, Richard
Paterson, Mr. Owen
Pelling, Mr. Andrew
Penning, Mike
Penrose, John
Prisk, Mr. Mark
Pritchard, Mark
Randall, Mr. John
Robathan, Mr. Andrew
Robertson, Mr. Laurence
Rosindell, Andrew
Scott, Mr. Lee
Selous, Andrew
Shepherd, Mr. Richard
Simmonds, Mark
Simpson, David
Simpson, Mr. Keith
Spicer, Sir Michael
Spink, Bob
Stanley, rh Sir John
Streeter, Mr. Gary
Swayne, Mr. Desmond
Tapsell, Sir Peter
Tredinnick, David
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vaizey, Mr. Edward
Vara, Mr. Shailesh
Viggers, Peter
Villiers, Mrs. Theresa
Walker, Mr. Charles
Wallace, Mr. Ben
Waterson, Mr. Nigel
Watkinson, Angela
Whittingdale, Mr. John
Wilson, Mr. Rob
Wilson, Sammy
Winterton, Ann
Winterton, Sir Nicholas
Wright, Jeremy
Yeo, Mr. Tim
Young, rh Sir George

Question accordingly agreed to.

House of Commons

Thursday 5 July 2007

The House met at half-past Ten o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

Oral Answers to Questions

BUSINESS, ENTERPRISE AND REGULATORY REFORM

The Secretary of State was asked—

Microgeneration

1. **Chris McCafferty** (Calder Valley) (Lab): What plans his Department has to promote microgeneration in Government buildings; and if he will make a statement. [147635]

The Minister of State, Department for Business, Enterprise and Regulatory Reform (Malcolm Wicks): The Government have set a challenging commitment for the UK to reduce our carbon emissions by 60 per cent. compared with 1990 levels by 2050. That affects us all, of course, and the Government have a full part to play. Indeed, the aim is to make the Government office estate carbon-neutral by 2012. Microgeneration technologies certainly must play their part in reaching that goal.

Chris McCafferty: May I thank my hon. Friend for that reply and take this opportunity to welcome him to the Dispatch Box in his new role? Naturally, I welcome plans to use microgeneration in Government buildings. However, does he agree that all public buildings should be subject to strict targets on microgeneration and that proper monitoring procedures and greater transparency should be put in place to make that possible?

Malcolm Wicks: I thank my hon. Friend for that welcome—it is like I have never been away.

The Government have allocated £86 million over the next three years for our low-carbon building programme. Phase 2 will enable such places as public buildings, community centres and buildings in the voluntary sector to have microgeneration. That is important. I am especially keen on ensuring that we have microgeneration in our schools, not only so that they are energy efficient, but so that we can teach our children about their relationship with energy, and energy's relationship with the future of our planet.

Regional Development Agencies

2. **Mr. David Heathcoat-Amory** (Wells) (Con): What recent assessment he has made of the effectiveness of regional development agencies in promoting enterprise. [147636]

The Minister of State, Department for Business, Enterprise and Regulatory Reform (Mr. Pat McFadden): The performance of the regional development agencies against their targets is laid before Parliament every six months. In 2005-06, the last year for which we have full-year figures, they helped to create or attract almost 19,000 new businesses, supported 800,000 businesses through Business Link, and assisted more than 166,000 businesses to improve their performance. Half-year figures for 2006-07 have been laid before Parliament and full-year figures will follow shortly.

Mr. Heathcoat-Amory: The figures that the Minister quoted were largely self-assessed by the bodies themselves. The truth is that those bureaucratic bodies show very little enterprise. Does he agree that a great deal of good would be done for businesses, and a great deal of public money would be saved, if he were to abolish them? He could then return the money to businesses through a cut in business rates, especially for small businesses, which would benefit the many, rather than the few businesses that are favoured by regional development agencies.

Mr. McFadden: The performance of the regional development agencies is not judged only through self-assessment. For example, the National Audit Office assessed all regional development agencies as performing either well or strongly. Let me quote a random comment from its verdict on the East Midlands Development Agency:

"emda has a strong vision for the region which has been developed and strengthened in successive productions of the...economic Strategy...emda's partnership working is a real strength, with an emphasis on building strategic delivery and in getting stalled projects to work again... The evidence base...is detailed and comprehensive and is well regarded by partners and stakeholders".

Charlotte Atkins (Staffordshire, Moorlands) (Lab): Will my hon. Friend investigate the different approaches of the RDAs to rural enterprise? For instance, the East Midlands Development Agency has supported an excellent farmers' co-operative initiative called Peak Choice, which was launched in my constituency last week. However, it appears that Advantage West Midlands—my constituency sits in the west midlands—is less willing to engage with rural developments and enterprise, even though Staffordshire, Moorlands falls within a rural action zone.

Mr. McFadden: Regional development agencies should be supporting business activity in both rural and urban areas. The output results for 2005-06 have been disaggregated on a rural and urban basis and can be found on the departmental website. I will be happy to take up my hon. Friend's specific question about Advantage West Midlands with the RDA on her behalf.

Peter Luff (Mid-Worcestershire) (Con): On behalf of the yet-to-be-renamed Trade and Industry Committee and all its members, may I say how much I welcome the Minister and all his new and old friends, especially one old friend, to the Dispatch Box? Is the Minister aware of the Committee's recent report on UK Trade and Investment and its critical words about the failure

properly to co-ordinate regional development agencies' work in overseas markets? What will be the role of another new friend, Sir Digby Jones? Will he be using all his traditional powers of tact and diplomacy to ensure that the regional development agencies are better co-ordinated in overseas markets?

Mr. McFadden: Comrade Digby, as we call him in the Department, will have a very important role to play. He has been outspoken on the issue, and I am sure that he will be a vocal and effective voice in ensuring a co-ordinated approach by RDAs working abroad.

Anne Snelgrove (South Swindon) (Lab): I add my welcome to the new ministerial team. Does my hon. Friend welcome the Prime Minister's announcement earlier this week that there will be regional committees of Members of this House, and does he agree with me that that will strengthen the relationship between the House and the regional assemblies, particularly with regard to enterprise and the economy of our regions? Will he encourage Opposition Members to join in with those regional committees with full enthusiasm, despite their aversion to regionalism?

Mr. McFadden: My hon. Friend makes a strong point. Such committees can play an important role. I shall just mention the kind of work that they could consider doing, in the context of current problems. For example, the RDA in Yorkshire moved very quickly in response to the recent floods; it has made £1 million available in business support. That is moving quickly, locally, in response to a local emergency. That is the kind of issue that could be examined productively by the committees that she mentions.

Miss Julie Kirkbride (Bromsgrove) (Con): On the point made by my hon. Friend the Member for Mid-Worcestershire (Peter Luff), the Chairman of the Select Committee, will the Minister tell us what his new Department will do about the duplication that takes place in the RDAs' overseas activities? The simple fact is that to the Indian market, to take just one example, the United Kingdom is a very small place, and the differences between the west midlands and the east midlands, or the north-east and the south-west, are irrelevant to that market. We want business to come back to UK plc, and once it gets back here, we will decide where it goes. What will the Minister do about that particular problem, and that waste of money?

Mr. McFadden: As figures published this week show, the UK is performing extremely well in attracting inward investment from abroad. Of course we have a duty to make sure that our efforts are properly co-ordinated, but we would not accept a situation in which it was suggested that something was seriously hampering our efforts to attract inward investment; the record shows that we are an extremely attractive location. The hon. Lady mentioned India. She will know that the UK is home to about 60 per cent. of Indian inward investment in Europe. I think that we are performing well in the Indian market. I am sure that we could do better in that market and in others, and I assure her that my colleagues and I will do everything that we can to make sure that that is the case.

David Taylor (North-West Leicestershire) (Lab/Co-op): As a newly elected Labour and Co-operative MP in 1998, I was happy to serve on the Regional Development Agencies Bill Committee, in which we considered what later became the Regional Development Agencies Act 1998. At the time, I received reassurances from Ministers that the RDAs would have a specific brief to encourage co-operative and community enterprises. There have not been too many signs of that, particularly in the east midlands, where an investigation is taking place, in which I played a part last week. Will the Minister look again at how best we can tap the potential of a principle whose time has come, in many ways?

Mr. McFadden: I agree with my hon. Friend that the co-operative sector is an important part of the economy, and it can be a very successful part of it—indeed, it is, in many ways. The RDAs should take that into account in their work, but I am happy to have further dialogue with him. The RDAs should be responding in a comprehensive way that supports all kinds of businesses, including co-operatives.

Postal Services

3. **Mr. David Jones** (Clwyd, West) (Con): If he will make a statement on the future of the Post Office and Royal Mail. [147637]

The Secretary of State for Business, Enterprise and Regulatory Reform (Mr. John Hutton): We are committed to securing the long-term future of both Royal Mail and the Post Office. We have made substantial investments available to Royal Mail on commercial terms and, subject to European Community state aid clearance, we will provide substantial further support for the Post Office, in order to provide a comprehensive and accessible national network.

Mr. Jones: Does the Secretary of State agree that the proposed post office closure programme is likely to hit rural areas disproportionately hard? For many people living in villages such as Llansannan, Llanfair Talhaiarn and Llangernyw in my constituency, the post office is frequently the only convenient means of access to financial services. Will the Secretary of State say how he reconciles his Government's aim to combat social and financial exclusion with a proposal that, if fully implemented, may well put financial services out of reach of people in such areas?

Mr. Hutton: What the hon. Gentleman says is right. We all recognise the importance of sub-post offices to the social infrastructure of our country, particularly in rural areas. I, too, represent a constituency that includes a substantial rural area. However, we cannot hide from the reality of what is happening in the post office network. Customer behaviour is changing. People are not using the post offices in the same way that they did, and we cannot hide from that fact. What we are proposing, with the compensated closure plan and the new outreach locations, is a sensible strategy to deal with the change. I understand that Opposition Front-Bench Members have recognised that the current network is not sustainable, as has the National Federation of SubPostmasters. I urge the hon. Gentleman and his hon. Friends to work with us. I hear

what he says about concerns about rural areas. I think we have addressed them, but I am rather surprised that he chose not to take part in the recent consultation exercise about the future of the post office network affecting his constituency. *[Interruption.]* The hon. Gentleman did not take part.

David Lepper (Brighton, Pavilion) (Lab/Co-op): I welcome my right hon. Friend to his new role. We are all aware that the deal between Post Office Ltd and WH Smith in relation to some Crown post offices is a done deal, but will he use his good offices to ensure that before those transfers take place, the Post Office and WH Smith have full regard to disability access to the relocated branches? I give the example of the WH Smith branch in Churchill square, Brighton, where the relocated post office will be in the basement, where the lift has been out of order for the past three weeks and where, although there is a down escalator, there is no up escalator. I suspect the same is true of many other branches.

Mr. Hutton: I am very sorry about the problem with the escalators in my hon. Friend's constituency. Let me make it clear to him and to other hon. Members who have perfectly reasonable concerns about the issue that there is very clear legislation about the need to ensure that premises such as post offices and Crown post offices are accessible to disabled people. It will clearly be the responsibility of the franchisee—WH Smith, in this case—to make sure that all its premises are fully accessible to disabled people.

Mr. Alan Reid (Argyll and Bute) (LD): There is unfair competition between private mail operators and Royal Mail, because the private operators are able to cherry-pick the most profitable areas. In order to even up the market, would the Government consider imposing a levy on private mail operators who do not fulfil the universal service obligation, and use the money to help fund Royal Mail for delivering in remote rural areas and islands?

Mr. Hutton: No, we will not impose additional levies as the hon. Gentleman suggests. It is the responsibility of the regulator to make sure that all these issues are properly addressed and the universal service obligation is properly implemented. There are significant benefits for all of us in a more liberalised, competitive postal market, and we will do all we can to ensure that those benefits reach businesses, customers and eventually taxpayers.

Mr. John Grogan (Selby) (Lab): How do the Government intend to fulfil their manifesto commitment to review the operation of the Postal Services Act 2000 and the impact of market liberalisation?

Mr. Hutton: We will keep all these matters fully under review. We are strongly behind the liberalisation of the postal sector. In the long term it will be in the best interests of British business, consumers and taxpayers. If my hon. Friend wishes to come and discuss any aspects of these matters with me, he is more than welcome to do so.

Robert Neill (Bromley and Chislehurst) (Con): The number of post offices in my constituency has been exactly halved, from 22 to 11, in the past seven years. Now the Post Office in another WH Smith deal proposes, in this case, to put the Crown post office upstairs rather than in a basement, but again with a one-way escalator and a lift at the back of the building, which may suit WH Smith but does not suit my constituents, yet two further post offices are earmarked for possible closure in the latest round of consultations. What faith can my constituents have in the consultation process or in the words of the Minister's earlier reply, given that in his previous incarnation he was significantly responsible for taking away a great deal of the work that kept small post offices going—

Mr. Speaker: Order. I think the hon. Gentleman is annoyed about the matter.

Mr. Hutton: I understand some of the concerns that the hon. Gentleman raises, but I am slightly surprised that a Conservative Member is making those accusations, particularly about the failure of the Post Office to win business in a competitive marketplace. He seems to be urging Ministers to give the Post Office business on terms that are not advantageous to consumers and to business. That would be a completely unacceptable state of affairs. There will be a full and open consultation in the hon. Gentleman's area, and I urge him to take part in it. Let me remind him of some of the facts that he overlooked. During the period of the previous Administration, nearly 3,500 post offices were closed without any type of agreement on consultation or on ensuring proper and appropriate access to the remaining branches of the network. There are difficult decisions that we have to take. My view is that we should not hide from them or duck them; his view seems to be that we should do both.

Chris Ruane (Vale of Clwyd) (Lab): My right hon. Friend was absolutely right when he said that the Welsh Tories, and indeed the Welsh nationalists, did not take part in the Department of Trade and Industry review of post offices, although they use it as a political football. By contrast, Welsh Labour MPs have convened four meetings, including with credit unions, high street banks and, next Tuesday, the Welsh Local Government Association. In our meetings, we have come to the conclusion that there needs to be greater co-ordination between all those organisations. What measures will he take to improve that co-ordination between the various Departments and agencies that have an influence on the Post Office?

Mr. Hutton: I am grateful to my hon. Friend. He clearly makes the point that it is incumbent on all of us on both sides of the House, whatever party we represent, to address the reality of the situation, including the commercial reality of the difficulties that the post office network is facing—it is currently losing £4 million a week. We have a choice: we can either engage seriously in the consultation process, as are my colleagues, I am glad to say, or we can run away from the issues. In Government, I will do all that I can to co-ordinate across a variety of interested Departments a proper response to the challenge that the Post Office faces. I urge all right hon. and hon. Members to support that sensible process.

Mr. Mike Weir (Angus) (SNP): The Minister will be aware of Royal Mail's proposals on zonal pricing, which are being considered by Postcomm. He will also be aware that there is already a problem with parcels in remoter and island areas of Scotland, and many fear that zonal pricing will lead ultimately to an attack on the universal service obligation. It is only for business mail at the moment, but it could be extended later to all mail. Will the Government stand by the universal service obligation and not allow that zonal pricing scheme?

Mr. Hutton: We do stand by the obligation—in fact, it was put into primary legislation as recently as 2004. Postcomm is responsible for dealing with all these issues; that is the settlement that Parliament legislated for. We should let the regulator make these decisions. If the hon. Gentleman wants to come and discuss any particular concerns with me or my ministerial team, he is welcome to do so.

Mr. Andy Reed (Loughborough) (Lab/Co-op): While liberalisation might be good for Royal Mail in the long run, is my right hon. Friend aware of the difficulties that many of the cost-cutting measures that are taking place at the moment are creating for local businesses? For example, Jackson Coachworks in my constituency requires its post by 9 o'clock in the morning in order to do its business but is not getting it until at least midday, and sometimes in the early afternoon. Will he use his good offices to be in contact with Postcomm to ensure that the service that businesses require to carry on day by day is delivered on the ground?

Mr. Hutton: Yes, we will certainly do that. We keep a careful watch on all these matters. However, Royal Mail now operates in a highly competitive marketplace, and if it is not delivering the service that its business customers want, there are probably other companies that will. It therefore has a simple set of choices ahead of it—to be responsive to the needs of its customers or lose business.

Charles Hendry (Wealden) (Con): I warmly welcome the Secretary of State to his new role. We always found his predecessor to be helpful, engaging and courteous—although, sadly, utterly misguided in the policies that he proposed for the Post Office, which threatened to close a third of the network.

Is the Secretary of State aware that it costs Royal Mail 25 per cent. more to operate its services than it costs its competitors, that it is 40 per cent. less efficient, and that any attempts by the trade unions to prevent the modernisation of the service will result only in Royal Mail becoming less efficient and ultimately cost more jobs in the long run? Does he agree with his new friend, Comrade Digby, who is no doubt learning the words to "The Red Flag" as we speak, that the current mail strike is about "last century issues", and why does he think that that statement has made many Labour peers think that he should not be a Minister and may be a loose cannon pointing in their direction?

Mr. Hutton: I am grateful to the hon. Gentleman for his kind words—that is probably as good as it gets. In fact, I heard Comrade Digby singing the words of "The Red Flag" this morning as I passed his office; he had perfect pitch, too.

The hon. Gentleman is concerned about a genuine problem, and we must all want the current wave of industrial action that is affecting Royal Mail to end quickly. We all hope that that will happen. It is not in the interests of the company or the business for the industrial action to continue. Talking, not strikes, resolves disputes. I hope that that is clearly understood.

On the wider point in the question, the hon. Gentleman said that at least 1,000 sub-post offices needed to close. Perhaps it would be helpful in the course of our exchanges if he could assist us to identify them.

Nuclear Power

4. **Mr. Michael Jack** (Fylde) (Con): If he will make a statement on the future contribution he expects nuclear power to make to the production of electricity in the UK. [147638]

The Secretary of State for Business, Enterprise and Regulatory Reform (Mr. John Hutton): Nuclear power stations provide about 18 per cent. of the UK's electricity, but most of them are set to close over the next two decades. The only way in which to meet the dual challenge of climate change and security of supply is by ensuring as wide a choice of low carbon options as possible, which, in the Government's preliminary view, should include nuclear. We are currently consulting on that proposition.

Mr. Jack: May I, too, add my words of welcome to the Secretary of State to his post and for the positive nature of his answer? However, welcome the consultation exercise is to those who produce most of the nation's nuclear fuel at Toshiba Westinghouse in my constituency, there is concern about what happens from 2008, when the results are made public. The Government said that, in 2008, they will announce a call for applications to justify new nuclear power stations. To give certainty to those companies that are now expressing genuine interest in investing in new nuclear facilities, will he undertake, as part of the response to the consultation exercise, to set out a clear set of milestones that map out the decision-making process from now on?

Mr. Hutton: I am grateful to the right hon. Gentleman and I know exactly where he is coming from on the issue. We have conducted a preliminary review of the role of nuclear. It is important in the current circumstances for a full and proper consultation to take place on the right way forward. I agree that it will be important for the industry—and all of us—to have a clear sense of the timetable. I hope to set it out later this year.

Mrs. Claire Curtis-Thomas (Crosby) (Lab): I echo the sentiments of the right hon. Member for Fylde (Mr. Jack) because planning is crucial. I want to encourage my right hon. Friend to examine the educational provision for nuclear training because, as he and I know, there is currently little capacity for technical or academic competence in nuclear matters. To get it right, the institutions with competence in the subject need early advice and support to develop the courses that we need.

Mr. Hutton: I welcome my hon. Friend's comments and I agree with her about the importance of skills to the energy sector. Clearly, that is now a matter for my right hon. Friend the Secretary of State for Innovation, Universities and Skills, but I assure her and the House that we shall work closely with him on finding the right way forward.

Lembit Öpik (Montgomeryshire) (LD): I welcome the Secretary of State to his new role and look forward to helping him and the Government do a better job in the new Department than they would do without the sage counsel of the Liberal Democrats.

My father was a nuclear physicist but he never convinced me of the case for nuclear power. What is the cost per kilowatt of nuclear power when decommissioning operations and the management of nuclear waste are taken into account?

Mr. Hutton: We have set out a range of information and details about all those matters in the recent consultation document and other publications. The document made it clear that, if there is to be new nuclear, the industry must meet the costs of decommissioning and waste management. There is no question of the taxpayer being involved.

I generally welcome the hon. Gentleman's comments. We now have a star gazer as spokesman for the Liberal Democrats and that is a huge improvement on the usual navel gazing that we get from them.

Mr. Andrew Love (Edmonton) (Lab/Co-op): There remains considerable public concern about the storage of nuclear waste. What progress is my right hon. Friend making in establishing the scientific case that such storage is safe and secure? What further consultation is he carrying out with the public to reassure them that this can be done at a cost that is reasonable for the country?

Mr. Hutton: I agree with the points that my hon. Friend is making. He will be aware that the Department for Environment, Food and Rural Affairs has recently published a consultation document on precisely these issues. I have no doubt that they will also surface as we take forward the consultation on the nuclear document for which my Department has responsibility. All these issues have to be fully aired and addressed in the consultation exercise, and we should proceed only in the light of the information and the best evidence about what is in the best interests of our country for the long term.

Mr. Mark Field (Cities of London and Westminster) (Con): What importance does the Secretary of State attach to energy security, which he mentioned in his initial comments? In particular, will his Government firmly make the case that we need to be less reliant on oil and gas from Russia and Ukraine and on oil from the middle east?

Mr. Hutton: This is an enormously important issue to which we attach great significance. We need not only to take into account the threat of climate change but to make absolutely sure that future generations of people in this country have confidence in the security of our energy supply. There is an increasing role for renewables, and we will aggressively pursue that. The hon. Gentleman mentioned fossil fuels; let us take gas as an example. Some people think that we can significantly increase the use of gas as a source of energy, but that would clearly expose us to energy security risks in the future, because it would have to be imported. These are important issues, but, for the moment, it is best to leave them to the consultation exercise that is now under way. I will ensure that all right hon. and hon. Members are kept fully informed of what is happening and of the events that are going to take place during the consultation.

Paddy Tipping (Sherwood) (Lab): Replacement nuclear power will require considerable investment over a long period of time. Does the Secretary of State recognise that that investment will not be forthcoming if nuclear power is seen as a last resort? Should not we encourage investment by having a high carbon price that is sustainable through a new, revised and robust European emissions trading scheme?

Mr. Hutton: I absolutely agree with my hon. Friend. Carbon pricing is an important ingredient in the mix, and we must take it into account. I also agree that it is a mistake—and, dare I say it, an abnegation of responsibility—for us to see nuclear power only as a last resort. That would be to pre-empt and pre-judge the issues and, in particular, would take no account of the important question of energy security that the hon. Member for Cities of London and Westminster (Mr. Field) has just referred to.

Alan Duncan (Rutland and Melton) (Con): May I welcome the Secretary of State and his entire ministerial team to their new positions? I particular welcome the Minister of State, Department for Business, Enterprise and Regulatory Reform, the hon. Member for Croydon, North (Malcolm Wicks) to his post. The departmental photo gallery will show him to be the seventh Energy Minister of this Government, and also the ninth. May I ask the Secretary of State how many qualified staff at the nuclear installations inspectorate are specifically employed to oversee the licensing of reactor designs?

Mr. Hutton: I do not know the answer to that question, but I will find out.

Alan Duncan: I am grateful to the Secretary of State, because this is a crucial question. Yesterday, the Prime Minister said that

"we have made the decision to continue with nuclear power".—[*Official Report*, 4 July 2007; Vol. 462, c. 955.]

How can the Secretary of State justify that bold assertion when potential investors are dismayed that very few people in the NII are allocated to the licensing process? We can see now that there will be delays in building new power stations because, right from the start, there will be a licensing bottleneck. Is it not true that the Government have not yet given the NII permission to start recruiting the extra staff that it needs even now?

Mr. Hutton: I will look into those matters. We are making sensible contingency plans, particularly in the area of pre-licensing that the hon. Gentleman has just

referred to. It is necessary to keep those wheels turning while the consultation on nuclear power is under way, but in no way, shape or form should that be seen as pre-empting the outcome of the consultation document. I can assure the hon. Gentleman and the House that the Government and the NII are taking sensible steps forward. The NII is ultimately the responsibility of the Health and Safety Executive and the Department for Work and Pensions, but I can assure the hon. Gentleman that we are keeping in close contact with it.

Dr. Ashok Kumar (Middlesbrough, South and East Cleveland) (Lab): Following on from what my hon. Friend the Member for Crosby (Mrs. Curtis-Thomas) said, has the Secretary of State seen the recent report published by the Royal Academy of Engineering, "Educating Engineers for the 21st century: the Industry View"? It reached one alarming conclusion:

"Over the next ten years the UK is facing an increasing shortage of high calibre engineering graduates entering industry".

Given that we are heading towards nuclear power as the one option that we are going to follow, what measures is he taking to ensure that we have nuclear engineers for the future? They need to commission, build and run those power plants. What effort is he making to ensure that we have that sort of engineer in 10 years' time?

Mr. Hutton: I welcome what my hon. Friend says and will repeat what I said to my hon. Friend the Member for Crosby. We have to address the skills base of the energy sector. That is primarily a responsibility for my right hon. Friend the new Secretary of State for Innovation, Universities and Skills. I will work closely with him and his new Department in ensuring that Britain has the engineers and technical experts we need if we decide to go down the nuclear route. I want to make one other point clear; it is the Government's preliminary view that companies should have the opportunity to invest in new nuclear, but that will be alongside a range of diverse energy supplies, including renewables and gas.

Exports

5. **Mr. Nigel Evans** (Ribble Valley) (Con): What support has been allocated to increasing exports of British goods and services in 2007-08. [147640]

The Parliamentary Under-Secretary of State for Business, Enterprise and Regulatory Reform (Mr. Gareth Thomas): Resources allocated to UK Trade and Investment this year totalled some £250 million, of which some 70 per cent. is devoted to overseas trade development. In addition, the devolved Administrations and the regional development agencies allocate resources to trade development too.

Mr. Evans: I am grateful for that response. UK Trade and Investment does a very good job with the resources that it has available in a competitive global world. It employs 2,300 people, many of them in embassies, high commissions and consulates throughout the world. Is it not true, however, that some have been asked to extend their duties to cover global warming and the environment generally? That is an important subject and we need to keep its profile high in the rest of the world, but will the Minister review the responsibilities of our staff working abroad to ensure that they are properly focused on assisting British companies?

Mr. Thomas: We always keep under very close review what we are asking UKTI staff to do. The hon. Gentleman may be aware of the recent review of the focal sectors on which it should concentrate. We want to ensure in particular that we help small and medium-sized enterprises to get innovative new products to the market. In addition, we also want to ensure that UKTI staff are doing all that they can to help British businesses sell products into new emerging markets, such as India, China, Brazil and so on.

Mr. Ken Purchase (Wolverhampton, North-East) (Lab/Co-op): Does my hon. Friend understand that although the important nuances to which he has referred will remain at the heart of the policy, it is simply a question of putting a darn sight more money into our exporting services? If he compares what we are doing with what the French and Germans are doing, to take just two international comparators, he will see that we are well down in investing in our exporters. I urge him to cherish our exporters in a nation that has to export in order to import those other goods and services that are so important to our well-being.

Mr. Thomas: I will always cherish the work of UKTI staff. They do an excellent job, as the recent record investment figures show. It is also why the Opposition's suggestions to abolish the regional development agencies are completely and utterly inappropriate. The RDAs' contribution, alongside the contribution of UKTI staff, is helping British business to sell into new markets. Obviously, there is more that we need to do, and we will keep that under close review.

Mr. Geoffrey Clifton-Brown (Cotswold) (Con): I welcome the Minister to his new role. I am sure he would agree that Digby Jones has many admirable qualities to bring to export promotion policy, but he has said that he wants a more competitive corporation tax rate. He has also called trade unions "irrelevant". Indeed, he has said that he will not join a political party. Is the Minister certain, therefore, that we are not going to end up with two trade policies: one announced by his more comradely colleague in the other place and the other announced by his more gentlemanly Ministers in this House?

Mr. Thomas: I think brother Digby has a huge contribution to make. That is the reason why my right hon. Friend the Prime Minister asked him to join the Government. We recognise that he has played an important role as head of the CBI. As always, there has been a robust debate between the CBI, the Government and a range of business organisations as to how to move forward. We welcome his experience. I am sure that he will make an important contribution in his new role in the Department. Having seen some of the press reports since his appointment, he appears, if the rumours are true, to have already secured the premier invitation available to Ministers: to appear before the Select Committee on Trade and Industry. I feel a little envy towards him in that regard already.

Fiona Mactaggart (Slough) (Lab): Does my hon. Friend the Minister recognise that, as a country that exports more per head than the United States or Japan, we depend on exports, particularly to countries such as India, for our future prosperity? What will he do to involve resident communities whose origins are in India to help to push British exports? I am certain that their contribution is a significant reason why we are such a substantial exporter to India.

Mr. Thomas: My hon. Friend makes a good point about the contribution that people from the Indian diaspora are already making to improve trade relationships between our country and India. We continue to work on that through UKTI. As I indicated in answer to a previous question, we have shifted the focus of UKTI and asked it to do more to build trade relationships with countries such as India, China and Brazil. We will continue to work with diaspora communities in that regard, too.

WEEE Directive

6. **Angela Watkinson** (Upminster) (Con): What estimate he has made of the number of in-store take-back facilities that will be created as a result of the waste electrical and electronic equipment regulations. [147641]

12. **Richard Ottaway** (Croydon, South) (Con): What estimate he has made of the number of in-store take-back facilities that will be created as a result of the waste electrical and electronic equipment regulations. [147647]

The Minister of State, Department for Business, Enterprise and Regulatory Reform (Malcolm Wicks): The introduction of the waste electrical and electronic equipment directive in the UK from 1 July is a positive step for the environment, given that Britain produces and disposes of some 2 million tonnes of such electrical waste every year. The new arrangements will reduce toxicity and the volume of waste going to landfill, as well as encouraging both resource productivity and sustainable development. All retailers of electrical and electronic equipment are obliged to offer in-store take-back, unless they are members of the distributor take-back scheme. So far, over 2,500 retailers have joined the scheme. That accounts for more than 75 per cent. of such sales.

Angela Watkinson: The local economy in Upminster depends heavily on the success of its many small businesses. I am concerned about the disproportionate effect of the regulations on small electronic producers and retailers. What assessment have the Government made of that impact and of the likely barrier to new entrants to the market?

Malcolm Wicks: We obviously have looked at the impact on small businesses. It is a producer responsibility, but I am encouraged that such a large number of distributors—over 2,500—have already joined the take-back scheme. The costs are relatively small, but the environmental impact will be vast and in the right direction. I am encouraged by the fact that most small companies recognise the importance of that scheme. Their customers want to move away from the throwaway society. People who are recycling their newspapers, bottles and plastics want to recycle electrical goods. The directive puts that into place in Great Britain.

Richard Ottaway: As a fellow Croydon Member, may I welcome the Minister to his new brief? He has done well in the past and I am sure that he will do well in the future.

I turn to the WEEE directive. Does he agree that it is essential that those regulations do not threaten our international competitiveness? To what extent has he done a comparison with the regulations in other European countries, and to what extent do our regulations differ from the European regulations?

Malcolm Wicks: We took a little while to introduce the scheme because we wanted to get it right. Offering producers and retailers who are producers the opportunity to join a take-back scheme, rather than their having to handle electrical waste in their own stores, is a move in the right direction. It is encouraging that new companies are springing up that see a commercial opportunity in recycling such waste, and that local authorities such as Croydon are turning what used to be known as the local dump into recycling centres, as evidenced by the excellent Purley Oaks recycling centre in my neighbourhood and the hon. Gentleman's constituency.

Mr. Bill Olner (Nuneaton) (Lab): The regulations are welcome, but is the emphasis on recycling such products or on their being reused? If they can be reused, that is preferable to recycling them.

Malcolm Wicks: Voluntary organisations and local charities are making efforts in that regard. I have seen for myself in the great borough of Croydon how a voluntary organisation can perform minor repairs and maintenance on a washing machine that has been flung out and thereby make it ready for use by people who are being re-housed or low income families. There is also a substantial market in materials such as scrap metal. Environmentally and commercially, the measures are a major step in the right direction.

Lorely Burt (Solihull) (LD): If your parliamentary kettle were to break down, Mr. Speaker, it might well be sent abroad—to Poland, for example—to be repaired. That is an unintended consequence of the WEEE regulations, as they impose a levy on damaged goods which makes them more expensive to repair in this country. Will the Minister consider modifying the regulations so that British companies can repair and resell such goods in this country?

Malcolm Wicks: We will, of course, keep that under close review. The measures have been in operation for only a few days, and I have no doubt that we will need to revisit certain aspects of them. Their overall direction is absolutely right, however. There is a statistic that is worth highlighting: each of us during our lifetime throws away 1 or perhaps 2 tonnes of goods such as kettles, toasters and white goods. We must stop that; we must move away from being a throwaway society to being an environmentally conscious society, and we are doing so.

Wind Farms

7. **Mr. John Whittingdale** (Maldon and East Chelmsford) (Con): If he will review the noise limits for onshore wind farms. [147642]

The Minister of State, Department for Business, Enterprise and Regulatory Reform (Malcolm Wicks): We continue to support the approach set out in planning policy statement—PPS—22 on renewable energy, which is for local planning authorities to

"ensure that renewable energy developments have been located and designed in such a way to minimise increases in ambient noise levels",

using the 1997 report by the energy technology support unit to assess and rate noise from wind energy developments. I do not consider that a review of that guidance is justified at present.

Mr. Whittingdale: Is the Minister aware of the growing evidence that people who live in close proximity to wind turbines suffer significant risks of adverse health effects? Will he give urgent consideration to increasing the minimum separation distance from large turbines to at least 2 km, and is he aware that this is another reason why my constituents in Bradwell and Tillingham are utterly opposed to the proposal to build 10 400 ft wind turbines within a mile of their homes?

Malcolm Wicks: No, I am not aware of such evidence, and I do not believe that it exists. A Government-commissioned Hayes McKenzie study published in 2006 concluded that there was no evidence of adverse health effects from wind turbines. We are aware that there are myths and concerns, and we have established a noise working group, which I have asked to meet quietly along the corridor. *[Interruption.]* I cannot do Digby jokes, but I can do that one. Among the members of that group are the authors of the report to which I have referred and other acoustic experts. Its remit is to advise Government on the specific issue of aerodynamic modulation, not to review the existing guidance. It is up to local planning authorities to make their own judgments on smaller wind turbine developments.

Sir Patrick Cormack (South Staffordshire) (Con): May I support my hon. Friend's general point and ask the Minister whether he will conduct an assessment of the environmental impact of these monstrous things and their effect on our tourism revenue?

Malcolm Wicks: Some people find them beautiful and others find them irksome. One study showed that 81 per cent. of the general public were in favour of wind power and that 62 per cent. would be happy to live within 3 miles of wind power development. Obviously, it is for local planning authorities to make their own judgments, but I am bound to say that it would be sad if we had a Parliament that says no to nuclear, no to gas storage and no to wind turbines. The people of Britain want the lights to turn on and their kettles to boil.

Sub-postmasters

8. **Mr. Brian Binley** (Northampton, South) (Con): What plans he has to increase the contractual freedom afforded to sub-postmasters; and if he will make a statement. [147643]

The Minister of State, Department for Business, Enterprise and Regulatory Reform (Mr. Pat McFadden): Sub-postmasters are private business people who operate 97 per cent. of the 14,000 post offices in the network. They are free to develop their associated retail businesses and to pursue commercial arrangements with who ever they want, so long as the products provided are not in direct competition with the key Post Office products that provide income to support the network.

Mr. Binley: May I congratulate the Minister on his new appointment? It is interesting to learn that brother Digby is now taking holy orders. I wonder whether he might take ministerial orders; it will be interesting to see. The Minister will know that sub-postmasters are concerned about the terms of their contract, which are vague. They are uncertain as to their freedoms in this respect and they have a real need for greater help and support to allow them to develop new areas of business. What plans does the Post Office have to answer those concerns?

Mr. McFadden: We are in dialogue with the Post Office about all that it can do to support sub-postmasters in their efforts to diversify and to grow and expand their businesses. As my right hon. Friend the Secretary of State said, this is a competitive environment. A number of sub-post offices are under pressure, as the hon. Member for Rutland and Melton (Alan Duncan) said, but the Post Office will take this action with a mind to the products offered in sub-post offices that provide them with their own revenue.

MINISTER FOR WOMEN

The Minister for Women was asked—

Human Trafficking

17. **Mr. Anthony Steen** (Totnes) (Con): What progress has been made by the interdepartmental ministerial group on human trafficking on implementing the action points from the action plan in relation to the protection of trafficked women. [147655]

The Minister for Women (Ms Harriet Harman): Since the UK action plan on human trafficking was published in March, we have done further work with the countries of origin to protect against human trafficking, to support the victims of human trafficking in this country, and to prosecute and punish the perpetrators—the human traffickers.

Mr. Steen: When she has the next ministerial interdepartmental meeting, will the right hon. and learned Lady raise the recent discovery that trafficked women are being forced to have contraceptive implants in their arms and legs without their consent? Will she also see that health workers and doctors are advised of this, so that the police can pursue the gangs that are doing it?

Ms Harman: I know that the hon. Gentleman has been one of the foremost Members in this House in raising this important issue. I am not quite clear whether he is talking about the implanting of contraceptives that is taking place in this country.

Mr. Steen: Yes.

Ms Harman: One important point about the interdepartmental ministerial group working on human trafficking is that it includes representation from the Department of Health. I will make sure that it discusses the issue that the hon. Gentleman has raised, and I shall perhaps report back to him in writing.

Margaret Moran (Luton, South) (Lab): I most warmly welcome my right hon. and learned Friend and her colleagues to the Front Bench; it is a great pleasure to see her there. On my recent visit to Ukraine, where the trafficking of women is a serious problem, one concern that emerged was the lack of resources in this country—aside from the POPPY project—and the lack of rape crisis centres, which means that many women are being sent back to Ukraine, only to be re-victimised and to then end up back in this country. Will she look into that issue and ensure that there are proper resources, so that these women can be safeguarded when they arrive—finally and safely—in this country?

Ms Harman: I thank my hon. Friend for her warm welcome for me to my new post. I have regarded as very important the work that I have been able to do with her over the years as she has worked consistently on the issue of violence against women. She raises the important point of re-victimisation of women who go back to their own country but are then re-trafficked. That shows the importance of joining up the work of the voluntary sector—she mentioned the POPPY project—the immigration authorities, the police and the Foreign Office, which works in the countries of origin. It is a major problem of organised crime, involving hundreds of millions of pounds, and we need to work together on it.

Mrs. Theresa May (Maidenhead) (Con): I, too, welcome the right hon. and learned Lady to this, the fourth of her new jobs, albeit one that is usually shared with other roles. I join her in paying tribute to the work that has been done on this issue by my hon. Friend the Member for Totnes (Mr. Steen). We should all be concerned about the modern-day slavery that is human trafficking. It is a sickening and appalling trade in human beings. All hon. Members welcomed the Government's signing of the convention on action against trafficking in human beings, but they still have not ratified it. When do the Government intend to ratify it and will she update the House on what specific policy changes have been made as a result of signing the convention?

Ms Harman: Signing the convention reflects the work that has been done with countries of origin to tackle the demand side of human trafficking in this country to protect victims and prosecute offenders. I was Solicitor-General for four years and I know that compared to many other European countries, this country has done a great deal to tackle the problem of human trafficking.

I welcome the right hon. Lady to her position as shadow Minister for Women. Like me, she will combine the important work of that role with Leader of the House work.

Mr. Denis MacShane (Rotherham) (Lab): How many prosecutions have there been of men who have paid for sex with trafficked women?

Ms Harman: I cannot give my right hon. Friend the figures—[Hon. Members: "Thirty".] I am assisted by Opposition Members who say "Thirty". My hon. Friend raises an important point. Sex without consent is illegal: it is the crime of rape. Too often, the practice has been that the victims are supported and the traffickers prosecuted—rightly so—but the punters, the clients paying for sex with the women who have been abducted and brought to this country, are told to go on their way. We should recognise that if we tackle the demand side of this evil trade, we will go a long way. I thank my right hon. Friend for raising that issue, and we will keep a firm focus and work with the prosecutors on it.

HMRC

18. **Mr. Philip Hollobone** (Kettering) (Con): What assessment she has made of the impact of plans to close Her Majesty's Revenue and Customs tax offices on women employees of those offices. [147656]

The Parliamentary Under-Secretary of State for Work and Pensions (Barbara Follett) *rose—*

Hon. Members: Hear, hear.

Barbara Follett: I thank the House for that welcome. Since its merger in 2005, Her Majesty's Revenue and Customs Service has been reviewing its extensive estate in the light of future business requirements. However, before a final decision is taken to close any office, including the one in the hon. Gentleman's constituency, the impact on customers, staff and the wider community has to be assessed. That includes the examination of equality issues such as gender.

Mr. Hollobone: I believe that the intended closure of the tax office in Kettering will be discriminatory against the largely female work force. Of 78 staff, 58 are women and 32 work part-time. They simply will not be able to relocate to the alternatives being put forward in Northampton or Leicester and I would be grateful if the Under-Secretary liaised with her colleagues in the Treasury to stop that closure.

Barbara Follett: I shall be most happy to do what the hon. Gentleman asks. I commend him on the work that he has done, in this House and outside, to represent his constituents. They must be very pleased, especially those in Cytringan house and Montagu court. HMRC is committed to ensuring that women and other groups do not suffer when tax offices are closed. I stress that no decision to close the Kettering office has yet been taken, and that consultations in the London area produced quite a large change in the closure programme. Therefore, he should persist.

Anne Snelgrove (South Swindon) (Lab): May I welcome my hon. Friend to her new role, which is both well deserved and long overdue, especially given her commitment to equalities in this country and in South Africa? The possible closure of HMRC offices may affect my constituents as well. Will any change mean extra travel for the women involved, and will they be able to do the same sort of work in offices elsewhere?

Barbara Follett: One aspect of the impact assessment that is made is the effect on travel, which is quite considerable in the case of the Kettering office. All staff will have individual meetings with their managers to assess their travel requirements and to make sure that they do not affect their work-life balance. Finally, I thank my hon. Friend for her kind comments.

Gender Dysphoria

19. **Chris McCafferty** (Calder Valley) (Lab): How the Government are promoting equality for people with gender dysphoria; and if she will make a statement. [147657]

The Parliamentary Under-Secretary of State for Work and Pensions (Barbara Follett): The Government are committed to promoting equality for people with gender dysphoria. Since April 2007, the duty on public authorities to eliminate sex discrimination has underpinned the specific legal protections for transsexual people in the workplace that we introduced in 1999. We are now consulting on ways to extend those protections.

Chris McCafferty: May I add my congratulations to my hon. Friend on her promotion, and welcome her to the Dispatch Box? Is she aware of the huge disparity in the ability of transgender people in the UK to access treatment and surgery? In her new role, will she liaise with colleagues in the Department of Health to ensure equality for all transgender people nationwide across the UK?

Barbara Follett: I am aware of the disparity to which my hon. Friend refers, and she will know all too well that responsibility for this matter rests currently with individual primary care trusts. However, I am already working across Government, and with the Department of Health in particular, to improve access to treatment and surgery for the trans community. The Department of Health has a programme of work that is aimed specifically at better meeting their needs.

Lorely Burt (Solihull) (LD): This is the last time that I will be speaking to the House in the role of my party's spokesperson for women and equality. [Hon. Members: "Shame!"] May I add my congratulations to the Minister, and wish her very well in her new role? Also, I want to place on record my thanks to her predecessor, the hon. Member for Sheffield, Heeley (Meg Munn), who is now Under-Secretary of State for Communities and Local Government. She worked in an extremely positive way with me and with Conservative spokespeople on these matters.

I congratulate the Government on their proposals in respect of transsexuals. They are defined as people who have had, or seek, gender reassignment surgery, but that definition does not cover the vast majority of trans people, who do not want surgery. Why is no protection in place or planned to cover the majority of trans people who are not seeking surgery?

Barbara Follett: First, I thank the hon. Lady for her kind words, and I commend her for the work that she has done in this House on women and equality issues. I shall also convey what she said to my predecessor.

I agree that a great deal of work remains to be done in respect of the trans community. The Government and the Department of Health are trying to secure basic rights for the people in that community. After that, consultations will be held with them on the other issues that need to be addressed, one of which is the matter to which the hon. Lady referred.

Business of the House

11.34 am

Mrs. Theresa May (Maidenhead) (Con): May I ask the Leader of the House to give us the forthcoming business?

The Leader of the House of Commons (Ms Harriet Harman): With permission, before I give the business of the House, may I say that, having been a Member of the House for 25 years, it is an enormous privilege to be its leader—a member of the Government, of course, but leader of the whole House. I will always want to see, of course, that the Government are able to get through the laws that we have promised, but I and my ministerial team will do everything that we can to protect the rights of Back Benchers, to hold the Government to account, to ensure proper and timely scrutiny of legislation, and to enable the House to hold the most open, effective and best informed democratic debates in the world.

The business for next week will be:

MONDAY 9 JULY—Estimates [3rd allotted day]. There will be a debate on scientific advice, risk and evidence-based policy making, followed by a debate on the Rural Payments Agency, the implementation of the single payment scheme and the UK Government's "Vision for the Common Agricultural Policy".

Details will be given in the *Official Report*.

At 10 pm the House will be asked to agree all outstanding estimates.

TUESDAY 10 JULY—Proceedings on the Consolidated Fund (Appropriation) (No.2) Bill, followed by a motion to approve the draft Terrorism Act 2006 (Disapplication of Section 25) Order 2007, followed by a motion to approve the draft Terrorism Act 2000 (Proscribed Organisation) (Amendment) Order 2007, followed by Second Reading of the Forced Marriage (Civil Protection) Bill [*Lords*].

It is also expected that there will be a statement on children, schools and families.

WEDNESDAY 11 JULY—Opposition day [16th allotted day]. There will be a debate entitled "Stroke Services" and a debate entitled "Mending the Broken Society". Both debates arise on an Opposition motion, followed by if necessary, consideration of Lords amendments.

THURSDAY 12 JULY—If necessary, consideration of Lords amendments, followed by remaining stages of the Further Education and Training Bill [*Lords*].

FRIDAY 13 JULY—The House will not be sitting.

I should also like to inform the House that the provisional business for the following week will include:

MONDAY 16 JULY—Opposition day [17th allotted day]. There will be a debate on a Liberal Democrat motion, subject to be announced.

TUESDAY 17 JULY—If necessary, consideration of Lords amendments, followed by remaining stages of the Parliament (Joint Departments) Bill [*Lords*].

WEDNESDAY 18 JULY—Consideration of Lords amendments.

THURSDAY 19 JULY—If necessary, consideration of Lords amendments, followed by a debate on Zimbabwe on a motion for the Adjournment of the House.

FRIDAY 20 JULY—The House will not be sitting.

It is the Government's intention to make an oral statement on the content of the draft legislative programme to the House before it rises.

Following are the relevant documents:

The Seventh Report from the Science and Technology Committee, Session 2005-06, HC 900, Scientific Advice, Risk and Evidence-Based Policy Making, and the Government Response thereto, First Special Report, Session 2005-06, HC 307.

Third Report, from the Environment, Food and Rural Affairs Committee, Session 2006-07, HC 107, on the Rural Payments Agency and the implementation of the Single Payment Scheme; and

Fourth Report from the Environment, Food and Rural Affairs Committee, Session 2006-07, HC 546, on the UK Government's "Vision for the Common Agricultural Policy".

Mrs. May: I thank the right hon. and learned Lady for giving us the business. I was able to welcome her to her new role on Monday in questions to the Leader of the House, but I take this opportunity of welcoming the Deputy Leader of the House of Commons, the hon. Member for Bishop Auckland (Helen Goodman), to her new role.

I thank the Leader of the House for the commitment that she has given for the Government to make an oral statement on the draft legislative programme before the House rises for the recess. Will she also give a commitment that the House will have an opportunity for a full debate on that programme before we rise?

Last week, just four weeks before the summer recess, the Ministry of Justice published the Criminal Justice and Immigration Bill. The right hon. and learned Lady's predecessor said last week:

"It is also a carry-over Bill."—[*Official Report*, 28 June 2007; Vol. 462, c. 479.]

I believe that at no point did the Government consult the Opposition parties about whether the Bill should be carried over. So will the part-time Leader of the House make a statement on that issue?

Mr. Speaker: Order. I must say that there are courtesies that we are entitled to in the House. The right hon. and learned Lady is the Leader of the House, and if the right hon. Member for Maidenhead (Mrs. May) uses the term "part-time Leader of the House" during the business question, I will stop her.

Mrs. May: On 25 September—

Hon. Members: Apologise!

Mr. Speaker: Order. There is no need to apologise—I have made the point. Let us go on.

Mrs. May: On 25 September the right hon. and learned Lady said that we need to

"Stop these excessive, ridiculous city bonuses"

but the Treasury, then run by the current Prime Minister, replied:

"If the City is doing well, the country is doing well. When it prospers, we all prosper."

May we have a statement from the right hon. and learned Lady on city bonuses?

[Mrs. May]

In May, the right hon. and learned Lady, who is now also chairman of the Labour party, said that the Government

"should do more to fund the development of trade unions",

but the Prime Minister claims that he wants to curb the power of the trade unions within the Labour party. May we have a debate on party funding?

On 24 May, the right hon. and learned Lady said that we would have to keep Trident under review; but the Government's policy, rightly, is that we should maintain our independent nuclear deterrent. The new Prime Minister says that we must remain

"strong in defence...retaining our independent nuclear deterrent".

May we have a debate on Britain's independent nuclear deterrent?

May we also have a debate on social responsibility? On 28 May, the right hon. and learned Lady said that Labour should learn from previous campaigns when it told people, "You don't need that money, we've got much better ideas about what to do with that money", so may we have a debate on who knows best—the people themselves or the woman in Whitehall?

May we have a debate on honesty in government? On 29 May, on "Newsnight", the right hon. and learned Lady agreed that the Government should apologise for the Iraq war. Subsequently, she said:

"I've never said the Government should apologise"

over the Iraq war. When I raised that point in the House on Monday, she was careful not to repeat her denial on the Floor of the House, so will she now make a statement clarifying her position? Does she stand by what she originally said, or does she rebut it?

Finally, the Prime Minister pleaded yesterday that he had been in the job only for five days. Given that the last Prime Minister resigned seven days previously, may we have a statement on who was Prime Minister for the other two days?

Ms Harman: I join the right hon. Lady in her welcome to the Deputy Leader of the House of Commons, my hon. Friend the Member for Bishop Auckland (Helen Goodman).

The right hon. Lady asked about an opportunity for the House to debate our draft legislative programme, which is part of the changes announced by the Prime Minister on Tuesday. Not only will there be a statement to the House setting out the draft content of the legislative programme, but there will be an opportunity to debate it. When I open the summer recess Adjournment debate there will be an opportunity for Back Benchers to discuss the contents of the draft legislative programme as well as raising important constituency matters. There will be a statement and then the summer recess debate.

The right hon. Lady asked whether there was consultation about the carry-over of the Criminal Justice and Immigration Bill. I am afraid I cannot answer her question, but I will discuss it with my colleague the Chief Whip and Ministers at the Ministry of Justice and get back to her in writing.

I thank the right hon. Lady for welcoming me to my new position. After 25 years in the House, I know that if she wants a debate on City bonuses, an additional debate on Trident, a debate about trade unions or a debate about honesty in government, she can use Opposition days to bring those issues to the House.

On party funding, we await further outcomes from the cross-party work of Sir Hayden Phillips, but perhaps I could offer the right hon. Lady a non-aggression pact. It is not in the interests of the House for her to try to give me a hand-bagging every Thursday, so I hope we can get over this and actually hear from Back Benchers on both sides of the House about the important issues they want to raise.

Ms Karen Buck (Regent's Park and Kensington, North) (Lab): I warmly welcome my right hon. and learned Friend to her role; I look forward to the coming months under her leadership of the House.

Can my right hon. and learned Friend find time for a debate on youth crime? As she is aware, in the last few months alone, two teenagers in my constituency have died of stab wounds, so it is absolutely essential that in addition to debating deterrent sentencing and effective policing we discuss how we can prevent the crisis that is gripping some of our young people, particularly in London and our cities, so that we can build on the success of Sure Start. Will she find time for us to discuss how we can provide effective support services for teenagers and young people, and may we have that debate in time for the comprehensive spending review?

Ms Harman: My hon. Friend is one of the foremost Members of the House in putting forward the questions of how we tackle and prevent youth crime. I know that she has raised the issue, and it is a matter of concern with my ministerial colleagues in the Department for Communities and Local Government, the Home Office and in education. We need a cross-government approach, and there are Home Office questions on Monday. I am sure that the issue will be raised again then.

Simon Hughes (North Southwark and Bermondsey) (LD): I very much welcome the right hon. and learned Lady to her new responsibilities—and her friend with her.

I welcome the announcements that the right hon. and learned Lady has made about the Government's intention to follow up on what the Prime Minister said on Tuesday in taking forward constitutional reform as it affects this place. She will understand that it is important that not only MPs but the public have a participatory role in what the legislation should be. So could she tell us whether there will be a role for the public to have a say, as well as politicians? Is she willing to accept, and to put on the record her view, that much more power should be transferred to the House? In particular, is she willing now to say that responsibility for the business of this place should be driven by this place in co-operation with the Government, not by the Government alone, and that it should be this place that chooses the Select Committee Chairs to scrutinise the Executive? It would be very helpful if she could indicate that that is in her plan too.

On national matters of importance, will she make sure before we break for the summer recess that there is an opportunity for a full debate on the implications of the flooding in the north, the midlands and other parts of the country? Many places—Hull, Sheffield and Worcestershire—have been severely affected, and I am sure that colleagues and those whom they represent would hugely appreciate the chance to learn that they have not been forgotten and that they will be much more supported in the days and weeks ahead than they have felt on some days in recent weeks.

If possible, will the right hon. and learned Lady make sure that the Chancellor of the Exchequer comes to the House? Whatever happens to interest rates in the next few minutes, they have gone up four times in the last year. Debt is £1.3 trillion, mortgages are sky high and house prices are sky high. To continue the analogy from last week, many people still feel that they are in very hard times, and in places such as her constituency and mine, many people sense that it is a tale of two cities.

Last week, the Corruption Bill was objected by those on the Treasury Bench. When are we going to have either permission for an Opposition Member to introduce a corruption Bill, supported by the Government, or a corruption Bill introduced by the Government to deal with the fact that we still have a very lax regime in this country?

Ms Harman: I welcome the hon. Gentleman to his new post as shadow Leader of the House. We are well used to working together as he is my next-door neighbour in the London borough of Southwark. He too has been in the House for something like 25 years.

Yes, I can answer the hon. Gentleman's question about whether the public will be able to engage with the question of what the Government's legislative priorities should be. As well as having a statement to the House and a debate in the House, we intend to issue a document to the public that sets out what the Government's priorities are for new laws, so that the public can see it. All these things previously would have happened behind closed doors and engaged the machinery of government, but would have been hidden to the outside world.

In response to the hon. Gentleman's point on decisions about business, the Prime Minister has made it absolutely clear that he sees having a strong Parliament as part of strengthening government. The Government do better when they have a strong Parliament holding them to account. However, I am not able to make any announcement about making changes as to how we do business at this point.

On the hon. Gentleman's points about interest rates, the new Chancellor will be answering Treasury questions next Thursday. I have no doubt that he will want to continue the work of the previous Chancellor, in having a strong and stable economy, low inflation and high employment. For all the problems that remain in our two constituencies in inner city London, the hon. Gentleman will know that people are much better off than they were under the Tories because of the economic management of the Prime Minister when he was Chancellor.

On the question of flooding, I too would like to add my condolences to the families of those who have lost their lives and my sympathy to those who still have problems, particularly those in Hull. The Minister of State, Department for Communities and Local Government, my hon. Friend for Wentworth (John Healey), is in Hull today and the Secretary of State for Communities and Local Government will be there tomorrow. The work on the floods must go on—both preventing them and supporting those who have already been affected by them.

Mr. Ian Cawsey (Brigg and Goole) (Lab): My right hon. and learned Friend, and all hon. Members, will be aware of the need to improve services for people with mental health needs and their families, who are often their carers. An ongoing review in the Goole part of my constituency is trying to achieve that, but it would be boosted enormously if the local primary care trust provided funding at the level that the Department of Health says that it should. Will she find time for a debate on mental health services so that all hon. Members can make a contribution to stopping those services being the Cinderella of the NHS?

Ms Harman: My hon. Friend represents a concern that is felt across the House. He will know that although there has been a great increase in spending on mental health, and increases in the number of consultants and the number of hours that people from local authorities work with people with dementia and mental health problems, there is still a great deal of unmet need. I will draw the attention of my right hon. Friend the Secretary of State for Health to the points that my hon. Friend has made, and of course there will be Health questions on 24 July.

Sir Patrick Cormack (South Staffordshire) (Con): In congratulating the right hon. and learned Lady, wishing her well in her post and welcoming her opening words, may I ask her to consider that the change that she has proposed to the summer Adjournment debate could totally alter its character? Members on both sides of the House—I speak as one who has replied to many of these debates—welcome the opportunity to bring up individual and constituency matters. If the debate is subsumed in a debate on the Government's proposed legislative programme, its present form will be distorted and destroyed. Will she please reconsider that particular point in her statement?

Ms Harman: I will take any issue that the hon. Gentleman raises with me very seriously. He is one of the most experienced Members of the House. I say to him, and to all Members, that my office is just down the corridor and the door is open. If hon. Members want to raise issues, they do not have to wait for business questions, they can just come in and see me. It is not my intention to interfere with what is an important opportunity for debate before the House rises in the summer. It is a time when Members of Parliament can raise wide-ranging issues of particular concern to their constituencies. I hoped that we might be able to offer Members an opportunity to raise not only their constituents' concerns, but if they want to, the question of the draft contents of the Queen's Speech. The debate could be divided into two slots of three hours, or we could weave both themes through

[Ms Harman]

the six hours. Perhaps I will talk to the hon. Gentleman afterwards and take soundings on the best way of dealing with the matter.

Mrs. Betty Williams (Conwy) (Lab): May I also welcome my right hon. and learned Friend to her new post and wish her well? Will she hold urgent talks with the House authorities on smoking in the Palace of Westminster, and in particular, on the way in which the system is already being abused? I would be happy to show her the locations.

Ms Harman: The smoking ban in public places is important for public health and we all want to play our part in ensuring that the ban is effective. On my way here this morning, I saw somebody wearing a "smoking ban enforcement" high visibility jacket. So those people are out on the streets. The point that my hon. Friend raises should probably be raised with the Serjeant at Arms. I would suggest that she do that.

Sir Michael Spicer (West Worcestershire) (Con): When do the Government expect to receive the report of the Senior Salaries Review Body on Members' pay and allowances?

Ms Harman: I think that in the normal course of events it is received in July, but I cannot give any assurances as to when it will be received or published. I will write to the hon. Gentleman if I can tell him anything further, and I will place a copy of the letter in the House of Commons Library.

Lynda Waltho (Stourbridge) (Lab): I add my congratulations to those of my colleagues and also welcome my hon. Friend the Member for Bishop Auckland (Helen Goodman), who was a particularly inspired appointment. I was encouraged and stimulated by my right hon. Friend the Prime Minister's statement on Tuesday, and particularly by what he said about devolving more powers back to Parliament. Will my right hon. and learned Friend the Leader of the House expand on the issue of the Queen's Speech, which I found quite interesting, and the possibility of involving Select Committees and individual Members in that debate?

Ms Harman: I thank my hon. Friend for her welcome. I have suggested to my right hon. Friend the Member for Swansea, West (Mr. Williams), the Chair of the Liaison Committee, that the consultation with Members and the scrutiny of the draft legislative programme—the programme will be announced by way of a statement of the House—should be undertaken by the Liaison Committee, and he has been good enough to agree that that is what he will do.

Mr. Paul Goodman (Wycombe) (Con): Since the terrible events of 7/7, I think that there has been only one debate in the House on integration and cohesion. Given recent events in Glasgow and London, will the Government find time, in their own time, for a substantial debate on integration and cohesion in Britain?

Ms Harman: The hon. Gentleman makes an important point and perhaps he will allow me to reflect on it. We have had running-through debates on Bills, statements and oral questions. The issue of community cohesion has been a big preoccupation—rightly so—for the House. It was mentioned by the Prime Minister in his statement on the constitution and the question of Britishness. However, I will reflect on whether we should seek time for a whole debate focused on the question of how different Departments, local authorities and voluntary organisations are contributing to the question of cohesion. It is Communities and Local Government questions next Tuesday, so perhaps he could prompt my right hon. Friend the Secretary of State on the matter then.

Patrick Hall (Bedford) (Lab): I add my congratulations to my right hon. and learned Friend on her new role and commend her on the adult and measured way in which she responded to the traditional yah-boo politics offered by the Conservative shadow Leader of the House. With regard to the bids for unitary status that are being assessed by the Government, she will know that the Government intend to make a decision later this month, hopefully in the House. Does she believe that due weight will be given to the fact that, in Bedfordshire, more than 200 local employers are backing Bedford borough's bid and that 20,000 people have supported petitions on the Bedford borough and central Bedfordshire bids?

Ms Harman: I thank my hon. Friend for his welcome. As he has acknowledged, the question of unitary status will be the subject of a Government decision and announcement in due course. I know that it is an area of great concern, not just in Bedfordshire, but throughout the country. I will draw his comments about his constituency to the attention of my right hon. Friend the Secretary of State for Communities and Local Government.

Sammy Wilson (East Antrim) (DUP): On behalf of the Democratic Unionist party, I congratulate the Leader of the House on her appointment. There is grave concern in Northern Ireland over the role of the Office of the Police Ombudsman for Northern Ireland and especially over how the office has dealt with inquiries into former members of the Royal Ulster Constabulary. Pending arrests have been published to the media and have taken place in a blaze of publicity. Officers who have been detained have sometimes been denied drugs and medication while in custody. In the past, the office tried to bury a report that showed that 50 per cent. of police officers have no confidence in it. Will she allow a debate on the Floor of the House to discuss the concerns about the Office of the Police Ombudsman and to consider how some degree of accountability might be built into the office to ensure that those with grievances have some way of airing them?

Ms Harman: There will be an opportunity during Northern Ireland questions on 25 July for the hon. Gentleman to raise those points. I am sure that the Office of the Police Ombudsman for Northern Ireland will note his points and, especially, his concern that there should be greater confidence in the important

work that it does. Let me take this opportunity to express my support for the very difficult work that is still ongoing to build confidence on all sides in Northern Ireland following the important strides that have been made. Perhaps the hon. Gentleman could seek a meeting with the Office of the Police Ombudsman for Northern Ireland, if he has not already done so.

Anne Moffat (East Lothian) (Lab): May I add my congratulations to my right hon. and learned Friend? I am sure that she will have some sympathy with my request for a debate on the women's land army, given her role as Minister for Women. Its members are the forgotten veterans of the first and second world wars. While we welcomed what happened with the Bevin boys last week, we should also honour those women, who worked very hard.

Ms Harman: My hon. Friend makes a very important point. She was a long-standing champion of women at work in the trade union movement, and she is thinking about the important contribution that women made to this country in times gone by. I will take up her point and get back to her. As Minister for Women, I will liaise with my ministerial colleague. We should take a bit of action.

Mr. Andrew Tyrie (Chichester) (Con): During the deputy leadership campaign, the Leader of the House called on her Government to renegotiate the Chicago convention, which has a loophole that permits extraordinary rendition: the process through which many people have been kidnapped from around the world and, in some cases, taken to places where they might be tortured. She said that we need to be

"absolutely certain we don't have a situation where we are complicit in torture because our airspace is being used or planes are landing in our country and then taking off again."

Will she secure a debate to clarify whether the Government will indeed act on her recommendation that we should reform the Chicago convention to bring extraordinary rendition to an end?

Ms Harman: May I acknowledge the hon. Gentleman's record on raising such important issues? I remind him that when I was in the Department for Constitutional Affairs—now the Ministry of Justice—I gave evidence to the Joint Committee on Human Rights and dealt with the question of how we can find out what is travelling through our airspace. Many people think that it is anomalous that while one must declare whether an aircraft is carrying a VIP or a dangerous substance, there is no requirement under the Chicago convention to declare whether prisoners are being carried. No doubt my ministerial colleagues will note the hon. Gentleman's point. They are already concerned about the matter and will be looking further at the possibilities.

Dr. Stephen Ladyman (South Thanet) (Lab): May I also welcome my right hon. and learned Friend to her job? As someone who has rekindled his interest in Back-Bench rights in recent days, I am delighted that she will be protecting them for us. When will we debate the Prime Minister's ideas on constitutional reform? My constituents are not interested in anything that would damage the Union and they are certainly not interested in creating two-tier MPs, but they are interested in our developing a structure that will allow the challenges that we face in England to be thoroughly debated in this place.

Ms Harman: I thank my hon. Friend for his welcome. Many of us felt that he did very good work as a Transport Minister, and I always thought of him as our version of Jeremy Clarkson, albeit more progressive and green. I say to all who are rekindling their interest in being on the Back Benches that Back Benchers can quite often do a great deal, while sometimes not all Ministers can do as much as they want. I will strongly support the work that my hon. Friend will no doubt do as a Back Bencher.

The House will have heard the Prime Minister talking about regional Ministers. We will have to discuss how we make them appropriately accountable to the House so that their work can be scrutinised. He has also raised the question of regional Select Committees, on which the whole House will need to work together to ensure that we have an appropriate structure that works well.

Bob Spink (Castle Point) (Con): Given that UK laws and traditions specifically forbid Parliament from binding its successors, may we have a debate on the retained clause in the proposed new EU constitution that effectively gives the EU the permanent right to seize more powers from this country without any further agreement? We must address the EU democratic deficit.

Ms Harman: There is strong concern that the House should carry out proper scrutiny of EU issues, and I will shortly meet the Chair of the European Scrutiny Committee. There is no question of a referendum because there is no new constitution or constitutional treaty. Any amendments to an existing treaty will be subject to the proper scrutiny of the House, which is what we would all want.

Sir Peter Soulsby (Leicester, South) (Lab): May I join the chorus of welcomes to the new Leader of the House? Is she aware of the recent collapse of First Solution Money Transfer Ltd? The company specialised in taking remittances from Bangladeshis to Bangladesh, but its collapse means that some 20,000 people have lost money that might amount to millions of pounds. I suggest that the matter is too important to be left to an Adjournment debate, so I hope that the Leader of the House will speak to her ministerial colleagues to ensure that we have a statement or, preferably, a debate in the House, about how it was possible for the company to collapse leaving such debts, the role of the regulators, and what the Government are doing to ensure that our constituents get their money back.

Ms Harman: My hon. Friend raises an incredibly important issue. The situation involving First Solution Money Transfer is heartbreaking for not only the people who put money in, but those who were expecting the vital remittances that form an important, albeit largely unseen, part of the international development effort. People who come to this country

[Ms Harman]

to work hard—sometimes they have two or three jobs—and send money back to their country of origin are the hidden heroes of international development. My hon. Friend's point is important for my ministerial colleagues in not only the Department for International Development, but the Treasury. I will consult them on how we can ensure that we take up the issue and report back to the House.

John Bercow (Buckingham) (Con): I warmly congratulate the right hon. and learned Lady on her appointment. I hope that she will indeed prove to be the House's representative in the Government at least as much as—of course she is—the Government's representative in the House.

As a matter of urgency, may we please have on the Floor of the House in Government time a debate on the Modernisation Committee report on the role of the Back Bencher and the use of non-legislative time? Given that the issue was sufficiently salient to merit a reference by the Prime Minister in his statement to the House on Tuesday and that, when I asked this question of the right hon. and learned Lady's predecessor three weeks ago, he gave me a reply that was encouraging but unspecific, may I appeal to the Leader of the House to give me a reply that is at least as encouraging and rather more specific, perhaps by guaranteeing that the debate will take place on the Floor of the House before the summer recess?

Ms Harman: I thank the hon. Gentleman for his welcome. He is assiduous in pursuing the question of the role of Back Benchers in the House. I suspect that he has not only welcomed me to my position, but set me my first test. I thank him for drawing the matter to my attention and I will get on it.

Emily Thornberry (Islington, South and Finsbury) (Lab): May I add my voice to the welcome that we want to give to my right hon. and learned Friend in her new post—it is great to see her there? May we have a debate on the Floor of the House on the important subject of the plight of leaseholders with social landlords when major works are initiated? The Government's policy of ensuring that the decent homes standard is met in all our affordable housing is fully supported, given its importance, but it means that those who have bought their council flats are facing huge bills.

Ms Harman: I am well aware of my hon. Friend's constituency work on the plight of leaseholders, who, as such, rather than as tenants, did not realise that when their flats were improved—as a result of the investment made by this Labour Government—they would have to pay capital charges; many of them were wholly unprepared for that. She has worked with me in my capacity as a constituency MP to try to ensure that the Government do all they can to ensure fairness for leaseholders, and she will know that under the new Prime Minister, the Government are focusing increasingly on the issues facing those in affordable housing, including the lack of it.

Sir George Young (North-West Hampshire) (Con): May I set the right hon. and learned Lady another test? On Tuesday, the Prime Minister launched "The Governance of Britain", a document proposing an ambitious programme of constitutional reform that has enormous implications for the House of Commons. Should not the Government be interested in the response of the House to that document, and should we not have a two-day debate, in Government time, so that the Executive can reflect on the views of the House?

Ms Harman: The document to which the right hon. Gentleman refers sets out work for a number of Departments—on local government, on the relationship with the judiciary and on House issues. I suggest we ensure that each responsible Department, and I as Leader of the House, take forward the proposals outlined in the document, ensuring as much consultation as possible, and, on the journey on which the Prime Minister has set us, keeping in mind the overall picture. My right hon. Friend has said that we need not only to take individual measures forward, but to take an overview. We will have to consider how we do that without losing sight of the overall programme.

Mrs. Claire Curtis-Thomas (Crosby) (Lab): May I also congratulate my right hon. and learned Friend and her wonderful deputy on being appointed to their new roles? They are modernisers and great feminists, which is a great treat for us.

Will my right hon. and learned Friend consider making time available on the Floor of the House to discuss Darfur and the recent UN resolutions? There have been many resolutions on Darfur, and it has now been acknowledged that there should be a peacekeeping force. The matter is of huge interest to Mr. David Moorhead, head of religious education in one of my local schools, Sacred Heart, and to hundreds of his pupils and of my constituents. We would like something to be done, and we want to send a clear signal from the House that we take the matter very seriously and want the action that has been promised.

Ms Harman: I thank my hon. Friend for her warm words of welcome to me and to my hon. Friend the Deputy Leader of the House. She raises an issue of concern not only to her, but, as she rightly says, across the House, and among the public. We debated in the House the progress that needs to be made in Darfur through the United Nations, supporting the African Union and the work of the Foreign and Commonwealth Office and the Department for International Development. I think that her point is that we need to hear more from the Government, so perhaps she could make the issue the subject of an Adjournment debate.

Mr. Peter Bone (Wellingborough) (Con): Yesterday in the House I highlighted the case of a constituent who was going blind, but who had to have private treatment because it was not available on the NHS. Yesterday evening, another constituent rang me to say that exactly the same thing had happened to her: she could not get NHS treatment and the only way to save her sight was to go private. Will the Leader of the House arrange for a debate or statement on access to NHS treatment in north Northamptonshire for blindness?

Ms Harman: The hon. Gentleman is raising the issue of age-related macular degeneration—

Mr. Bone: In the first case, not the second.

Ms Harman: I will consider the points that he makes and will raise them with my right hon. Friend the Secretary of State for Health. Obviously, as the hon. Gentleman says, it is important that we tackle as early as possible illnesses and diseases that can lead to blindness, so that people can continue to lead a full life.

Mrs. Madeleine Moon (Bridgend) (Lab): May I join in the praise recognising the popularity of both appointments to the Office of the Leader of the House? Seeing women promoted to such positions is a joy to all of us. The Parliamentary Information and Communication Technology team recently sold HTC mobile communication devices to a number of hon. Members, but the phones have proved faulty, unreliable and extremely expensive. PICT will not take them back or replace them with things that operate correctly. Given that many Members were forced into buying them because of the faulty equipment available to Members who have distant offices in the Palace system, and who cannot use the Library computers because they are not working, may we have a debate in the Chamber on the quality of services available to Members, so that we can actually communicate with our constituents and the support teams in offices at some distance from the Chamber?

Ms Harman: I thank my hon. Friend for her warm welcomes, and I hope that we will live up to the House's aspirations, and ours.

Electronic communication is very important if Members of Parliament are to do their work properly and keep closely in touch with their constituents, so it is not a technical point that she raises but a point of real substance on how we fulfil our responsibilities as constituency MPs. I raised the issue with the Clerk of the House yesterday after my hon. Friend mentioned it to me—in the Lady Members Room, actually—and the Clerk told me that Kevin Tebbit is undertaking work on the provision of services to Members, so that there is a clear line of accountability and a management structure. When things go wrong, Members thereby know who to hold accountable and where to take their concerns, and something is done about them.

Mark Hunter (Cheadle) (LD): May I join those who have congratulated the new Leader of the House on her appointment, and wish her well in her new job? Will she find time for an urgent debate on the proper and appropriate use of the facilities of the House, and the activities of right hon. and hon. Members in relation to the constituents of other right hon. and hon. Members? I raise the matter having discovered that an event for the Cheadle Business and Professional Group was held—

Mr. Deputy Speaker (Sir Michael Lord): Order. The hon. Gentleman has made the general point that he wanted to make, to which I think it is reasonable for the Leader of the House to respond. If he wishes to take the matter further, there are channels through which he can do so.

Ms Harman: I suggest that the hon. Gentleman follow the proper channels, as advised by Mr. Deputy Speaker. It is important that we make sure that we do not cross the line in using publicly funded House of Commons facilities for anything that might be party political.

Mr. Jim Devine (Livingston) (Lab): May I add my congratulations to my right hon. and learned Friend? That is how she told me to address her when I first came to the House. May we have a debate on the benefits of the national health service, as reflected in early-day motion 1842?

[That this House pays tribute to Nye Bevan and the radical, reforming Labour governments of 1945 to 1951, for establishing the National Health Service (NHS) on 5th July 1948, thereby removing the fear of ill health from hardworking families; and pays tribute to NHS staff throughout the United Kingdom, who provide health care free at the time of need, 24 hours each day, 365 days of each year.]

On this day in 1948, a radical, reforming Labour Government established the national health service. For the first time ever, the fear of ill-health was taken away from hard-working families. Will she join me in congratulating NHS staff on providing health care free at the point of need? Is she as surprised as I was to learn that there is no hospital in the United Kingdom named after Nye Bevan, the man who created it?

Ms Harman: I join in my hon. Friend's congratulations to NHS staff. He is a great champion of the national health service and he makes an important suggestion, which I will draw to the attention of the Secretary of State for Health.

Mr. Nigel Evans (Ribble Valley) (Con): Like everyone else, I have rarely been more joyous than on seeing the new leadership team in the Chamber, defending the rights of Back Benchers like myself and our newest addition, the hon. Member for South Thanet (Dr. Ladyman). I add my support to him during his no doubt short respite on the Back Benches to call for a full debate in Government time on the proposed constitutional changes. I do not believe that the regional representatives or spokesmen on behalf of the Government are the answer to the West Lothian question. My constituents are concerned that the Prime Minister and the Chancellor of the Exchequer, being Scottish Members, can vote on health and education in my constituency, but I cannot do the same with respect to theirs. If English votes for English MPs is not the answer to the West Lothian question, let us have a debate on what is.

Ms Harman: I should have thought that as a fellow English Member of Parliament the hon. Gentleman would welcome the notion of regional Ministers appropriately accountable to the House, and the possibility of regional Select Committees to give a greater focus on the English regions. I know that he is a supporter, as I am, of the Union of England, Scotland, Wales and Northern Ireland. Those of us who support the Union do not see how it could work sensibly for Members elected from constituencies throughout the Union to come into the House, but for some not to be

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able to vote on some legislation. Having been elected from the various parts of the Union to the House, all Members must be entitled to vote on all legislation, whether they are from Northern Ireland, Wales, Scotland or London.

Ms Gisela Stuart (Birmingham, Edgbaston) (Lab): It is good to see three good women on the Front Bench—*[Interruption.]*

Mr. Deputy Speaker: Order. At the risk of sounding churlish, I think the Leader of the House may not mind too much if we do not have any more congratulations today. Every Member is offering congratulations, which is taking a considerable amount of time out of the time available.

Ms Stuart: At this week's Hampton Court Palace flower show, the growing schools garden, which was sponsored by what is now the Department for Children, Schools and Families, won the gold medal. After the flower show the garden will be moved to the Birmingham botanical gardens in my constituency, where it will be accessible to all the schools in Birmingham and the area. May we have a debate in the House on the way in which our schools use outdoor facilities and available allotments, particularly in our big cities, for educational purposes so that such gardens, like outdoor classrooms—*[Interruption.]*

Mr. Deputy Speaker: Order. The Leader of the House has sufficient material to reply.

Ms Harman: I congratulate the work of all those involved in the outdoor classroom in my hon. Friend's constituency, and acknowledge the wider point that she makes about outdoor work between schools and on the land held by schools. May I ask you, Mr. Deputy Speaker, not to stop Members congratulating me? It might be the last time they ever do so.

Pete Wishart (Perth and North Perthshire) (SNP): May I congratulate the right hon. and learned Lady on behalf of Plaid Cymru and the Scottish National party, and take the opportunity to remind her gently that there are more than three parties in the House when she comes to represent its views. May I ask for a debate on airport security and use the opportunity to pay tribute to John Smeaton, the one-man scourge of international terrorism at Glasgow airport, the hero of Abbotsinch airport. I am sure the Leader of the House would agree that he and other members of the public showed immense courage and bravery in tackling the terrorists at Glasgow airport. Will she use her new office to convince the Prime Minister that honours should be winging their way to Glasgow?

Ms Harman: The whole House joins in the sentiments that the hon. Gentleman has expressed, which were also expressed by my hon. Friend the Member for Paisley and Renfrewshire, North (Jim Sheridan) during Prime Minister's questions. I send my best wishes to the responsible official whose work the hon. Gentleman brought to the attention of the House, but whose name I did not catch.

Julie Morgan (Cardiff, North) (Lab): I congratulate the Government on the document "The Governance of Britain", which is an exciting and ambitious programme. When may we have a debate on the section entitled "Making Parliament more representative"? It is a huge achievement that we now have a woman deputy leader of the Labour party, but we still need more women on these Benches.

Ms Harman: I thank my hon. Friend for raising the question of all-women shortlists, which was the vehicle by which we have managed to get more Labour women Members of Parliament into the House. When I was first elected to the House 25 years ago, I was one of only 10 Labour women MPs. We now have 97 Labour women MPs. Then, the House of Commons was 97 per cent. men and only 3 per cent. women. We have changed that, but we still have a long way to go. I know that the right hon. Member for Maidenhead (Mrs. May), who is both shadow Leader of the House and shadow Minister for Women, will want to increase the number of Conservative women MPs from only 17 at present.

Dr. Julian Lewis (New Forest, East) (Con): Yesterday I had the unforgettably sad privilege of attending the military funeral at Dover castle of Corporal John Rigby, who was killed defending his men just outside Basra palace. Having met his parents, Doug and Liz Rigby, and his twin brother Will, I can understand from where he derived his character, his courage and his reputation as one of the finest soldiers in the British Army. Today, on the "Today" programme, I heard a spokesman from Hizb ut-Tahrir saying that it was acceptable for British soldiers in Afghanistan and Iraq, like Corporal Rigby, to be killed. I do not know if that spokesman is a British citizen or not. If he is a British citizen, may we have a statement from a Home Office Minister explaining why he should not be put on trial for treason? If he is not a British citizen, may we have a statement from a Home Office Minister explaining why he is allowed to reside in this country?

Ms Harman: I thank the hon. Gentleman for bringing two very important issues to the Floor of the House. I know that he is extremely assiduous as a Back Bencher in the House and a strong protagonist of the rights of Back Benchers, and I look forward to working with him. May I express my sincere condolence and sympathy to the family and friends of Corporal John Rigby. It was a tragic death and we all express our sympathy. I, too, heard the comments of Hizb ut-Tahrir this morning on the "Today" programme. I know that my colleagues in Government are extremely concerned to enforce rigorously the provisions of the Prevention of Terrorism Act 2005 in respect of those who promote terrorism. They will have heard what was said. The matter is under continuous review. I had the bizarre experience of Hizb ut-Tahrir coming to see me, as a woman parliamentarian, in my constituency surgery and arguing to me that they would prefer to see a caliphate rather than a parliamentary democracy. They do not believe in women doing anything outside the home. We must be very concerned to make sure that subversion and support for terrorism are not fomented in this country, and my colleagues in Government are very much concerned with that.

Fiona Mactaggart (Slough) (Lab): May I refer to a matter of business that the Leader of the House has announced—I know that that is an unusual practice during these questions—which is the debate on forced marriages, which is to occur on 10 July? I congratulate the Government on taking over the private Member's Bill and look forward to legislation to tackle forced marriages. However, because it started as a private Member's Bill, there has not been the kind of preliminary discussion and debate that we usually try to have about new legislation, and that, following the very welcome statement by the Prime Minister, will clearly happen more in future. Can the Leader of the House use the summer to try to initiate a widespread debate about what is in the legislation and what should be added to it, so that by the time it comes back to the Floor of the House for Report and Third Reading we can ensure that all the communities have been properly engaged in a debate on this very important subject?

Ms Harman: What my hon. Friend says is important for two reasons. Obviously, the House needs to be sure that we get the legislation right and that there is proper scrutiny. Also, what she proposes is important because it will be part of reinforcing the message that we want to go out to all communities in this country—that forced marriage is not acceptable. Women and men must be able to choose their own partners in marriage and not be forced. I should like to take this opportunity to pay tribute to Lord Lester, who introduced the private Member's Bill in the House of Lords, and my colleague Baroness Cathy Ashton, who took it through. As my hon. Friend said, the legislation has been introduced in a rather unusual way. I will consider how we deal with that, but the Bill, and its principle, is very important.

Mr. Douglas Hogg (Sleaford and North Hykeham) (Con): May I echo the views expressed on both sides of the House that we should have an early debate on the constitution? Bearing in mind that we have Scottish-only votes for Scottish business, Northern Irish-only votes for Irish business, and Welsh-only votes for Welsh business, is it not a constitutional and democratic scandal that Members representing Scottish constituencies, and Ministers too, vote on matters and drive them through when they have no democratic authority and are in no sense accountable?

Ms Harman: I am sure that the right hon. and learned Gentleman is, like me, a supporter of the Union. It is curious, is it not, that when parliamentary colleagues complain about this they always mention Scotland and Wales but never mention London? If he is concerned about the asymmetry of our devolution arrangements, perhaps he can think about London and Northern Ireland as well as Scotland and Wales, and then he will come back to my answer, and my view, which is that I am a strong supporter of devolution and a strong supporter of the Union and this House.

Higher Education (Student Support)

12.33 pm

The Secretary of State for Innovation, Universities and Skills (Mr. John Denham): With permission, Mr. Deputy Speaker, I wish to make a statement on reforms to support for students in higher education.

I am delighted to make my first statement as the first Secretary of State for Innovation, Universities and Skills. In establishing my Department, my right hon. Friend the Prime Minister charged my colleagues and I with the twin aims of providing a strong, integrated permanent voice across Government for effective investment in research, science and skills at all levels and ensuring that research, higher education and further education serve their wider purposes—supporting social mobility and inclusion for the disadvantaged, and cultural growth. Success in higher education will be one key measure of my Department's work. The skills and talents of our people are our greatest natural asset, and our universities and colleges must offer world-class standards of teaching and research.

Since 1997, the number of home and overseas students has increased by over 400,000, and the funding of higher education institutions has risen by over 20 per cent. in real terms. Before 1997, funding per student had declined by 36 per cent. in less than a decade. In today's global economy, we cannot afford to stand still. The growth in the number of graduates being produced in India and China is dramatic. Around the world, countries are increasingly investing in the high-level skills and the cutting edge research that universities provide. To compete and prosper in this world—to respond to the needs of leading global and national businesses—we must enable many thousands more people to study and graduate each year. To become a world leader in skills, as Lord Leitch recommended, we must aim for at least 40 per cent. of adults to have higher level qualifications by 2020.

Everyone who has the potential and qualifications to succeed in higher education, whatever their family background, should have the opportunity to participate. No one should be held back from realising their potential. That is fair, and it is right for our economy. We cannot be satisfied when only 28 per cent. of students come from low-income backgrounds. We are wasting the talents of too many young people for whom university study should be a realistic ambition, not out of reach. We recognise, too, that hard-working families on modest incomes have concerns about the affordability of university study. They have high aspirations—rightly so—and we should help them to fulfil those aspirations. To meet the challenges of achieving world-class skills, and to make the most of the talent and ability of every individual, we need to be willing to change.

That is why I propose four major changes to our system of student support. First, we will increase substantially the number of students entitled to maintenance grants. These changes will take effect for students from England entering higher education in 2008. More students will receive full grants worth £2,835. From September next year, full grants will be available to new students from families with incomes of

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up to £25,000, compared with £18,360. We estimate that 50,000 more students each year will receive full grants once the system is fully up and running. With the addition of £310 bursaries from higher education institutions, these students will be guaranteed £3,145 a year.

Moreover, eligibility for maintenance grants will be extended to many more students from families on modest and middle incomes—hard-working families who are doing the right thing by encouraging their children to go to university. Students whose families have household incomes of up to £60,000 a year will in future benefit from eligibility to a grant. More than 100,000 extra students at any one time will be entitled to a partial grant once these proposals are fully implemented. More than 250,000 students will gain from our proposals once fully implemented. Of those, 35,000 will gain by more than £1,000 a year and a further 125,000 by more than £500. For a student from a household on £25,000 a year earnings, that will mean an extra £1,100 a year in maintenance grant. For a family on £50,000 a year with two children at university, it will mean that each student receives a grant of £560 a year. Today, just over half of students who entered higher education in 2006 received a maintenance grant. From 2008, two thirds will do so. A third of students will get a full grant, compared with 29 per cent. now, and a further third will get a partial grant, compared with 22 per cent. now. To fund this improvement and the other measures that I am announcing today, we will be investing over £400 million a year when the system is fully in place. That is a major increase in support to students.

Secondly, able young people from low income homes should aim for university, confident of the financial support they will receive. From the 2008-09 academic year, a 16-year-old who qualifies for an educational maintenance allowance will be guaranteed a minimum level of maintenance support at university. This 16-year-old will be guaranteed at least five years of maintenance support for their studies—through school, college and university. The guarantee will support aspirations for higher education. It will provide certainty about the financial support to fulfil their potential. Young people starting their studies at sixth-form or college will see a clear route into higher education. More than 250,000 16-year-olds a year will get the guarantee. Of course, in developing that package, I will work closely with my right hon. Friend the Secretary of State for Children, Schools and Families to ensure that support goes to those students who are qualified and demonstrate their rigorous compliance with the system.

Thirdly, for students whose parents have not attended university, the support of others can be crucial in deciding to go to university. We want to give new emphasis to students acting as role models and mentors for young people who might not otherwise go on to higher education. I propose to double the number of such mentors on our popular and successful student associate scheme from 7,500 to 15,000. That means one generation of students supporting the next generation of children towards college or university.

Finally, we also want to offer graduates more choice about the repayment of their loans. Students starting in 2008 will have that option once they complete their degree. When graduates face significant new out-goings in their lives, such as buying their first home or starting a family, they will have the option of taking a break from their loan repayments. They will be able to take a break of one year, two or more, for up to five years. That will help graduates make flexible choices about their finances at key points in their lives and careers.

In the next three years, the reforms will help us meet growing aspirations for higher education within the comprehensive spending review settlement and allow us to fulfil commitments that we have already made. The proportion of 18 to 30-year-olds who go on to higher education will continue to increase and universities will receive the same funding for teaching each student in real terms, so that excellence in teaching and learning can be maintained.

The reforms promote aspiration, offer opportunity and provide support to students from hard-working families. They promote the world-class standards of our colleges and universities and help deliver the skills and knowledge that business and society need in a global economy. I commend them to the House.

Mr. David Willetts (Havant) (Con): Let me begin, alongside all the other welcomes that you have already heard, Mr. Deputy Speaker, by welcoming the new Secretary of State to his post. I look forward to debating and questioning the Government on the important issues that he raised today.

We agree with the Government about wanting the greatest possible access to higher education of good quality. We also recognise that, contrary to some of the fears that were expressed, it looks as if top-up fees have not so far made the problem of access to university worse. However, it must also be acknowledged that we do not appear to be making significant progress in improving access, as the figure for students from modest backgrounds has been stable at about 28 per cent. over the past few years. We therefore welcome any measures that the Government can take to improve access to higher education in future. However, I should like to ask the Secretary of State for more information about some of his proposals and their scope.

First, what about part-time students? Does the right hon. Gentleman accept that many students from modest backgrounds who go to university are looking for part-time study? Progress has been made in more modular courses. Will any of the provisions that he announced today make it easier for part-time students at university?

Secondly, will the Secretary of State tell us a bit more about who will be responsible for delivering some of the measures that he announced? Aimhigher is an excellent programme, which involves links between universities and schools. Is not it a pity that we now have two education Departments when, in the past, the programme was clearly in the Department for Education and Skills? Which Department will be responsible for Aimhigher?

We welcome the extension of the mentoring scheme that the Secretary of State announced. It appears to involve people at university visiting schools and

arranging programmes in schools through the school system. Surely it will be far more complicated now that two Departments are involved instead of one.

The Secretary of State referred to extra spending of £400 million. Will he confirm that the sum is within the education spending totals that the then Chancellor announced earlier this year, and thus in the totals that were already set? If so, will he make it clear where exactly the resources are coming from in the overall Budget that the now Prime Minister announced when Chancellor of the Exchequer? *[Interruption.]*

Mr. Deputy Speaker (Sir Michael Lord): Order. We must not have mutterings from the second Bench. The House listened courteously to the first statement; that should also apply to this statement.

Mr. Willetts: Thank you, Mr. Deputy Speaker. I hope that the Secretary of State can respond to the questions, which will concern many people in higher education, including students.

Will the Secretary of State tell us more about the prospects for the future of the bursaries scheme? There has been media comment in the past few weeks about what might happen to bursaries, and the Minister with responsibility for higher education, the hon. Member for Harlow (Bill Rammell), made carefully drafted comments, in which he appeared to cast doubt on their long-term future. Will changes to bursaries form any part of the package and funding changes that he announced?

On a wider point, does the Secretary of State accept that approximately 90 per cent. of people who leave school with two good A-levels already get to university? The deep challenge that we must all confront is that, if we want more people to have access to university with the right qualifications to benefit from higher education, we need to examine what is happening in schools. Is not the fundamental challenge, which everyone raises with us, increasing access to the GCSEs and A-levels that students need if they are to have a prospect of getting to university? Is not that the problem that the Government need to tackle?

Let me tell the Secretary of State about a visit that I recently paid to one of the excellent summer schools, which are aimed at broadening access to university. There, teenagers who had not previously thought of going to university suddenly realised that they could benefit from it, and then one saw their shock when they realised that the GCSEs that they had been studying, and perhaps the A-level for which they had been entered, were not those that they needed to do the course about which they had become excited. The Government's targets and points system mean that many teenagers are encouraged to do the GCSEs and A-levels that do not offer them the best prospect of getting to university.

Meanwhile, study of the subjects that are often crucial to getting to our most academically valuable universities are declining. There is a decline in the number of people who study modern languages and individual real sciences at GSCE and A-level in state schools, and an increase in the proportion of students who study the crunchy and more academic subjects—further maths and modern languages—at private schools. How can the Government achieve their objectives of widening participation if the only lever that they pull changes the maintenance grant when fundamental improvement in the quality of education at school is the key? Is not that another reason why splitting the Department for Education and Skills in two will make it harder to achieve those important objectives?

Mr. Denham: I thank the hon. Gentleman for his opening remarks and congratulate him on his appointment—I welcome him to his new job. I have known him for a long time and always admired his wide interest in social policy. In his previous job in particular I admired his intellectual honesty, and I hope that he gets more support from those behind him in his current job than he did in his previous post.

My impression is that the hon. Gentleman does not have a great deal to say about the package. It is a shame that he has not grasped its importance to delivering two things: the skills that we need as a society to prosper and the opportunity for many of our fellow citizens, especially young people, who currently do not fulfil their full potential. I hope that, perhaps in later debates, we will get a more generous welcome for the Government's reforms today.

Let me deal with the hon. Gentleman's specific points. The package is not about part-time students. However, last year, the Government introduced a system of support for fees. Many higher education institutions offer support for part-time students through access to learning funds. In 1997, when the hon. Gentleman was last in government, there was no support for part-time students, and most of today's part-time students would not have had the chance to be in higher education. Part-time study is important and we are building, especially with industry, co-funded courses in higher education. We expect many, if not all, to be on a part-time basis, and to deliver the higher quality vocational skills that are needed. We therefore recognise the importance of part-time education in the overall picture.

The hon. Gentleman mentioned the splitting or creation of the two Departments. Some years ago, I was the Minister with responsibility for children and young people, and personally I feel that there is a compelling logic to having a Department—which the Secretary of State for Children, Schools and Families, my right hon. Friend the Member for Normanton (Ed Balls) now leads—that is able to look at family and children's issues in such a coherent way. There will be certain issues at the interface between my right hon. Friend's Department and mine, which we will sort out—they are easy to identify, and they will be easy to tackle—but the gains for our children from having the focus that the new structure offers will be enormous. I do not believe that it will make the slightest difference to the already successful scheme involving university students going back into school to work with students, particularly in science, maths, technology and engineering—the subjects that the hon. Gentleman is concerned about—to ensure that they have the right qualifications. We have already recognised the importance of that work.

The bursary scheme is enormously important. I have been in this post for only a few days—

Mr. Willetts: Five days?

Mr. Denham: Eight days. I have been in post for only eight days, but the Minister of State, Department of Innovation, Universities and Skills, my hon. Friend the Member for Harlow (Bill Rammell) encourages me to say that we have no plans to change the bursary scheme. It is an important part of all this. Indeed, my statement slightly understated the extent to which some students will be better off, because many bursary schemes offer an amount that is much more generous than the minimum that I mentioned.

Of course higher school standards are important throughout the system. We already have the best ever school standards. The standards in our poorest performing schools have improved faster than across the education system as a whole, and that will continue to provide students who will come into higher education. We all know, however, that at the moment some of those students will get to the age of 16 and lose their way and go out of the system because they do not think that university is for them. These measures will address the needs of those students and get them into higher education.

Mr. Barry Sheerman (Huddersfield) (Lab/Co-op): I genuinely warmly welcome my right hon. Friend to his new job. What a way to start. His statement is good news for working people and their families, and for students who will be encouraged to enter higher education for the first time. Those of us who have looked at this area know that what is needed is the full package, and that the earlier we start, the better. My right hon. Friend will know about my passion for the mentoring role, which is at the heart of the recommendations. I welcome them very sincerely.

Of course, all of us who are interested in education will add one proviso. The full package must go right the way through, keeping these young, talented people in the system so that they go into higher education and then into postgraduate education, so that they can become PhDs, researchers and leaders in technology and innovation. But we will give my right hon. Friend a little time before he needs to come back to us on that.

Mr. Denham: I thank my hon. Friend for his comments. However the Select Committee structures are determined by the House, I am sure that we will be drawing on his considerable expertise in this area and in this new role. Mentoring is enormously important, and some young people do not get the necessary support at home to achieve their full potential. If we can provide it in other ways, that is enormously important.

A second matter on which I agree with my hon. Friend involves another part of the story that we can tell. The higher education institutions are doing increasingly effective work on ensuring that, once students have entered higher education, they stay there and complete their first degree or other qualification as successfully as possible. That is essential. Internationally, we have a very good completion rate in higher education. I am convinced that the measures that we have put in place today will relieve some of the pressures that can divert students who feel that they cannot complete their courses, or who are diverted from their studies by having too much paid work. The provisions will help people to do as well as they possibly can at university.

Sarah Teather (Brent, East) (LD): I welcome the Secretary of State to his new job. May I say how much I look forward to working with him? I also welcome the fact that the Prime Minister was here earlier. I am afraid that he is not in his place now, as usual for the Liberal Democrat response. Nevertheless, I welcome the fact that he was here at the start of the statement; I hope that that means he will be making student support a priority. I certainly welcome the recognition that the previous system was woefully inadequate, and that a family on an annual income of £17,500 is hardly wealthy. My concern, however, is whether the extension of maintenance grants to more people might be a prelude to lifting the cap. Is that the Secretary of State's intention? I would be grateful if he could make that clear.

The Secretary of State spoke earlier about part-time students. Does he recognise the challenges for students who are studying at less than 50 per cent. of a full-time course and who therefore have no access whatever to maintenance grants? Part-time students are often older or poorer. They are more likely to be from an ethnic minority background, and very likely to have caring responsibilities. Yet they are just the kind of people whom Leitch recommends must be attracted into education. Does the Secretary of State recognise that the income of such students is severely affected by having to pay fees up front? Does he propose to change that? I must remind him that we were vehemently opposed to the introduction of those fees in the first place. Similarly, does he have any plans to extend maintenance loans to students studying courses in further education colleges?

Is the Secretary of State considering introducing a national bursary system? I should like to add my comments to those that others have made about the increase in funding for mentors. That is welcome, as long as it happens at a very early age, because young people make choices about their future as they enter secondary school. He failed to answer a question from the hon. Member for Havant (Mr. Willetts) on how the proposals are to be funded. Does he intend to fund them by cutting other aspects of the higher education package, or should we expect to hear of changes to the interest rates on maintenance loans over the next few years? I hope that he will make that clear in his response.

Mr. Denham: I thank the hon. Lady for her comments. I, too, was pleased that my right hon. Friend the Prime Minister was on the Treasury Bench for the statement. I confess that I might have had more difficulty getting this package through in my first eight days in office had it not been for the considerable support that I have received from him.

Nothing that we have announced today prejudges the review of the fee system which is in the pipeline for 2009. This will not affect it in any way. It will happen as has been promised, and nothing should be read into today's announcement in regard to that review. Part-time students have already been discussed. A decision had to be made about the intensity of study

that would attract assistance with fees, and the decision was made a few months or a year ago to limit that assistance to those who were studying at 50 per cent. intensity or more. There are some people who fall outside that category, but many of them are in work, and that is the reason for the low intensity of their study. Also, there are special provisions for those whose ability to study is limited by a disability. We put together a good package; it was certainly much better than anything that had existed previously for part-time students.

We have no plans to have a national bursary system. There is a minimum requirement, but we believe that there are advantages in individual institutions shaping the bursary scheme to their intake and to the type of students that they attract.

On the CSR settlement and allocation, the House will have to wait until later in the year for the details to be published. However, what I have announced today comes within our CSR settlement limits. Nothing that I have done today puts in jeopardy any commitments that we have already made in higher education, including the funding of student places or the desire to increase the number of participants in higher education.

Mr. Andrew Smith (Oxford, East) (Lab): May I very warmly congratulate my right hon. Friend on his appointment as Secretary of State for this exciting and important new Department? He has made an excellent start with today's statement, which will be strongly welcomed by students at both the universities in Oxford and by everyone in the country who wants to extend access to university to people from poorer backgrounds. I particularly welcome the guarantee, which is a radical and progressive innovation. Will it not be crucial for that to be effectively communicated to prospective students and their families? Will my right hon. Friend tell us a little more about how he will get the message across about just what a big improvement this is?

Mr. Denham: I am grateful to my right hon. Friend for that. He raises a very important issue. We already have a communications group, which my Department inherited from the previous Department, and its members include Universities UK, the National Union of Students, the Association of Colleges and other key stakeholders. We will want to bring that group together at a very early stage to look at how we can effectively communicate that message right down through the system. Taking into account the comments made by hon. Members on both sides of the House, we will need to ensure that that message goes to young people who are well below the age of 16, so that expectations build up among much younger school children and their parents about the system that lies ahead of them.

Several hon. Members *rose—*

Mr. Deputy Speaker: Order. Before I call the next hon. Member, may I tell the Secretary of State that although it is natural to want to address the Member who asked the question, other hon. Members might not be able to hear him unless he speaks into the microphone?

Mr. Michael Fallon (Sevenoaks) (Con): Will the Secretary of State clarify that the effect of his announcement is that the staff-student ratio will remain the same and not continue to worsen? Is not the real issue with access that the millions spent on school buildings have not been matched by the changes in curriculum, testing and teachers' working practices that are necessary to challenge ability and to improve standards in our secondary schools?

Mr. Denham: What I have said, and I repeat, is that the settlement enables us to say to universities that we will maintain the real level of funding per student as student numbers increase. Of course, individual institutions have to take decisions about how they want to staff themselves up. It is not for me to start dictating that. However, that is the funding commitment, which I am able to repeat.

As for schools, I simply say that I know that the standards that we are achieving in our schools are at the highest ever level. We have had particularly rapid improvements in some of the most poorly performing schools and most poorly performing areas. There is a way to go, and we want to build on that success, but I do not think it is the case that we have failed to raise school standards across this country; quite the opposite.

Mr. Andy Reed (Loughborough) (Lab/Co-op): I welcome the package, not just for the 14,000 students at Loughborough university, but for many of the parents for whom it will make a difference. While the Secretary of State for Children, Schools and Families is in the Chamber, may I ask the Secretary of State for Innovation, Universities and Skills to use the Sure Start programme to drive down even deeper and earlier in a child's life to encourage those parents who probably would not have considered higher education as an option for their child even at that early stage? Staying on in education beyond 16 was never considered in our family, so I know from experience that encouraging that expectation is an important consideration.

Will my right hon. Friend at some stage explain to me, perhaps in writing, what additional support can be given to the type of students at Loughborough university, with its connection with the 2012 Olympics and the additional support that is required for our future athletes who are based there?

Mr. Denham: I hope that it will be acceptable if I write to my hon. Friend on the particular point about students at Loughborough. It is important, and probably needs a better reply than I would give this afternoon.

As for taking the message right down through society, I have a hope for the Department—a rather bigger one almost than I have set out—that we create and embed a culture of going to higher education across our society in a way that we have not yet achieved. We have got more people going to university and have improved access from the poorer groups, although not to the extent that we want, but we need to achieve a culture in this country whereby most parents—indeed, all parents—think that going into higher education is an option for their child if they have the ability to do it. Sure Start is one of the ways in which parents' aspirations are changed. The most

[Mr. Denham]

remarkable thing that I found out about Sure Start in my area is that we thought that it was for the children, but it was the parents who suddenly realised how much more they could do. It is because of that that children benefit so much more. We will work to get that message across.

Sammy Wilson (East Antrim) (DUP): First, may I congratulate the Minister on his appointment and welcome his first statement? It is essential to raise aspirations among youngsters from low-income families and to remove the financial impediments that there may be for them to access higher education.

The Secretary of State is probably aware—this may be uncomfortable for the Labour party and some members of the Conservative party—that because of Northern Ireland's excellent grammar school system and the retention of academic selection, 25 per cent. more youngsters from low-income families gain admission to higher education. In light of that, and the fact that many of them will go to universities in Scotland, England and Wales, will he tell us which measures will apply to youngsters from Northern Ireland, so that there is uniformity of financial provision for them? What discussions does he intend to have with the Ministers for Employment and Learning and for Education to ensure that the parts of the package that might not apply to students from Northern Ireland will be replicated in Northern Ireland through the Department there?

Mr. Denham: I made it clear, but I repeat the point, that this is a package for English domiciled students. It applies to them, and them alone, wherever they study within the United Kingdom. On grammar schools, I refer the hon. Gentleman to the hon. Member for Havant (Mr. Willetts), whose views are rather distinct from his.

David Taylor (North-West Leicestershire) (Lab/Co-op): I warmly welcome the statement. It is true that the number of young people from working-class and lower-income families who are at university is still too low, and in terms of the Oxbridge and Russell group universities, the level is a disgrace. Will the Secretary of State tell the House whether he intends to promote a review of the education maintenance allowance? Eligibility for that is crucial for the commitment that he made to support 16-year-olds through higher education. Some young people are still just beyond the fringes of eligibility for EMA and would benefit from higher education, but they are leaving the system at that point. We need to do more for that group of young people.

Mr. Denham: The EMA is the responsibility of my right hon. Friend the Secretary of State for Children, Schools and Families, and I cannot commit him to policy changes in that area. I said in my statement, however, that we would need to look at the detail of how the EMA works, not least to ensure that in a new system, and one that is implicitly much more generous, it is run in a rigorous way that ensures that only those people who are entitled get it. If, in the process of that review, we can consider the issues that my hon. Friend raises, I am sure that my right hon. Friend and I will want to do so.

Several hon. Members *rose—*

Mr. Deputy Speaker: Order. Before I call the next speaker, may I say that hon. Members can see how many people are seeking to catch my eye. If we can have one brief question and, hopefully, a fairly brief response from the Secretary of State, we will get through as many hon. Members as we possibly can.

Adam Price (Carmarthen, East and Dinefwr) (PC): May I ask the Secretary of State about one thing that is non-devolved as far as we are concerned? I ask him to reject the calls for the imposition of commercial rates on student loans. I urge him to look at a report from Canada published today that points out the problems with commercial rates for student loan repayments there. Further to the point made by the hon. Member for East Antrim (Sammy Wilson), as different models of student financial support are emerging in the different territories of the United Kingdom, may I urge the right hon. Gentleman to convene a meeting of the Joint Ministerial Committee so that we can consider the lessons learned across the UK as those different models develop?

Mr. Denham: You have asked me to be brief, Mr. Deputy Speaker, and I merely say that nothing in the package makes any changes to the loan repayment regime other than the welcome flexibility that graduates who start their courses in a couple years' time will get. I am intrigued by a nationalist raising the matter of trying to co-ordinate better the consequences of devolution because one of the issues is that devolved Administrations take different decisions about such things. However, if there are things that it makes sense to consider, we should do so.

Paul Farrelly (Newcastle-under-Lyme) (Lab): May I, too, welcome my right hon. Friend to his appointment? It is a long-overdue return to the Government for a man of true conviction. I know that he worked very hard with all of us to increase the student support that was on offer during the sometimes lively debate on top-up fees. May I congratulate him further on making such an immediate impact, with a package of measures that will certainly lessen disincentives, raise aspirations and I hope increase social mobility? The EMA has made an impact in my constituency, but the real issue is not so much getting people into further education, but ensuring that they complete their courses at 17. I look forward to working with him and my right hon. Friend the Secretary of State for Children, Schools and Families in addressing those issues in areas such as north Staffordshire.

Mr. Denham: I am grateful for my hon. Friend's comments. It is clear that the message coming from hon. Members on both sides of the House is that the measures that I have announced today, and the things that we already have in place, are underpinned by what happens in schools at an earlier age and in families when children are at an earlier age. My right hon. Friend the Secretary of State for Children, Schools and

Families will have heard the same things and I am certain that we will work closely together to ensure that we address the issues raised by hon. Members on both sides of the House today.

John Bercow (Buckingham) (Con): May I congratulate the Secretary of State on his richly deserved appointment, which should be popular in all parts of the House?

Given the need to strengthen our higher education sector in the name both of our national and international competitiveness, and of the fulfilment of individuals' potential, may I tell the Secretary of State that the proposals that he has announced today to increase access, to make it more affordable and to introduce greater flexibility in loan repayments are all extremely welcome and should have the support of Members of all parties in the House, especially if those proposals extend to people in further education colleges who are undertaking courses at higher level?

Mr. Denham: I am grateful for the welcome. Some of the higher education courses and foundation degrees to which the regime applies are delivered in further education colleges.

Mrs. Joan Humble (Blackpool, North and Fleetwood) (Lab): May I also congratulate my right hon. Friend on his appointment and on his excellent statement today? I understand why he has concentrated on young people and on getting them to aim higher, but do his welcome announcements today also apply to more mature students who wish to take full-time degrees, because many of those people lost out on higher education when they were 17 or 18? If that is the case, how does he intend to advertise that fact?

Mr. Denham: My hon. Friend is right to raise that question. I have focused on the measures that will help to bring a new generation of young students into higher education, but the new financial regime will apply, as does the current one, to older students who are going into full-time courses. My earlier answer about the role of the communications group should address that issue. I hope that it will get the message across. The Leitch report made it clear that we cannot meet all our skill needs for 2020 from the rising generation of students—we must do it from today's work force, too.

Mr. Nigel Evans (Ribble Valley) (Con): I, too, welcome the presence of the Prime Minister during part of the statement. I do not know whether that was part of a Cabinet mentoring scheme, but I do not think that the Secretary of State needs it.

I do not think that poverty or low income should ever be a barrier to entry into any form of education, at whatever level. When I went to school in a working-class area of Swansea, there were people in my primary school who were far brighter than I was, yet for all sorts of reasons—*[Interruption.]* I see that the Secretary of State agrees. It is wonderful to bring the entire House together on one issue. I suspect that low income was part of the problem.

Will the Secretary of State work closely with the Secretary of State for Children, Schools and Families to ensure that this initiative is taken right down to the primary level, so that youngsters from the poorest backgrounds and the poorest schools are not deprived of the opportunity to get to the top in education?

Mr. Denham: We will certainly do that. When, in due course, we publish plans to implement the rest of the Leitch proposals on raising skill levels, I hope that we will add another element to that, because if we can get those parents who are in a poor job or a dead-end job because their skills are poor to gain skills and to get a better job, those parents' belief not just in what they can achieve but in what their children can achieve goes up.

Helen Southworth (Warrington, South) (Lab): I welcome the statement. It is excellent news for my constituents and for people throughout the country. It is fantastic. Will the Secretary of State work with the universities to get them to enhance their career and personal development opportunities for young people at university, so that those students who perhaps have not had access to the kind of knowledge that some people have about how to get a good job do not just get a degree but throughout their lives get the benefit of that education and get top-quality jobs?

Mr. Denham: My hon. Friend raises an important point that I will discuss with the universities when I meet with their representatives. I know that, in part, that requirement reflects the demand from business, as employers, to ensure that students study the degrees that will be most useful to them and their own future. Often, those degrees that do not involve research or specialisms will be those that employers need. We need to ensure that the interface is right.

Dr. Evan Harris (Oxford, West and Abingdon) (LD): I hope that the Secretary of State recognises that the fact that only 28 per cent. of people from poorer backgrounds are in higher education is a policy failure, rather than something that one can be satisfied with. Will the modest increases in the maintenance grant make any difference to the overall level of top-up debt, which is deterring graduates from entering public sector jobs such as teaching, including the teaching of science in schools?

Mr. Denham: As I said earlier, we cannot be satisfied that only 28 per cent. of students come from low-income backgrounds, so we must improve things. I believe that, when the hon. Gentleman looks at the package, he will judge it significant, particularly for those students and families who currently think that higher education is not for them because they worry either about the cost of studying when at university or college, or about how they will meet repayments when they finish. Put together, the elements in the package will be seen as significant by many students who at the moment are not certain whether they want to go into higher education.

Martin Salter (Reading, West) (Lab): I congratulate my right hon. Friend on his welcome return to Government. He will be aware that the novel practice of not leaking statements to the media in advance presents new challenges for us Back Benchers—and

[Martin Salter]

clearly for Opposition Front Benchers, too—in formulating our responses. I genuinely welcome his announcement, in particular the increased threshold for the maximum salary cut-off point for eligibility for maintenance grants. The previous figure of some £33,000 caused problems in constituencies such as Reading, West and indeed in Southampton, where wages may be higher, but housing costs are higher, too.

Mr. Denham: My hon. Friend is quite right on both points. I think that everyone, including the media, will be adjusting to the new regime. That certainly applies to the official Opposition, who can no longer turn on the "Today" programme in order to find out what will happen later in the day. I think that is genuinely to the benefit of all sides.

It is important to send a message to those on higher incomes to the effect that we support those hard-working families who are doing the right thing in encouraging their children to go into higher education. The biggest gainers are in the low to middle-income groups, but there are other people who need to know that the Government are on their side and their children's side when they go into higher education. That is the powerful message that comes out of the package I have announced.

Dr. Julian Lewis (New Forest, East) (Con): I am a near neighbour of the right hon. Gentleman and have worked with him on local campaigns of common concern, so it is a great pleasure to congratulate him on reaching the Cabinet. Well done.

I went to the same state school as my father, the difference being that, whereas he had to leave at the age of 14 in the 1920s, I was able, on a full grant, to go to Oxford university. Am I right in thinking that some of the top universities are allowed to charge differential fees these days? If that is right, does not some attention still need to be paid to ensure that, even if people going to universities are better off in terms of grant, people from poorer backgrounds should not be inhibited from going to the top universities? In my day, if someone got the grant, they could go to any university, no matter how good, that would take them.

Mr. Denham: The universities all work within the same regime laid down by Parliament, which enables them to ask for variable fees, but there is a cap on that, which has been set by Parliament. That will be subject to review, which is open and not determined, in 2009. The truth is that the majority of universities charge the full permissible fee, but not all do.

Michael Jabez Foster (Hastings and Rye) (Lab): My right hon. Friend's appointment was clearly inspirational, and his statement today is inspiring to many constituents of mine on low incomes. He says that the regime will start in 2008. I understand that, but will there be some transitional arrangement, because there could be a tendency to buck out on 2007 if we cannot offer an interim measure to those who go to university this year?

Mr. Denham: I understand my hon. Friend's point. One of the reasons for starting in 2008 is simply that it takes time to get a properly administered system in place. If we were unable to put the full system in place in 2008, we would not be able to put in place a shorter term transitional system that was not chaotic. I have looked back over experience because I asked a similar question to my hon. Friend's when we were discussing previous proposals, and that experience shows that changes in grant, fee or loan arrangements usually cause a small alteration in behaviour that is rapidly compensated for within the next two or three years and the situation then gets back on to trend. Therefore, although there might be a minor variation in behaviour, if there is, we will still be back on trend soon after the system is set up.

Mr. Peter Bone (Wellingborough) (Con): The Secretary of State has confirmed that the package will not be financed with new money. What is being cut to pay for it?

Mr. Denham: When the comprehensive spending review is published, the hon. Gentleman will be delighted to learn that we have been able to maintain the commitments that we have made, including those in higher education, such as its expansion and on per-student financing.

Mark Lazarowicz (Edinburgh, North and Leith) (Lab/Co-op): As I am not a nationalist, my right hon. Friend will not be surprised to learn that I want the reciprocal arrangements for student support between the different parts of the UK to be strengthened, especially as recent Scottish National party decisions have threatened those arrangements. Does my right hon. Friend agree that it is right that talented students in Scotland, particularly from low income families, continue to be able to attend universities in England, and that students from other parts of the UK are able to attend Scottish universities? Will he talk to the Scottish Executive and the other devolved Administrations about strengthening those reciprocal arrangements and ensuring that no divisions develop? Students should be able to enjoy an educational experience in other parts of the country.

Mr. Denham: I agree that it is right that talented students should be able to attend the right university for them; that is an important statement of principle. That there are different financial regimes reflects the fact that we have devolved Administrations, but it would be sensible for the higher education Ministers of the various Administrations to be in reasonably regular contact to address how their systems are evolving and developing.

Ms Sally Keeble (Northampton, North) (Lab): I welcome the package. It will enable almost all my constituents' children who attend university to do so on full or partial grant, which is important for them. Northampton university has important teaching and nursing faculties. Will my right hon. Friend say a little more about his proposals to support teaching and nursing students?

Mr. Denham: All I can say today is that nothing is changing in the student finance arrangements other than that there will be considerably more generous provision and greater flexibility and choice in what I

have announced. Future graduates—those starting their courses in 2008 and beyond—will be able to enjoy that. We are making no changes at all for particular groups of students. However, I am pleased that my hon. Friend thinks that the vast majority of her constituents who have an interest in higher education will benefit. That will be the case in many constituencies throughout the country.

Anne Snelgrove (South Swindon) (Lab): In a cracking first statement, my right hon. Friend identified many of the measures that will help us to attract more young people from low income homes in Swindon into higher education. However, as a good local university can also attract such young people into higher education, does he share my disappointment that the university of Bath has pulled out of developing five campuses in Swindon? Will his Department help us to identify an excellent replacement for the university of Bath, so that we do not have to rely on the developers finding us one?

Mr. Denham: My hon. Friend has raised a constituency issue that is clearly of enormous importance to her. I encourage her talk to me or the Minister of State, my hon. Friend the Member for Harlow (Bill Rammell). about the details of it to discover whether anything can usefully be done. It is not my job to run individual institutions—universities and higher education colleges will be pleased to hear me say that. If we can assist, however, we will try to do so.

Sarah McCarthy-Fry (Portsmouth, North) (Lab/Co-op): I warmly welcome my right hon. Friend to his new role. He represents a Southampton constituency, but I am sure that my Portsmouth constituents will not hold that against him as they will greatly benefit from the proposals that he has announced. He mentioned mentors and role models. Will he ensure that they operate not only at secondary school level but also in primary schools? Research conducted at Portsmouth university shows that if the aspiration to go into higher education does not exist at age 10 or 11, it certainly will not exist at 16.

Mr. Denham: I welcome what my hon. Friend and constituency neighbour has said. There is a mood in the House today to stretch measures down to cover students at a younger age. The details of the scheme are not set in stone, and I will be happy to talk to my right hon. Friend the Secretary of State for Children, Schools and Families about how to design the expansion of student mentoring so that we can address the issues that have been raised by Members from all parts of the House.

Mr. David Kidney (Stafford) (Lab): The measures will give a boost to universities that want to recruit more young people from more diverse backgrounds. Is my right hon. Friend aware of the strong emphasis on inclusivity in the recruitment and admission policies of Staffordshire university? I invite him to visit Stafford soon to meet vice-chancellor Christine King, her senior management team and National Union of Students officers to discuss whether such practices could be applied more generally around the country.

Mr. Denham: While I am wary of promising to visit the many places that I could be invited to visit, let me make it clear that I and the entire ministerial team will want to spend as much time as possible outside Whitehall and this House visiting those involved in the provision of education, training and research. If we can visit Staffordshire, we will certainly do so.

Mr. Deputy Speaker: Lynne Jones.

Helen Jones (Warrington, North) (Lab): It is me, not Lynne, Mr. Deputy Speaker.

I add to the chorus of congratulations offered to my right hon. Friend on his statement, which will be of great benefit to families in my constituency. However, I ask him not to be diverted by the siren voices that call for us to stop looking at providing fair access. When he has his feet firmly under the table, will he look into why some universities are much more successful at recruiting students from lower income backgrounds than others, and also at the bursary system because those universities that currently recruit many students from poorer backgrounds often lose out because of the costs of the bursaries they pay?

Mr. Denham: I am grateful to my hon. Friend for those comments. Although I strongly share the view that has been expressed that the aspiration to go to university starts at an early age and that we must address that all the way through the system, there are clear differences in the way in which different higher education institutions approach that issue at the point when students apply. We cannot place all the responsibility for diversity and inclusion at that point of application to higher education, although there is a responsibility then. As I get on top of my job I will be happy to look at how different higher education institutions approach the issue and the lessons we can learn from that.

Orders of the Day

Consumers, Estate Agents and Redress Bill *[Lords]*

As amended in the Public Bill Committee, considered.

New Clause 1

AMENDMENT OF DEFINITION OF 'ESTATE AGENCY WORK'

'(1) Section 1 of the Estate Agents Act 1979 (c. 38) is amended as follows.

(2) After subsection (1) insert—

"(1A) The Secretary of State may by regulations made by statutory instrument make provision for amending the definition of 'estate agency work', as set out in this section.

(1B) Regulations made under this section may not be made unless a draft of the regulations has been laid before, and approved by a resolution of, each House of Parliament."'.—*[Mr. Clifton-Brown.]*

Brought up, and read the First time.

1.29 pm

Mr. Geoffrey Clifton-Brown (Cotswold) (Con): I beg to move, That the clause be read a Second time.

Mr. Deputy Speaker (Sir Michael Lord): With this it will be convenient to discuss new clause 2—*Standards of competence*—

'(1) Section 22 of the Estate Agents Act 1979 (c. 38) (standards of competence) is amended as follows.

(2) For subsections (1) and (2) substitute—

"(1) The Secretary of State will by regulations made by statutory instrument designate any body of persons as an approved body to which people engaged in estate agency work, including both the sale and lettings of residential property, must belong.

(2) The approved bodies must make membership conditional on signing up to rules and codes of conduct, which will—

(a) set minimum standards of training and qualifications required, and

(b) ensure that firms have adequate professional indemnity insurance and, as appropriate, clients money protection insurance.

(3) No order shall be made under subsection (1) unless a draft of it has been laid before, and approved by a resolution of, each House of Parliament.

(4) Before making an order under subsection (1) the Secretary of State must consult—

(a) organisations representing the interests of consumers,

(b) other persons appearing to the Secretary of State to be representative of persons who have an interest in the matter."'.

Mr. Clifton-Brown: I welcome the Minister to his new post. We had a brief word earlier; he has previously covered many of the duties involved, and it is a pleasure to have dealings with him again. I also apologise on behalf of my hon. Friend the Member for Hertford and Stortford (Mr. Prisk). He is abroad on long-standing European business and cannot be present, so I am dealing with this Bill in his place, although I did not take it through Committee.

One of the matters that received a lot of attention in Committee was part 3 of the Bill, which deals with the regulation of estate agency. New clause 1 and the Liberal Democrats' new clause 2 give us a very good opportunity to have a real discussion on Report today about what the Bill does and does not cover in terms of regulation of the residential market. There are indeed some grey areas, which I shall come to in due course.

The purpose of our new clause is to permit the Secretary of State to amend the definition of estate agency work by statutory instrument, subject to affirmation by both Houses. This follows the amendments that we tabled in Committee to amend the definition of estate agency work in the Estate Agents Act 1979. Clearly, 1979 was a long time ago, and the residential market has moved on a great deal since that legislation was enacted. Indeed, residential lettings, which are not covered by the Bill, have increased by at least a third since then. The purpose of the new clause is therefore to amend the definition of estate agency work in the 1979 Act to take into account direct and off-plan sales by house builders, and to bring residential lettings within its scope. As a result, all those activities would be subject to the new redress and other procedures in the Bill—we welcome them—which would aid consumers.

The Government rejected the Conservative amendments, claiming that they wanted to consult consumers and the industry before deciding whether the law needed amending, and I have no doubt that the Minister will say that today. The idea is that Ministers would in future introduce legislation to deal with that subject. However, the Government have had more than enough time to consider these matters, and there has been more than enough in the way of studies and lobbying from the various groups involved to be able to consider how the residential market should be regulated. The new clause allows us, as I said, to debate the need to update the definition of estate agency work to take into account the rising number of direct sales of houses and the need to include residential lettings so that everyone is covered under the improved redress scheme.

Estate agents are already regulated by a number of Acts. The 1979 Act contains a negative licensing provision whereby an estate agent who has breached the Act's provisions and/or been convicted of certain criminal offences may be banned. However, that is a negative, after-the-event licensing regime. Section 22 of the 1979 Act contains a provision to regulate the standards of competence for estate agency, but it was never enacted. The Earl of Caithness tried to move an amendment on Third Reading in that regard, but it was not carried.

The Property Misdescriptions Act 1991 made provision for it to be a criminal offence to make false or misleading statements, in written or oral form, about certain matters relating to property. Estate agents were further regulated by the Enterprise Act 2002, which enabled the Office of Fair Trading and trading standards to obtain injunctions to stop estate agents breaching protective legislation, so there is already a considerable amount of legislation surrounding estate agents, who were of course further regulated by the Housing Act 2004. Some 10,000 estate agents are

members of the National Association of Estate Agents, but it is estimated that only 66 per cent. of all estate agents are members of that professional body.

At this point, I should declare an interest as one of only four chartered surveyors in the House.

Mr. Richard Benyon (Newbury) (Con): Five.

Mr. Clifton-Brown: Ah—my hon. Friend, who is now an Opposition Whip, has pointed out that he, too, is a chartered surveyor. I was of course including him among the four, but I congratulate him not only on being a member of the eminent body of chartered surveyors, but on his promotion to the Opposition Whips' Bench. It is great to see him there. So there are only five chartered surveyors in the House, and I am delighted to be here.

Perhaps I should say a little more about estate agents and some of the practices that they get up to when I discuss the new clause tabled by the hon. Member for Richmond Park (Susan Kramer), but suffice it to say at this stage that the purpose of our new clause is to update the regulation of estate agents. Although we do not approve of the Liberal Democrats' proposal for a full licensing scheme, not including the residential letting sector, the direct sales from developers sector and some agency sales via the internet are a considerable lacuna—perhaps the biggest in the Bill. We want to be very clear whether the Bill does cover that latter activity; I hope that the Minister can enlighten us when he replies.

As I said, the rental sector has increased by at least a third since the 1979 Act was passed. The letting sector is huge and if today's interest rate rises are anything to go by, I suspect that it will become even bigger. Of course, it deals with some of the more vulnerable in our society—those who are less able to defend themselves when things to wrong—so not including it in the Bill seems a huge lacuna. I should be grateful if the Minister enlightened us as to why the Bill does not cover the rental market.

Also on the increase—and also not included in the Bill—is direct sale from developers to consumers. Anybody involved in the housing market, particularly in the south-east, knows that this sector, too, is growing apace. However, it seems that that sector is not to be regulated, either. A lot of people buy houses off-plan directly from developers. They might be first-time buyers, and they probably have not got the expertise genuinely to assess whether the developer in question is selling them a pup, or they are getting the purchase that they envisage from the perhaps rather over-coloured plans. That is the second sector that, in our view, the Bill does not adequately cover, and which new clause 1 would include.

The third sector consists of the various types of organisations—and they do vary—which sell or let houses via the internet. According to a rough estimate that I made the other day, there are at least 100 such organisations offering services in that way. Again, the more vulnerable will be tempted to use their internet search engines to find some form of letting arrangement and to deal with such an agency. They might not have the knowledge to understand whether their transaction is being handled through a true and honest mechanism. For that reason, such activities need in some way to be regulated under the Bill.

Before the Minister replies, I should point out that our new clause would not alter the Bill one iota: all it would do is give the Secretary of State the power to deal with such matters. As the market is developing in a fairly dynamic way, particularly on the internet, it would be very sensible to include this power in the Bill. It might prove to be like section 22 of the 1979 Act, in that it is never used, but given that the House is unlikely, owing to pressure on parliamentary time, to return to the issue of regulating estate agencies for at least five years—perhaps even 10 years, given how this House operates and the sheer volume of legislation that it has to handle—not dealing with this issue now would be a real missed opportunity. I hope that the Minister will think again, even at this late stage, although I do not hold out any particular hopes.

The hon. Member for Richmond Park will move her new clause 2 in a minute, but I hope that it is in order, while I am on my feet, just to say a few words about it now—or would you prefer, Mr. Deputy Speaker, that I deal with it after the hon. Lady has moved it?

Mr. Deputy Speaker: No, we are debating both new clauses, so the hon. Gentleman may speak to both now.

Mr. Clifton-Brown: Thank you for that guidance, Mr. Deputy Speaker. The hon. Member for Solihull (Lorely Burt) worked very hard and constructively in Committee, along with my hon. Friends, and I understand—for some of the reasons that I have already set out—why she wishes to try to provide a positive regulation scheme for estate agents, although I do not support that. There is considerable legislation covering estate agents already, and there is more in this Bill.

Mr. Tom Clarke (Coatbridge, Chryston and Bellshill) (Lab): As the hon. Gentleman knows, I have a high regard for him and it is in that spirit that I wish to put a question to him. I was a member of the Committee, although as a Scots Member I would not have dreamt of intervening on matters so vital to England, and I was left with a doubt in my mind. On the one hand, the official Opposition argue about the role of estate agents, and the hon. Gentleman rightly expressed his worries about how often we can address these issues; on the other, they did not seem to be keen on regulation. They seemed to think that market forces would be sufficient. If the hon. Gentleman could clarify that point, I would be very grateful.

Mr. Clifton-Brown: I have great regard for the right hon. Gentleman, and the clarity with which he made his intervention demonstrates the quality of the service that he gives to the House on a wide range of issues. I congratulate him on that. He will know that my party's whole stance is opposition to unnecessary regulation and we believe that it is unnecessary to have wholesale regulation of estate agents. As I have said, there is already a considerable volume of legislation that licenses estate agents. The Bill provides a redress scheme and further penalties, and we would like to see how that works out before jumping in with a sledgehammer to try to make it more difficult for youngsters and others to set up as estate agents.

[Mr. Clifton-Brown]

As a member of the Royal Institution of Chartered Surveyors, I would like to see estate agents operating at the highest possible level. If new clause 2 is accepted, there would still be rogue estate agents, because some of the bright youngsters, who are bright enough to be rogues, will still pass whatever exams or tests might emerge from the licensing scheme. So a licensing scheme of itself would not stop unethical behaviour. It could set a framework and make it easier to deal with rogue estate agents, but it would not stop them. I would like to set up a framework that encouraged everybody to operate to higher standards. I would like all estate agents be members of the RICS or the National Association of Estate Agents, and put that in their windows. Those bodies could then set standards for continuing professional development, training and so on. Just having a licensing scheme would not stop rogue estate agents.

It will be interesting to hear what the Minister thinks, because the Government opposed the new clause in Committee. He also has to answer the question that the right hon. Gentleman poses.

Lorely Burt (Solihull) (LD): Before the hon. Gentleman leaves this issue, does he agree that someone who intentionally sets out to mislead or even defraud may have all the necessary qualifications? That also applies to solicitors. However, would not a positive licensing system mean that everyone would at least start out with a minimum qualification and understanding of what they are doing? Therefore the likelihood of estate agents acting in ignorance would be reduced and that would be a great benefit to the industry and the customer.

Mr. Clifton-Brown: That is a reasonable point, and I partly agree and partly disagree with the hon. Lady. She made my case by talking about rogue solicitors. We generally regard the legal profession as having some of the highest standards of any professional body. However, that does not stop rogue solicitors. We still see the odd court case in which a solicitor is struck off. The solicitor's body and regulation by Government means that rogue solicitors can be banned.

As for whether the scheme would raise standards, there is already enough legislation for estate agents. The Bill will introduce new redress schemes and penalties and we need to see how that settles down, although I am not saying that we would be opposed to a full licensing scheme for estate agents for ever more. I know that the hon. Lady probably will not agree with me, but I hope that I have given her some reasons why we will not support new clause 2.

I want to encourage estate agents to work to the highest possible standards. We need to ensure that the public are better informed about what the professional bodies—the RICS, the NAEA and the Association of Residential Letting Agents—do and that we strongly advise them to use members of those organisations.

It may be useful for the House to consider some of the ways in which estate agents operate, and the Minister may also wish to do so when he rejects the overall estate agents licensing scheme. As a professional, I am well aware of some of the pitfalls that estate agents can encounter and thus fall short of what they should do. The whole issue of offers is a difficult one and I am not sure that all estate agents handle offers in the most open and transparent way. They may not always report them to their clients as they should or give their client proper advice. They may use offers to wind up the price or fail to report them if they are trying to get a lower price on a house for a friend. The area of offers can be difficult for some less scrupulous estate agents.

1.45 pm

Estate agents and chartered surveyors—my own profession—have often been criticised over valuations, which can be difficult and which may vary for several reasons. In a fast-rising market, such as that in London today, or even a fast-falling market that might occur in a slump, one can value a property one day without knowing that the next that special purchaser will come along and offer 20 per cent. more, making one's valuation look stupid. That often happens.

Which? has been campaigning alongside the hon. Lady to introduce a full licensing scheme and it sent round anonymous inspectors to see whether estate agents were signing unfair contracts. It found that in many cases the contracts were unfair. I hope that the Minister will confirm that the other provisions in the Bill on solicited calls, as opposed to unsolicited calls, will also apply to estate agents. Let us suppose that an estate agent went to see someone on a solicited basis—that is to say, an appointment has been made—and said, "It will cost this much for us to provide this service to let your house. Please sign on the dotted line now." If the consumer decides overnight that the charge is unreasonable, will the solicited provisions in the Bill apply to the transaction? Will the consumer have the right to rescind the signed contract the next day?

I welcome the redress scheme, but it does not go far enough. As my hon. Friend the Member for Rutland and Melton (Alan Duncan) said on Second Reading, estate agents can be fined up to £25,000 under the existing legislation, but in only six of the 497 cases brought in 2005 did the fines amount to more than £3,000. I hope that the Minister will be able to reassure the House that the Bill will give the redress scheme real teeth.

The Minister may well say that the Government are to have a review of the three categories that I have set out, but that would be no more than an excuse for inaction. I hope that he will tell us precisely what the Bill covers and, more important, that he will describe the Government's thinking about lettings, internet sales and direct development sales, and his proposals for their regulation in the future.

Susan Kramer (Richmond Park) (LD): I also welcome the Minister to his new job. This debate is my farewell song on these matters, before I start to deal with planes, trains and automobiles, but it has been a privilege to have been associated with this Bill.

We fully support the spirit and intent of new clause 1, although the drafting is somewhat strange, as it does not make it clear that the proposal is meant to apply to the regulation of lettings and direct sales. We know that that is the intention from the debates that we

have had, but the text contains none of the relevant language. We also note that the new clause contains very little discussion of timing, and makes no mention of consultation. I associate myself with the various observations that have been made about the lack of adequate regulation for lettings and direct sale, but I shall not repeat arguments that have been expressed in Committee and again today.

The key purpose of new clause 2 is to establish minimum standards of training and qualifications for estate agents, and for people who do estate agency work such as lettings and direct sales. We also want to ensure that firms have adequate professional indemnity insurance and, where appropriate, insurance to protect clients' money. Any order made under the new clause would need the approval of the House under the affirmative procedure, and the Secretary of State would be required to consult before making any such order.

We touched on these matters in Committee, but in no great depth. Our debate focused on the arguments made by *Which?*, the various anonymous surveys that it carried out, and its investigations into issues such as offers, valuations and contracts. Those arguments were well set out earlier by the hon. Member for Cotswold (Mr. Clifton-Brown), and the response to the magazine's inquiries showed that British people do not trust the estate agent industry or believe that they are treated in a way that is always responsible, competent or honest. The fact that the profession is not respected is very significant, and we believe that people's concerns should be heard and understood.

When we raise the issue of requiring proper training and qualifications, we are always told that that would place an undue burden on the industry and act as a restraint on people entering the profession. However, new clause 2 is supported by *Which?*, the National Association of Estate Agents, and by Halifax estate agents. The two chartered surveyors in the House will be interested to hear that the new clause's principle and intention are supported by the Royal Institution of Chartered Surveyors, although it would prefer the provision to be included on the face of the Bill rather than introduced as a statutory instrument.

The argument that the new clause would be onerous and act as a barrier to entry is fallacious. It has been pointed out that good estate agents want a requirement for qualification and training, and that it is those who are not competent who run away from the proposal. In addition, it takes only about six months to meet the present NAEA qualifications: that is hardly a barrier to entry, and the exam is being adapted so that people can do it online, at their own convenience.

People do not have to give up jobs to enrol in a complex school programme. There is a great deal of flexibility, and the NAEA qualification can be provided in an efficient way that fits with people's general diaries and schedules.

Interestingly enough, the pass rate for the NAEA qualification is about 62 per cent., and the people who want to do lettings do rather worse than that. That means that something like 40 per cent. of the people taking the exam—which is equivalent to national vocational qualification level 3—do not pass and have to do further study to achieve the qualification. That makes it clear that many people go into the estate agency business who simply are not competent. The exam structure focuses on basic law, building construction techniques and valuation techniques. How can a person who does not have mastery of those three disciplines advise people on what is probably the most important investment that they will make in their lives?

The sums of money are very large, and people are bound to lack competence of their own because they are likely to buy a house only once, twice or three times in their lives. It is not surprising, therefore, that they look to estate agents for competence, and new clause 2 would make minimum standards and qualifications a requirement.

It has been claimed, both on the Floor of the House and in Committee, that rogues are not stopped by requiring them to take exams, but exams can prevent incompetence. I do not oppose the redress scheme, because rogues in the industry must be dealt with, but we also have to tackle incompetence. Prevention is better than either cure or punishment in that respect, and we should ensure that the industry meets the standards that the public expect. We would not dream of allowing an unqualified solicitor to draft the language of a contract, or of hiring an unqualified surveyor when we are buying a house. It is beyond belief that anyone would want to use an incompetent estate agent.

I advise the House that we did not discuss these matters in depth in Committee, and that we had no opportunity to divide on them. If the Minister makes a satisfactory response, I shall not press new clause 2 to a Division. However, if the Government do not accept the essence of the proposal, I shall press the proposal to a vote.

Mr. Tom Clarke: If I may say so, I think that the hon. Lady made an excellent contribution to the Committee, but I am puzzled by her assertion that we did not have an opportunity to divide on these matters. If she had wanted a Division in Committee, she could have had one. However, she has moved the debate on today, and seems to be holding the Minister to ransom. Why did she not press the proposals to a Division in Committee?

Susan Kramer: I thank the right hon. Gentleman. If he remembers, there were many points at issue that day and we were trying to cover a vast amount of ground. It seemed to us that we might get some movement on the issue without having to force the matter to a Division. That did not happen, and it would be good for the House to have an opportunity to make its opinions clear on an issue that is well understood by the public and about which the public care. Members of the House, certainly of my party, would like to have the opportunity to express themselves on the issue, but that decision is in your hands, Mr. Deputy Speaker.

2 pm

The Minister of State, Department for Business, Enterprise and Regulatory Reform (Mr. Stephen Timms): I begin by expressing thanks to the hon. Member for Cotswold (Mr. Clifton-Brown) for his words of welcome and by welcoming him to this brief. I also thank the hon. Member for Richmond Park (Susan Kramer) for her welcome and express good

[Mr. Stephen Timms]

wishes to her in her new responsibilities. I endorse what my right hon. Friend the Member for Coatbridge, Chryston and Bellshill (Mr. Clarke) said about the contribution that she has made to debates on the Bill in recent months.

The hon. Member for Cotswold explained what new clause 1 would do. I must say to him that it would give the Government a very wide power to amend a central concept that underpins the Estate Agents Act 1979. He said in defence of the new clause that it might never be brought into effect, but it would not be sensible for the House to agree a measure if it did not want it to be enacted. The House would need to be comfortable that this was a reasonable measure before it agreed to its introduction. It would represent a large and, I suggest, ill-advised addition to the regulatory burden. There would be little restriction on how the power could be used. All sorts of activities could be brought within the definition of estate agency work if the Government of the day were so minded, albeit with the affirmative parliamentary procedure as a check.

If there were a power to amend the section 1 definition, we would have to consider the implications for other pieces of legislation that rely on that definition such as the Property Misdescriptions Act 1991, the Money Laundering Regulations 2003 and the Proceeds of Crime Act 2002. They all refer back to that definition.

The 1979 Act was intended only to apply to those engaged in estate agency work. The controls imposed by the Act would not all be appropriate to impose on the other categories of commercial organisations that he suggested—lettings agents, property developers or other property professionals. We would also have to rewrite the rest of the 1979 Act to make it compatible with a new definition. For example, if lettings work were included in the definition of estate agency work, as the hon. Member for Cotswold suggested, we would probably also have to amend the definition of an interest in land. And if such a power were to be added, we would in effect have the ability to rewrite large chunks of the Act via secondary legislation. That on its own should give hon. Members pause for thought.

Let me comment on the three categories to which the hon. Member for Cotswold drew attention. He rather unkindly said that the Government were carrying out some reviews as an alternative to action. I suggest to him and to the House that it is right to proceed on the basis of careful thought. The Office of Fair Trading is conducting a market study of the house building industry. The study will allow the OFT to consider the potential competition and consumer concerns in the market and will focus in particular on the delivery of housing and customer satisfaction. It will follow on from Kate Barker's review of housing supply, which recommended that the house building industry should demonstrate increased levels of customer satisfaction. She also recommended that if progress was not satisfactory, the OFT should conduct a wide review of whether the market was working well for consumers. That study is now under way and is expected to report by the summer of next year. It is right to await the outcome of that work before we decide whether to take legislative action.

We have also committed to undertake a wider property review to examine regulations and redress across a range of sectors, including lettings and whether further steps are needed. That review will be led by my right hon. Friend the Secretary of State for Communities and Local Government. Officials are drawing up the terms of reference for that work and looking at the timing, but it is expected to start in the summer.

Mr. Ben Wallace (Lancaster and Wyre) (Con): In Committee, the Minister's predecessor alluded to the property review. It is not clear whether the property review will include park homes and the plots that they sit on. Currently, property does not include such facilities, so they are not protected, because estate agency applies to property. Will that be looked at in the review? If the Minister wants more information, I am happy to write to him.

Mr. Timms: The hon. Gentleman is welcome to write to me. As I say, officials are drawing up the terms of reference for that work. If the hon. Gentleman wants to make a contribution to reflections on that, I will make sure that his letter is taken into account.

As for internet-based estate agency, the OFT issued guidance in September 2005 on the types of activity carried out by internet property retailers that are likely to lead to their falling within the definition of estate agency work under the 1979 Act. Where activities over the net fall within the meaning of estate agency work under the 1979 Act, internet property retailers will be required to be members of redress schemes.

My right hon. Friend the Member for Makerfield (Mr. McCartney) explained in Committee the reasons why we have not sought to change the definition of estate agency in this Bill. We have already taken action to deal with some of the problems in the lettings sector. The tenancy deposit scheme, which was introduced in April, has improved the rights of tenants by ensuring that deposits cannot be withheld unfairly. The Housing Act 2004 gave new rights to vulnerable tenants by requiring landlords who manage houses of multiple occupation to be licensed. We have committed to looking closely at the lettings sector as part of the wider property review.

We need to look carefully at the evidence, make sure that we have the evidence that we need and then consider recommendations from the reviews that have been put in train before deciding what next steps are necessary. It is also important that major changes of the kind envisaged in the new clause are made by Parliament through primary legislation rather than the broad power proposed in new clause 1.

Mr. Clifton-Brown: The Minister is dealing with the matter in a reasonable way, and much of what he said I expected him to say. New clause 2, which was tabled by the Liberal Democrats, contains two important aspects that we have not yet discussed. It is relevant to discuss it now. One is the issue of professional indemnity for estate agents. If they do not have professional indemnity, one must rely solely on the redress scheme. The Government ought to think about that.

On Second Reading in the other place, a great deal of discussion was had on the Farepak debacle and the whole issue of holding other people's money. There will

be a number of activities in which estate agents hold people's money. It will not be long before we have a scandalous case of a rogue estate agent holding a client's money and disappearing with it. I wonder whether the Government could give some thought to that.

Mr. Timms: Let me turn to new clause 2; I have not yet started to address the points made by the hon. Member for Richmond Park, and I am happy now to do so. I know that there was a substantial debate on the issue in Committee.

We have made it clear throughout the passage of the Bill that we want to raise standards in estate agency. By requiring membership of redress schemes for all estate agents, this Bill gives estate agents the incentive to raise their own standards to avoid being investigated by an ombudsman. Businesses will be able to judge for themselves what training is needed to ensure that staff deliver a good service. If they do not make it clear to staff that best practice standards are expected and train staff accordingly, they will know that they are likely to face costly payouts in due course. That is a pretty effective way of concentrating the minds of those involved.

In response to the case that the hon. Lady presented to the House, it would be a mistake to force all estate agents to belong to an industry body and then give that body, or bodies, free rein to decide the standards of conduct estate agents should adhere to and the training they require. The hon. Lady pointed out that her proposal has the support of the National Association of Estate Agents, which does not surprise me. The NAEA is a reputable organisation and does tremendous work promoting higher standards in the industry, but it is not a regulator. It would be unwise and confusing to give it a regulatory function in addition to the role it already fulfils.

Susan Kramer: The Minister will know from reading the new clause that it includes no mention of that organisation. I gave the NAEA as an example of an organisation that provides a qualification, which is not onerous but is recognised. It demonstrates the fact that many people who go on to become estate agents cannot reach that standard and thus cannot meet the test of competence. That is today's world.

Mr. Timms: If the hon. Lady does not have in mind an industry body for the performance of that role, which body would it be? The debate in Committee focused on the idea that it should be an industry body, so as an important rejoinder I underline the dangers attached to the route she suggests.

I accept that the discussion would be slightly different if another kind of body was involved, but the approach in the Bill is right. It is based on the work of the Office of Fair Trading. The Bill gives force to recommendations based on evidence provided by the OFT, whose study showed that the best incentive for raising standards is the threat of being taken before a redress scheme. I agree with some of the points made by the hon. Member for Cotswold; the real danger is from rogue estate agents whose problem is not competence but honesty. They know exactly what the rules are but they also know how to get round them. Handing over control to an industry body would simply restrict entry to the profession with no guarantee of getting rid of the rogues, as the hon. Gentleman said. The clear advice from the OFT was that the cost of putting up barriers to entry, which would also be likely to raise prices for consumers, would outweigh the benefits of that approach.

We are confident that requiring estate agents to belong to approved redress schemes will improve standards in the industry. We are also strengthening the enforcement powers in the Estate Agents Act 1979 so that the Bill ensures that breaches of statutory undertakings and enforcement orders under the Enterprise Act 2002, as well as the commission of specified criminal offences, can result in an investigation of an estate agent's fitness to practise, which will enable enforcers to deal more effectively with agents who rip off their customers, and take them out of the market.

New clause 2 highlights issues about professional indemnity insurance and the handling of customers' funds, and I shall comment on both. Estate agents would be unwise to trade without a minimum level of professional indemnity insurance, which is a condition of membership of the National Association of Estate Agents. It is also a condition of membership of the existing voluntary redress schemes for estate agents; for example, the ombudsman scheme for estate agents requires firms to have minimum cover of £100,000 and the surveyor ombudsman scheme requires members to have cover of at least £250,000. The Bill will require estate agents to belong to such schemes.

2.15 pm

Susan Kramer: Will the Minister clarify what may have been my misreading of the Bill? Does it say anywhere in the measure that a requirement of joining a redress scheme is adequate indemnity insurance and insurance protection for clients' money? Did I miss that?

Mr. Timms: The hon. Lady knows the answer. No, she did not miss it. There is no mandatory requirement in the Bill, because if the level were set too high it could operate as a barrier to market entry. I emphasise again the importance of not erecting unnecessary barriers as the impact would be to raise prices for consumers, which would be unhelpful. Nevertheless, such a requirement is a feature of the two schemes I mentioned.

Susan Kramer: A few moments ago, the Minister said he thought it would be unwise for a company to practise without such insurance. Is he comfortable with an environment in which companies are supported in their continued existence when—in his view—their practice is unwise? We need an answer to that important question for the industry.

Mr. Timms: I am comfortable that the market will be able to work effectively in the framework we are implementing and that it will be able to deliver services that meet the needs of customers. The balance we have struck in the Bill is the right one.

The hon. Member for Cotswold referred to clients' cash, which is mentioned in the new clause, too. However, it is often solicitors rather than estate agents who handle clients' money when they are buying or

[Mr. Timms]

selling a property. Estate agents who handle money have to comply with the requirements of the 1979 Act and with the Estate Agents (Accounts) Regulations 1981. Non-compliance is an offence that can lead to prosecution in a magistrates court. Thanks to the Bill, it would be open to the consumer to seek redress for any problems they experienced with an estate agent who was handling their money, so a legislative requirement is not needed.

Mr. Clifton-Brown: The debate has raised two major difficulties with the scheme proposed by the hon. Member for Richmond Park (Susan Kramer). The first, which has already been mentioned, is the question of who will carry out the training. We have already seen the difficulties that arose when the Government tried to get their scheme for home inspectors off the ground, so the training would probably be left to one of the existing bodies. The second real difficulty, which has not been covered in the debate, relates to the training that would be required. As chartered surveyors, my hon. Friend the Member for Newbury (Mr. Benyon) and I know that it takes four years to train for that profession, and part of the training is a year's experience actually doing the job. The hon. Lady's proposal for a six-month training course would not include any training on the job, which is one of the best ways of learning how to become an estate agent.

Mr. Timms: The hon. Gentleman speaks from extensive experience and I am happy to draw attention to his expertise and that of his four chartered surveyor colleagues in the House.

I hope that my reply offered some comfort to the hon. Gentleman and the hon. Member for Richmond Park, and I thank all those who contributed to the debate. The Government remain of the view that ensuring that all estate agents belong to a redress scheme, alongside tightening up the available enforcement powers, is the right approach. On that basis, I hope Members will feel able to withdraw the proposal, but if not, I urge my hon. Friends and others to vote against it.

Mr. Clifton-Brown: It looks as though the Government are not acceding to my new clause. I therefore ask to put it to the vote.

Question put, That the clause be read a Second time:—

The House proceeded to a Division.

Madam Deputy Speaker (Sylvia Heal): I ask the Serjeant at Arms to investigate the delay in the Aye Lobby.

The House having divided: Ayes 126, Noes 242.

Division No. 175] **[2.19 pm**

AYES

Afriyie, Adam
Ainsworth, Mr. Peter
Amess, Mr. David
Arbuthnot, rh Mr. James
Barker, Gregory
Baron, Mr. John
Barrett, John
Benyon, Mr. Richard
Bercow, John
Binley, Mr. Brian
Bone, Mr. Peter
Boswell, Mr. Tim
Bottomley, Peter
Brazier, Mr. Julian
Brokenshire, James
Brooke, Annette
Browne, Mr. Jeremy
Browning, Angela
Burstow, Mr. Paul
Burt, Lorely
Butterfill, Sir John
Cable, Dr. Vincent
Carswell, Mr. Douglas
Chope, Mr. Christopher
Clappison, Mr. James
Clark, Greg
Clegg, Mr. Nick
Clifton-Brown, Mr. Geoffrey
Cormack, Sir Patrick
Cox, Mr. Geoffrey
Curry, rh Mr. David
Davey, Mr. Edward
Davies, Philip
Davis, rh David *(Haltemprice and Howden)*
Duddridge, James
Dunne, Mr. Philip
Ellwood, Mr. Tobias
Evans, Mr. Nigel
Evennett, Mr. David
Featherstone, Lynne
Field, Mr. Mark
Foster, Mr. Don
Francois, Mr. Mark
Gale, Mr. Roger
Gauke, Mr. David
George, Andrew
Gibb, Mr. Nick
Goodwill, Mr. Robert
Gray, Mr. James
Green, Damian
Greening, Justine
Greenway, Mr. John
Gummer, rh Mr. John
Hammond, Stephen
Harris, Dr. Evan
Harvey, Nick
Hayes, Mr. John
Heald, Mr. Oliver
Heathcoat-Amory, rh Mr. David
Hemming, John
Hendry, Charles
Herbert, Nick
Hogg, rh Mr. Douglas
Hollobone, Mr. Philip
Horam, Mr. John
Howarth, David
Hughes, Simon
Huhne, Chris
Hunt, Mr. Jeremy
Hurd, Mr. Nick
Jack, rh Mr. Michael
Jenkin, Mr. Bernard
Jones, Mr. David
Key, Robert
Kramer, Susan
Lancaster, Mr. Mark
Lansley, Mr. Andrew
Letwin, rh Mr. Oliver
Lewis, Dr. Julian
Lidington, Mr. David
Lilley, rh Mr. Peter
Luff, Peter
Malins, Mr. Humfrey
May, rh Mrs. Theresa
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Miller, Mrs. Maria
Milton, Anne
Moss, Mr. Malcolm
Mulholland, Greg
Murrison, Dr. Andrew
Neill, Robert
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Osborne, Mr. George
Paice, Mr. James
Pelling, Mr. Andrew
Penning, Mike
Price, Adam
Randall, Mr. John
Reid, Mr. Alan
Rifkind, rh Sir Malcolm
Robathan, Mr. Andrew
Robertson, Mr. Laurence
Ruffley, Mr. David
Scott, Mr. Lee
Shepherd, Mr. Richard
Simmonds, Mark
Simpson, Mr. Keith
Spicer, Sir Michael
Spink, Bob
Stanley, rh Sir John
Stunell, Andrew
Teather, Sarah
Tyrie, Mr. Andrew
Vara, Mr. Shailesh
Walker, Mr. Charles
Wallace, Mr. Ben
Waterson, Mr. Nigel
Wiggin, Bill
Willetts, Mr. David
Williams, Mr. Roger
Willott, Jenny
Wilson, Sammy
Wright, Jeremy
Young, rh Sir George

Tellers for the Ayes:
Angela Watkinson and Michael Fabricant

NOES

Allen, Mr. Graham
Anderson, Mr. David
Anderson, Janet
Atkins, Charlotte
Austin, Mr. Ian
Austin, John
Bailey, Mr. Adrian
Banks, Gordon
Barlow, Ms Celia
Battle, rh John
Bayley, Hugh
Bell, Sir Stuart
Benton, Mr. Joe
Betts, Mr. Clive
Blackman, Liz
Blizzard, Mr. Bob
Bradshaw, Mr. Ben
Brennan, Kevin

Brown, rh Mr. Nicholas
Browne, rh Des
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, rh Andy
Butler, Ms Dawn
Byers, rh Mr. Stephen
Byrne, Mr. Liam
Cabom, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Cawsey, Mr. Ian
Chapman, Ben
Clapham, Mr. Michael
Clark, Ms Katy
Clarke, rh Mr. Tom
Clelland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Cook, Frank
Cooper, Rosie
Cooper, Yvette
Cousins, Jim
Crausby, Mr. David
Cruddas, Jon
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
David, Mr. Wayne
Davies, Mr. Dai
Davies, Mr. Quentin
Dean, Mrs. Janet
Devine, Mr. Jim
Dobbin, Jim
Doran, Mr. Frank
Dowd, Jim
Dunwoody, Mrs. Gwyneth
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Engel, Natascha
Farrelly, Paul
Field, rh Mr. Frank
Fitzpatrick, Jim
Flello, Mr. Robert
Flynn, Paul
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gardiner, Barry
Gerrard, Mr. Neil
Gibson, Dr. Ian
Goggins, Paul
Goodman, Helen
Griffith, Nia
Gwynne, Andrew
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. Fabian
Havard, Mr. Dai
Hendrick, Mr. Mark
Hesford, Stephen
Heyes, David
Hill, rh Keith
Hillier, Meg
Hodge, rh Margaret
Hoey, Kate
Hoon, rh Mr. Geoffrey
Hope, Phil
Hopkins, Kelvin
Howarth, rh Mr. George
Howells, Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Hutton, rh Mr. John
Iddon, Dr. Brian
Illsley, Mr. Eric
Ingram, rh Mr. Adam
Irranca-Davies, Huw
Jackson, Glenda
James, Mrs. Siân C.
Jenkins, Mr. Brian
Jones, Helen
Jones, Mr. Kevan
Jones, Lynne
Jones, Mr. Martyn
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Kennedy, rh Jane
Khan, Mr. Sadiq
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Love, Mr. Andrew
MacShane, rh Mr. Denis
Mactaggart, Fiona
Mahmood, Mr. Khalid
Malik, Mr. Shahid
Mann, John
Marsden, Mr. Gordon
Marshall, Mr. David
McAvoy, rh Mr. Thomas
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McDonagh, Siobhain
McFadden, Mr. Pat
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, Mr. Tony
Meale, Mr. Alan
Merron, Gillian
Michael, rh Alun
Miliband, rh Edward
Mitchell, Mr. Austin
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Morgan, Julie
Morley, rh Mr. Elliot
Mountford, Kali
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, Mr. Jim
Murphy, rh Mr. Paul
Norris, Dan
O'Hara, Mr. Edward
Olner, Mr. Bill
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Prentice, Bridget
Prentice, Mr. Gordon
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, rh James
Rammell, Bill
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, rh John
Robertson, John
Robinson, Mr. Geoffrey
Roy, Mr. Frank
Ruane, Chris
Russell, Christine
Salter, Martin
Seabeck, Alison
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, rh Jacqui
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Taylor, Ms Dari
Taylor, David
Thomas, Mr. Gareth
Thornberry, Emily
Timms, rh Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Truswell, Mr. Paul
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Ussher, Kitty
Vaz, rh Keith
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda
Wareing, Mr. Robert N.
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, Mrs. Betty
Wills, Mr. Michael
Winnick, Mr. David
Winterton, rh Ms Rosie
Wood, Mike
Woodward, rh Mr. Shaun
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Noes:
Mark Tami and
Claire Ward

Question accordingly negatived.

New Clause 2

STANDARDS OF COMPETENCE

'(1) Section 22 of the Estate Agents Act 1979 (c. 38) (standards of competence) is amended as follows.

(2) For subsections (1) and (2) substitute—

"(1) The Secretary of State will by regulations made by statutory instrument designate any body of persons as an approved body to which people engaged in estate agency work, including both the sale and lettings of residential property, must belong.

(2) The approved bodies must make membership conditional on signing up to rules and codes of conduct, which will—

(a) set minimum standards of training and qualifications required, and

(b) ensure that firms have adequate professional indemnity insurance and, as appropriate, clients money protection insurance.

(3) No order shall be made under subsection (1) unless a draft of it has been laid before, and approved by a resolution of, each House of Parliament.

(4) Before making an order under subsection (1) the Secretary of State must consult—

(a) organisations representing the interests of consumers,

(b) other persons appearing to the Secretary of State to be representative of persons who have an interest in the matter."'.—*[Susan Kramer.]*

Brought up, and read the First time.

Motion made, and Question put, That the clause be read a Second time:—

The House divided: Ayes 27, Noes 240.

Division No. 176] **[2.36 pm**

AYES

Barrett, John
Brooke, Annette
Browne, Mr. Jeremy
Bruce, rh Malcolm
Burstow, Mr. Paul
Cable, Dr. Vincent
Clegg, Mr. Nick
Davey, Mr. Edward
Featherstone, Lynne
Foster, Mr. Don
George, Andrew
Harris, Dr. Evan
Harvey, Nick
Hemming, John
Howarth, David
Hughes, Simon
Huhne, Chris
Kramer, Susan
Moore, Mr. Michael
Mulholland, Greg
Price, Adam
Reid, Mr. Alan
Spink, Bob
Stunell, Andrew
Teather, Sarah
Williams, Hywel
Willott, Jenny

Tellers for the Ayes:
Mr. Roger Williams and Lorely Burt

NOES

Allen, Mr. Graham
Anderson, Mr. David
Anderson, Janet
Atkins, Charlotte
Austin, Mr. Ian
Austin, John
Bailey, Mr. Adrian
Banks, Gordon
Barlow, Ms Celia
Battle, rh John
Bayley, Hugh
Bell, Sir Stuart
Benton, Mr. Joe
Betts, Mr. Clive
Blackman, Liz
Blizzard, Mr. Bob
Bradshaw, Mr. Ben
Brown, rh Mr. Nicholas
Browne, rh Des
Bruce, rh Malcolm
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, rh Andy
Butler, Ms Dawn
Byers, rh Mr. Stephen
Byrne, Mr. Liam
Caborn, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Cawsey, Mr. Ian
Chapman, Ben
Clapham, Mr. Michael
Clark, Ms Katy
Clarke, rh Mr. Tom
Clelland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Cook, Frank
Cooper, Rosie
Cooper, Yvette
Cousins, Jim
Crausby, Mr. David
Cruddas, Jon
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
David, Mr. Wayne
Davies, Mr. Dai
Davies, Mr. Quentin
Dean, Mrs. Janet
Devine, Mr. Jim
Dobbin, Jim
Doran, Mr. Frank
Dowd, Jim
Dunwoody, Mrs. Gwyneth
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Engel, Natascha
Farrelly, Paul
Field, rh Mr. Frank
Fitzpatrick, Jim
Fiello, Mr. Robert
Flynn, Paul
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gardiner, Barry
Gerrard, Mr. Neil
Gibson, Dr. Ian
Goggins, Paul
Goodman, Helen
Griffith, Nia
Gwynne, Andrew
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. Fabian
Havard, Mr. Dai
Hendrick, Mr. Mark
Hesford, Stephen
Heyes, David
Hill, rh Keith
Hillier, Meg
Hodge, rh Margaret
Hoey, Kate
Hoon, rh Mr. Geoffrey
Hope, Phil
Hopkins, Kelvin
Howarth, rh Mr. George
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Hutton, rh Mr. John
Iddon, Dr. Brian
Illsley, Mr. Eric
Ingram, rh Mr. Adam
Irranca-Davies, Huw
Jackson, Glenda
James, Mrs. Siân C.
Jenkins, Mr. Brian
Jones, Helen
Jones, Mr. Kevan
Jones, Lynne
Jones, Mr. Martyn
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Keen, Ann
Kennedy, rh Jane
Khan, Mr. Sadiq
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Love, Mr. Andrew
MacShane, rh Mr. Denis
Mactaggart, Fiona
Mahmood, Mr. Khalid
Malik, Mr. Shahid
Mann, John
Marsden, Mr. Gordon
Marshall, Mr. David
McAvoy, rh Mr. Thomas
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McDonagh, Siobhain
McFadden, Mr. Pat
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, Mr. Tony
Merron, Gillian
Michael, rh Alun
Miliband, rh Edward
Mitchell, Mr. Austin
Moffat, Anne
Mole, Chris
Moon, Mrs. Madeleine
Morgan, Julie
Morley, rh Mr. Elliot
Mountford, Kali
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, Mr. Jim
Murphy, rh Mr. Paul
Norris, Dan
O'Hara, Mr. Edward
Olner, Mr. Bill
Owen, Albert
Palmer, Dr. Nick
Plaskitt, Mr. James
Pope, Mr. Greg
Prentice, Bridget
Prentice, Mr. Gordon
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, rh James
Rammell, Bill
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, rh John
Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Roy, Mr. Frank
Ruane, Chris
Russell, Christine
Salter, Martin
Seabeck, Alison
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, rh Jacqui
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Taylor, Ms Dari
Taylor, David
Thomas, Mr. Gareth
Thornberry, Emily
Timms, rh Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Truswell, Mr. Paul
Turner, Dr. Desmond
Turner, Mr. Neil

Twigg, Derek
Ussher, Kitty
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda
Wareing, Mr. Robert N.
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, Mrs. Betty
Wills, Mr. Michael
Wilson, Sammy
Winnick, Mr. David
Winterton, rh Ms Rosie
Wood, Mike
Woodward, rh Mr. Shaun
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Noes:
Claire Ward and
Mark Tami

Question accordingly negatived.

Clause 22

VOLUNTARY ACTIVITIES

Mr. Timms: I beg to move amendment No. 1, page 12, line 38, at end insert—

'( ) If the Secretary of State gives such consent, the Secretary of State must publish a notice stating that consent has been given and specifying the reasons for giving consent.'

The amendment relates to the National Consumer Council's voluntary activities functions in this part of the Bill. Clause 22 provides for the new council to acquire an interest in a company, subject to the consent of the Secretary of State. In Committee, an amendment was tabled by the hon. Member for Hertford and Stortford (Mr. Prisk) which would have provided that the Secretary of State should publish the reasons for any approval given to a request by the new NCC to acquire an interest in a body corporate.

We accepted the amendment in principle, as that is entirely in line with the Government's commitment to transparency and openness in their dealings with the new council, and we committed to table an amendment along those lines. This amendment honours that commitment. It ensures that any consent given by the Secretary of State to a proposal by the new council to acquire an interest in a company, and the reasons for that decision, are publicly available and open to public scrutiny. I am glad to commend the amendment to the House.

Mr. Clifton-Brown: I thank the Minister for accepting the principle that my hon. Friend the Member for Hertford and Stortford (Mr. Prisk) put across in Committee and for tabling the Government amendment, which incorporates what was discussed there. The new NCC must be independent, and it was important to seek from the Government an assurance that there are satisfactory management and audit oversight provisions to ensure that public money is well spent. I am sure that the Minister agrees with that. The power in the original clause was wide, and there was concern over the lack of a specific mechanism to prevent the NCC from incurring significant losses on a particular business venture. We have seen that with certain educational institutions that go out into business ventures abroad. Specifically, the amendment ensures that the reasons behind any consent given by the Secretary of State will be in the public domain, thus ensuring accountability and transparency. Again, I thank the Minister for tabling it.

Amendment agreed to.

Clause 29

DISCLOSURE OF INFORMATION

Mr. Clifton-Brown: I beg to move amendment No. 8, page 16, line 43, leave out subsection (4).

The CBI has significant concerns relating to the protection of commercially sensitive information under the Bill. Under clause 24, the NCC is given wide-ranging powers to obtain information from a number of bodies, including the Office of Fair Trading and various sectoral regulators, as well as businesses. The only limitation seems to be that the information must be required for the purposes of exercising the council's functions. I am sure that the House can begin to see that the purpose of the amendment is to protect sensitive commercial information that has been demanded from a company under the powers in the Bill from reaching the public domain and thus, perhaps, some commercial competitors.

The provisions in the Bill on disclosure of such information are contained in clause 29 and are complex. They are linked to part 9 of the Enterprise Act 2002, which includes clear safeguards against the release of consumer and competition information which has been provided to public authorities. Such safeguards were seen as essential in building business support for, and confidence in, the new enforcement regime that was established under 2002 Act. That legislation struck a careful balance between the need for enforcement authorities to seek and obtain sensitive information in the effective discharge of their functions while protecting commercial information from disclosure except under specific and deliberately narrow gateways.

The council will need to have regard to the considerations in section 244 of the 2002 Act before disclosure. Those include the need to exclude from disclosure, as far as is practicable, commercial information which the authority thinks might significantly harm the company's legitimate business interests. However, the underlying presumption against disclosure under part 9 will not, by virtue of clause 29(4), apply to the NCC. We do not understand the justification for not applying that presumption, which is deemed necessary to prevent the release of business information by public authorities to the council. There is a risk that commercially sensitive information could find its way into the public domain and thus to competitors. The amendment would ensure that part 9 safeguards applied to the new NCC.

Mr. Timms: The amendment would remove a necessary provision and I will therefore resist it. It is necessary for technical reasons and I hope that I can at least outline them, as I understand the concerns that the hon. Member for Cotswold (Mr. Clifton-Brown) has about clause 29(4).

Clause 29 deals with the disclosure of information by the new NCC. The new council has important functions, which are designed to serve the interests of consumers, including—under clauses 10 and 19—the provision of information. It is important that we achieve a balance between the new council being able

[Mr. Timms]

to discharge its statutory functions and ensuring that it respects the confidentiality of the information that it has obtained.

In creating the new council, we need to ensure that it can deal with not only the issues that span consumer interests generally, but the specific sectoral issues in the gas, electricity, and postal services markets. The current National Consumer Council does not exercise statutory functions and is therefore not subject to the general information disclosure provisions in the Enterprise Act 2002. Energywatch and Postwatch are subject to the specific information disclosure regimes in the Utilities Act 2000 and the Postal Services Act 2000 respectively, which apply to those bodies and to the regulators.

In bringing together the statutory consumer bodies in the energy and postal services sectors—and in providing for the possible inclusion of the consumer body for water too, following consultation next year—we have set out a single information disclosure regime for the new council instead of subjecting it to separate information regimes, depending on the source of the information. That would have resulted in complex and perhaps even unworkable provisions.

The existing gateways in the Enterprise Act 2002 provide for disclosure of information by public bodies in the exercise of their functions and to facilitate the exercise of functions by another public body. However, the new council has several functions of publishing reports or information, and they are listed in clause 29(4). We concluded that, when the function was to publish information, the disclosure involved could not be said to

"facilitate the exercise of the function".

The publication or disclosure was itself the function and so did not fit the structure of the existing part 9 of the 2002 Act.

Consequently, the regime in part 9 did not deal effectively with protecting confidential information in such cases. Subsections (5) and (6) were therefore inserted in clause 29 to provide protection. They require the council to consult the individual or business to which the information relates and to have regard to the principles in section 244 of the 2002 Act, which apply to disclosure under part 9. Those are: the public interest, the necessity for disclosure, and the need to exclude from disclosure information which might significantly harm the individual or business to which it relates.

Those provisions draw on the existing models in the gas, electricity and postal services sectors. For example, section 19 of the Utilities Act 2000 applies to publication of information by Energywatch In each case, the general disclosure regime in the legislation is disapplied and special provision is made for the function of publication.

So, to give protection to business and personal information, we have included subsections (5) and (6) in clause 29, and made it clear in clause 29(4) that the prohibition on disclosure in part 9 of the Enterprise Act 2002 does not apply. The result is proper safeguards, including consultation with individuals or businesses to which the information relates, before disclosure can be made in exercising the council's functions under which information may be published.

3 pm

I hope that that information will assist the hon. Member for Cotswold. I recognise that it was rather a technical explanation, and I apologise for that, but I can give him an assurance that the end result will be a set of provisions that broadly follow the existing arrangements while ensuring that there is a single disclosure regime for the new council instead of multiple regimes. I hope that, given that reassurance, he will feel able to withdraw his amendment, although I recognise the validity of the concerns that he has raised.

Mr. Clifton-Brown: I thank the Minister for giving way. This is a technical matter, as he says, and the official Opposition do not dispute the need for one disclosure regime for the various bodies brought together in the Bill. That is entirely understandable. What is not understandable, however, is why the careful balance established in section 244 of the Enterprise Act 2002, relating to disclosure by public bodies, has been moved in this way. There is an important balance to be struck in regard to what information is disclosed by public bodies that obtain sensitive information. We want to question carefully why that balance—which has been altered by the Bill to make it easier for the public bodies covered by the Bill to disclose that information—has been disturbed.

Mr. Timms: It is for technical reasons. Part 9 of the Enterprise Act cannot merely be applied here. Part 9 works when information is provided by a body in pursuit of its functions, but legally that does not work when the body in question—in this case, the new council—has a specific function to provide information. That is the rather technical distinction. That is why there are separate provisions in clause 29(5) and (6), which provide safeguards in the specific circumstances, and in the context, of the new council's functions. I believe that those safeguards will be effective, and that they will deal with the hon. Gentleman's concerns.

Mr. Clifton-Brown: I am not entirely satisfied with the Minister's explanation, but this is a highly technical matter. Perhaps we need to leave it for now, rather than pressing the matter to a Division, but with the reservation that we might well want to revisit it on another occasion, perhaps in the course of a wider debate relating to the disclosure of information by public bodies.

I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Clause 43

STANDARDS FOR HANDLING COMPLAINTS

Lorely Burt: I beg to move amendment No. 9, page 26, line 33, at end insert—

'(10) When making regulations under this section the regulator must have regard to—

(a) the needs of both domestic and non-domestic consumers; and

(b) such principles as—

(i) in the opinion of the regulator constitute generally accepted principles of best practice in relation to handling of consumer complaints, and

(ii) it is reasonable to regard as applicable to these regulations.'.

The amendment has been tabled in my name and that of my hon. Friend the Member for Richmond Park (Susan Kramer). We have bundled two issues into this amendment: the application of the regulations to small enterprises, and the principle of best practice in the handling of complaints. Paragraph (a) is relevant to small businesses. Although it is clear that the general definition of "consumer" in clause 3 includes businesses—or non-domestic consumers, which could include small voluntary groups, and so on—there is still a gap in clause 43. Subsections (2) and (3) say that complaint-handling standards can be restricted so that they do not cover all relevant customers. In other words, Ofgem, or whoever, could say that these regulations apply only to natural persons. The amendment seeks to require their interests to be considered without reopening the wider business/consumer debate.

The Minister might say that this argument is irrelevant because clause 44 includes requirements to consult, but that is not quite right. The requirement to consult applies only to those likely to be affected by the new regulations. If the complaint-handling standards apply only to private individuals, one would have to consult people representing those consumers—the energy supply companies and so on—but one would not necessarily have to consult small businesses, because they would arguably not be affected by the regulations.

The standard defence at this point is that businesses do not necessarily need protection as consumers. Indeed, consumers often need protecting from businesses. However, that argument is flawed. Why should a village shop or a charity have to be an expert in all the services that they consume? Ed Wilson of Energywatch makes the point that redress is available for small businesses and other non-domestic consumers in telecoms but not in energy. The Bill provides an opportunity to improve the situation for those consumers.

On a related point that goes a little beyond the amendment's scope, it seems from clause 49(3)(b) that business or other non-domestic consumers will have access to redress schemes. Lord Truscott confirmed that in the Grand Committee in the Lords on 9 January. He also said that business suppliers will not have to join redress schemes. I would be grateful if the Minister clarified that and the suggestion that the new Department for Business, Enterprise and Regulatory Reform is minded to include businesses with 10 employees or fewer within the redress provisions. Approximately 96 per cent. of small businesses would be covered by that and it would be a welcome step. It does not appear to require any change to the text. Is it the Government's intention to include other non-domestic consumers such as those that I outlined?

On complaint-handling standards, the other part of the amendment would ensure that the regulations were governed by "principles of best practice", the language used in clause 49 for redress schemes. That matters because clause 49(1) was toughened up to say that the regulator "must" have regard to those, in the face of objections from Ofgem. It therefore matters that the regulations are as good and effective as they can possibly be; otherwise we might end up with weak standards. We would argue that it is even more important to get best practice standards for complaint handling than it is for redress schemes as we are relying on the energy companies to fill the gap left by the abolition of Energywatch and so on.

Part of the reason for the difference is the series of concessions from the Government during the course of proceedings on the Bill. Those were very welcome. The language on redress schemes in clause 49 was upgraded from "good" to "best practice" in the Grand Committee in the Lords, and in Committee in the Commons the Government upgraded the requirements for the regulator to prescribe standards for complaint handling from a "may" to a "must". In a speech that the then Minister for Trade, the right hon. Member for Makerfield (Mr. McCartney), made to the National Consumer Council on 21 May, he said that he would

"not settle until we have a consumer regime which is the best—not just amongst the best".

It is difficult to square that with not wanting best practice to be the standard for complaint handling. I therefore urge the Government to accept the amendment.

Mr. Timms: I listened to the hon. Lady's case with interest, but the procedures that a regulator needs to follow in making regulations prescribing the standards to be met for complaint handling by regulated service providers, as set out in clause 44, are sufficiently robust. There is a requirement on a regulator to consult widely by conducting research to obtain and then take into consideration the views of a representative sample of persons likely to be affected by the regulations, and publicising the proposals in full detail to bring them to the attention of those likely to be affected, which is to a rather wider audience. In addition, the Bill provides that the regulations to be made are to be subject to the consent of the Secretary of State. Those requirements will mean that full and proper consideration will be given to proposed standards before a final decision is made by a regulator. The consultation requirement in the clause will enable all interested parties to contribute their ideas and advice on the complaint-handling standards which should be adopted, including any views on where best practice lies. It will be an open process, rather than the more restricted one about which the hon. Lady, understandably, expressed concern.

The prescribed standards will relate to the handling of complaints that are made to the regulated service providers by consumers of their services. The Bill sets out in clause 42(1) the regulated gas, electricity and postal services providers that will be subject to the new complaint-handling standards.

As for which users and customers will be covered by the standards, that is at the discretion of the regulator and can include small businesses if the regulator determines that it is appropriate that they should come within the scope. On the question of the criteria for approval of redress schemes as opposed to complaint-handling schemes, the processes are quite different. For redress schemes, it is the regulated service providers that can establish schemes and seek the approval of the regulator. Key criteria for approval are set out in clause 49, where the regulator is obliged to have regard to generally accepted principles of best practice.

[Mr. Timms]

The regulator is not obliged to consult on the approval criteria for the redress schemes, but is so obliged for the schemes on complaint handling. For complaint handling, it is the regulator who takes the initiative. Clause 44 obliges the regulator to consult, so there are different processes. That is the reason for the different approach that we have taken.

I hope that that explanation has provided some reassurances to the hon. Lady and that she will feel able to withdraw the amendment. If not, I will ask my hon. Friends to oppose it.

Lorely Burt: I am grateful to the Minister for his comments. I am somewhat reassured, particularly following his comments on the process of consultation and on the coverage in respect of small businesses. In the light of that, I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Clause 44

REQUIREMENTS FOR MAKING REGULATIONS UNDER SECTION 43

Mr. Timms: I beg to move amendment No. 2, page 27, line 10, at end insert—

'( ) The requirements of subsection (1) may be satisfied by action taken before the commencement of this section or the passing of this Act.'.

Madam Deputy Speaker: With this it will be convenient to discuss Government amendment No. 3.

Mr. Timms: These amendments relate to clauses 44 and 47, and the new redress and complaint-handling provisions to be introduced in the energy and postal services sectors, and potentially in the water sector after consultation in 2008. Those elements of the new framework for consumer representation and redress are important to the new arrangements in the Bill. A direct consequence of those new provisions is that regulated providers in the energy and postal services sectors, and potentially water, will be required to take full and proper responsibility for handling complaints from consumers of their services.

As an incentive for industry to take complaint-handling seriously—we have just had a short debate about the importance of those processes—the Bill places a requirement on the regulators to make regulations prescribing standards for complaint handling which will be binding on regulated providers in those sectors. Where a regulated service provider has not been able to resolve a complaint to the satisfaction of the consumer, the availability of redress schemes will ensure that consumers will benefit from the certainty of resolution of a complaint, and the award of compensation where appropriate.

We are working closely with representatives of the key organisations concerned to ensure that we achieve a smooth transition to the new framework which maximises benefits to consumers, and minimises the uncertainty for staff in the existing organisations. We expect that the new sectoral redress schemes will be established by industry and approved by the relevant regulators. In parallel, regulators will also be considering how to introduce the new standards for complaint handling.

We are discussing with industry and industry representatives how to make the transition to the new arrangements. The timetable for delivering the different aspects of the new framework will be challenging, and work on the detailed aspects of that must start immediately.

3.15 pm

The intention behind the amendments is straightforward: to clarify the status of actions such as consultations and other procedural steps and to provide that where they are carried out before Royal Assent and commencement they nevertheless satisfy the requirements of the Bill as set out in clauses 44(1) and 47(4). There are time constraints, and the amendments will help us to make progress before Royal Assent and commencement, and provide an assurance that such actions will satisfy the obligations contained in the Bill. They will save time later in the process, and enable us to introduce measures swiftly.

Mr. Clifton-Brown: As the Minister said, this is a new amendment that addresses clause 44, which was also amended in Committee. The clause requires that all energy and postal suppliers operate an approved complaint-handling scheme. Subsection (1) places a number of requirements on regulators, such as those to undertake appropriate research and to consult

"a representative sample of persons likely to be affected".

Regulators must comply with the requirements before making regulations to prescribe complaint-handling procedures under clause 43.

We support the requirement to ensure that effective complaint-handling procedures are in place and recognise that there is a need to consult. However, it is surprising that the Government have only now realised that such an amendment is necessary. The Government's intention of introducing the new arrangements within a year of the Bill receiving Royal Assent might be too ambitious—the Minister said in moving the amendment that the time scale is challenging. Can he reassure us further that the Government will be able to address matters in time for Royal Assent, which I assume will be in a year's time?

Government amendment No. 3 is also a new amendment. It relates to clause 47 provisions on the membership of the redress scheme. The clause ensures that all suppliers are members of an approved redress scheme. The redress scheme provisions in subsection (4) place an obligation on the Secretary of State to consult before making an order to require that regulated providers in the energy and postal service sectors belong to a redress scheme.

We support the requirement to ensure that all providers are members of an approved redress scheme and recognise that there is a need to consult. However, we are again surprised that the Government have only now realised that it is necessary to introduce such an amendment. I appreciate that the Minister, like me, was not present during earlier proceedings, but there is a

lack of joined-up government and forward thinking. I press the Minister to say whether the timetable to achieve the provisions contained in the two amendments is achievable.

Mr. Timms: The amendments are an example of forward thinking, rather than of the absence of forward thinking. Where it is our intention to introduce the new arrangements within a year of the Bill receiving Royal Assent, we want to maximise the benefits to consumers and minimise uncertainty for staff in the existing organisations. Both of those considerations suggest that it is right to meet the challenging timetable that we have set, and I think that we can do that.

Because of the time constraints on the implementation timetable, it would be helpful for us and the regulators to be able to consult before Royal Assent. That is why we have tabled these amendments. To do so is a prudent step. We do not want to jeopardise the achievement of this challenging timetable. The hon. Gentleman will agree that, from the point of view of consumers but also of staff, it is helpful not to waste time on this issue. The amendments will help us to resolve it quickly, and I hope that he feels able to support them on that basis.

Amendment agreed to.

Clause 47

MEMBERSHIP OF REDRESS SCHEME

Amendment made: No. 3, in page 28, line 8, at end insert—

'( ) The requirements of subsection (4) may be satisfied by consultation undertaken before the commencement of this section or the passing of this Act.'.—*[Mr. Timms.]*

Order for Third Reading read.

3.20 pm

Mr. Timms: I beg to move, That the Bill be now read the Third time.

Having come to the Bill rather late in its life—like the hon. Member for Cotswold (Mr. Clifton-Brown), but unlike the hon. Member for Richmond Park (Susan Kramer)—I am particularly grateful to my right hon. Friend the Member for Makerfield (Mr. McCartney), and my parliamentary neighbour, my hon. Friend the Member for Poplar and Canning Town (Jim Fitzpatrick), for their skilful and assiduous handling of the Bill on Second Reading and in Committee. Let me also thank all those other Members—including my right hon. Friend the Member for Coatbridge, Chryston and Bellshill (Mr. Clarke), who is in his place—who served on the Public Bill Committee.

We are committed to a robust and effective consumer regime, and this Bill is one of a series of measures to create confident and empowered consumers. By next year, the Consumer Credit Act 2006, the unfair commercial practices directive and this Bill will all be in force, thereby improving the lives of consumers. Major stakeholders and consumer groups have broadly welcomed the Bill, and the broad consensus on its major elements has been reflected in the debates in this House. However, the Bill has also been improved by amendments made here, and I want to thank all those who took part for the constructive debate on these measures.

Taking the clauses in reverse order, the Bill contains an important power to extend cooling-off and cancellation rights to solicited sales visits. We hope to consult on the revised regulations governing doorstep selling later this year. They will make the law simpler and clearer for consumers and businesses alike. I particularly look forward to the extra protection that will be given to vulnerable consumers.

Mr. Clifton-Brown: I am grateful to the Minister for giving way, especially as he was in full flow. On Report, I asked whether the provisions dealing with so-called solicited calls would cover estate agents, and whether there would be a cooling-off period in that regard. I should be grateful if the Minister answered that question at some point in his speech.

Mr. Timms: I am happy to do so, and I apologise for omitting to do so when I replied in the earlier debate. The new regulations will apply to all contracts for goods and services entered into at home, with some exceptions. We will consult this year on the proposals, and without wishing to pre-empt the results, I would expect the new cancellation rights to apply to contracts with estate agents, if they are entered into at the consumer's home in the way that the hon. Gentleman outlined.

The Bill also fulfils the Government's commitment to require estate agents to belong to a redress scheme, and it strengthens the regulation of estate agents in a number of respects. For example, they will be required to keep adequate records of their dealings with a client for a period of six years. The Bill will bring about the creation of the new national consumer council, which will be a strong and powerful advocate for consumers across all sectors. The new body will be able to represent energy and postal services consumers even more effectively than the existing arrangements. We will consult next year on whether the water sector should be brought within the fold.

For the first time, the Bill introduces compulsory redress schemes in the energy and postal services markets. On the consumer voice part of the Bill, let me update the House on a number of significant developments. First, I would like to make an announcement about the chair of the new National Consumer Council, which is an important position. The chair will require considerable skill to lead the new body during the transition from the framework in this Bill to the realisation of a stronger, more effective advocate for the consumer interest. I am very pleased to announce that Lord Whitty will chair the new National Consumer Council once it is established. As hon. Members will know, he leads the existing council, and so will provide important experience and continuity during the transitional period.

Secondly, I can inform the House that the new National Consumer Council will be permitted to establish its central office in London, with its national offices in Glasgow, Cardiff and Belfast. I gave approval to the London location as one of my last acts as Chief Secretary to the Treasury, in recognition of the need to retain the expertise of the staff in the existing

[Mr. Timms]

organisations, all of which are based in London. A London location will also enable key staff to be located close to the council's stakeholders. In determining its final structure, the new council will be required to take into account the recommendations of the Lyons review and the Government's objective of locating jobs outside the south-east when possible.

Thirdly, my Department is today launching a consultation on the scope of the redress schemes proposed to be established in the energy and postal services sectors as a result of the measures in the Bill. The consultation invites views about whether all regulated providers in the gas, electricity and postal services sectors should be required to become members of a redress scheme; whether domestic consumers and—to pick up the point made on Report by the hon. Member for Solihull (Lorely Burt)—the smallest businesses are the right groups of consumers to have access to the schemes; and whether the schemes should handle all types of complaints from those consumers. Those developments set us well on the way to creating the new National Consumer Council, and I am glad to be able to make these announcements just as the Bill completes its passage through this House.

In conclusion, the Government believe that the measures in the Bill will make a real difference to millions of consumers across the UK. We want consumers to be effectively represented; to be empowered with the right information to get the right deal; and to have access to redress when things go wrong. We also want rogues and villains to be removed from the market. We believe that the measures in this Bill will be effective in achieving those goals, and so I commend the Bill to the House.

3.27 pm

Mr. Tom Clarke: I had the pleasure of serving on the Public Bill Committee, which did a very good job. I welcome my right hon. Friend the Minister to his new duties. He has done an excellent job in every ministerial post that he has had and I know that he will add to his new role responsibilities for inter-faith matters, on which I am sure he will also do a fine job.

I was influenced to become a member of the Committee because of the interest that I had expressed in the House, not least on Second Reading, on what I thought was happening in the energy industry. I felt then and still feel that consumers are entitled to a much louder voice than hitherto. I accept that now that the Bill has been in Committee and on Report consumers can be assured that it will go a long way towards allowing their views to be expressed, their concerns articulated and often—frankly speaking—their anger to be expressed as well.

I had in mind on Second Reading what I regarded as the disgraceful behaviour of the energy companies, especially the gas and electricity ones, who steadfastly refused to pass on to consumers, especially vulnerable consumers, the reductions in wholesale prices, even though increases were passed on with little delay. The hon. Member for Richmond Park (Susan Kramer) made the point several times in Committee that it was not surprising that the problems facing vulnerable consumers should be so much on our minds, and our aim has always been to ensure that complaints receive an urgent and positive response. In that regard, I pay special tribute to Energywatch, which has been doing an outstanding job. I hope that the Minister will be able to assure the House that its contribution and expertise will be copied by the new NCC.

Some people face remarkable difficulties with fuel poverty. Energywatch was able to deal with 86 per cent. of the complaints that it received in 35 days, whereas the department of the energy supply ombudsman took the view that 95 per cent. of complaints did not come under his terms of reference. We want complaints to be dealt with and registered promptly, and responses to them must recognise the needs of those impoverished and vulnerable people who are very much in our minds.

In Committee, I expressed my doubts as to whether suppliers should hold information arising from complaints, and I noted that the expected accountability was not in place. My right hon. Friend the Member for Makerfield (Mr. McCartney) used to be the Minister for Trade, Investment and Foreign Affairs, and he did a fine job of piloting the Bill through the Committee. He wrote to me about these matters, as follows:

> "I explained during the debate that I believe that the provision you sought—the desirability of which does not appear to be disputed on any side—is already included in the Bill as currently drafted. Schedule 5 inserts new sections into each of the Gas Act 1986, the Electricity Act 1989, and the Postal Services Act 2000. These require OFGEM and Postcomm respectively to collect data regarding compliance with the complaint handling standards prescribed under clause 43 of the Bill."

I welcome that clarification, which I think will satisfy those who worried that the Bill placed more emphasis on redress than on the handling of complaints.

This is an extremely important Bill. Some of my constituents live in high flats and believe that, in very cold winters, they have not been getting the heating that they are entitled to expect. They felt that their complaints were not being taken seriously and that most energy companies were demonstrating a greed that they found unacceptable. They very much welcome the accountability and transparency that the Bill will bring to these matters.

I am not the only Lanarkshire MP to be critical of the approach adopted by the energy companies, although they have made some progress since debates began on the Bill. I hope that others who have fought on these matters will share my belief that the message that the Bill sends out is that Parliament accepts that it has responsibilities to consumers. They are responsibilities that we intend to discharge. We have set in the Bill a mechanism by which we can oversee exactly what is taking place. It will make it as easy as possible to gain access to the people who can deal with complaints. In that spirit, I congratulate my right hon. Friend the Minister and the Government on introducing the Bill and wish them all the success that my constituents would expect.

3.35 pm

Mr. Clifton-Brown: It is universally agreed in the House that what we want in the United Kingdom is the best consumer protection in the world. The Bill goes some way towards that, although there are areas in which we would have liked the Government to go further. I shall deal with those later in my speech.

We believe in strong consumer choice and freedom. We believe that information should be accessible so that people can exercise that choice. Conservatives have supported the broad thrust of the Bill, and we welcome this move by the Government. To that end, we have scrutinised the Bill in a positive and constructive way, as have the Liberal Democrats. We tabled more than 45 amendments in the Public Bill Committee alone. The Government have either accepted them or introduced amendments of their own. They introduced 11 as a direct result of that scrutiny.

We are pleased by the bipartisan nature of the Government's conduct of this part of the business. Conservative amendments have improved the Bill both in the Commons and in another place. Our emphasis was on enhancing the accountability of the new National Consumer Council. That has included ensuring that the Minister makes public the reasons behind any approval that the Government give to the NCC to acquire a corporate body.

We welcome the announcement that the Minister made in his Third Reading speech of the new chair of the NCC, Lord Whitty. He has come a long way since he was general secretary of the Labour party, and he now has a huge challenge on his hands. We wish him well because we want to make the provisions in the Bill work, especially the combining of all the functions of the consumer council.

I welcome the fact that the NCC will have offices in three parts of the United Kingdom—London, Cardiff and Belfast. I just hope that the good citizens of Scotland will not feel left out. I was delighted to follow the right hon. Member for Coatbridge, Chryston and not forgetting the good citizens of Bellshill (Mr. Clarke), but I am surprised that he did not refer to the fact that none of the offices was in Scotland. I hope that his constituents will not feel left out.

We have helped consumers by ensuring that best practice in complaints handling is followed by all energy companies. We have ensured that the new NCC better reflects the successful operation and follows the best practice of the existing council. However, on the question of estate agents and supporting consumers, we feel that the Government have been half-hearted in their approach. I know that we had a bit of banter across the Dispatch Box on Report, but the opportunity to look at the regulation and operation of estate agents has been missed. Some of the most vulnerable in our society who get involved only in the letting side of the residential market will feel left out. I am sure that that is a matter that this Government or a Government of a different colour will have to deal with in the future. So the Bill has missed an opportunity in that respect.

I welcome what the Minister said today—that those functions laid down in the Estate Agents Act 1979 will be extended to cover activities on the web and direct sales by developers. If those activities were covered by the definition laid down in the 1979 Act, they would be covered by the redress scheme and so on in the Bill. It is a lacuna in the Bill that it does not include the lettings market, especially as it is now becoming such a big sector of the residential market.

As my hon. Friend the Member for Rutland and Melton (Alan Duncan) said on Second Reading, the Bill is important for consumers. We all recognise that. It merges key consumer bodies and makes a serious attempt to give consumers greater rights when buying or selling their house. I pay special tribute to the work done in another place by my noble Friend Baroness Wilcox, a former chair of the NCC who is greatly knowledgeable on this subject. I pay tribute, too, to my hon. Friend the Member for Hertford and Stortford (Mr. Prisk) who would be handling the Bill. He cannot be in the Chamber today, as I have already explained. He played a big part in Committee. I pay tribute to all those who have taken part in the Bill's proceedings. We cannot be proud of every Bill that goes through this place, but we can be proud of this one; it is a major step forward in consumer protection.

Consumer protection is best achieved through a spirit of shared responsibility, with the Government, businesses and consumers all working together, although that is not always reflected in reality when businesses fall short of their responsibilities. As the Minister said, it is important that consumers have the means to obtain timely, efficient redress. That is the whole thrust of the Bill. If consumers cannot obtain that redress, we are all failing. It is on the basis of those principles that we approach the Bill.

We set out a three-point plan when we began our deliberations on the Bill. The first point was to update the definition of estate agency work to include off-plan sales, internet property intermediaries and direct home sales by house builders. As we all recognise, 28 years have passed since the original legislation came into force, and we have had more than enough discussion about estate agents to understand what is in the Bill and what is, sadly, lacking. Secondly, we want to widen the scope of the Estate Agents Act 1979 to cover lettings and the residential property market and, thirdly, to increase the penalty for rogue estate agents to a maximum of £10,000. A maximum of £5,000 was set in 1979 and the figure has been unchanged since. Our belief is that it no longer represents a real penalty for rogue estate agents.

We recognise that following the Government's farcical efforts to introduce home information packs, they will be more wary of regulation for the housing market, but as I have explained, it is important in respect of the lettings market where there are some vulnerable people. Estate agents would have largely policed HIPs, and although we have regulated HIPs we have not yet completely regulated the estate agents who will administer them. There seems to be a certain irony in that.

We differ from the Government in how best to ensure that complaints are dealt with quickly and effectively. Redress schemes are at the heart of the Bill, yet they are the last resort of an unhappy consumer. In the first instance, redress should be sought from the company from which goods or services were purchased. Effective complaints procedures at that stage would ensure that more complaints were resolved at the outset, which is surely a desirable objective. That would reduce rather than increase the burden on the new NCC and make for better satisfied consumers, too. Good internal complaints procedures are the best way to protect and empower consumers, yet there is little on the subject in the Bill.

[Mr. Geoffrey Clifton-Brown]

Existing redress schemes vary greatly, from granting intermediate access to insisting on a three-month wait before the consumer can invoke the services of the ombudsman. Three months is a long time to wait and creates an opportunity for supplier companies to avoid resolving complaints quickly, knowing that the process may turn out to be too long and drawn-out for the consumer to bother pursuing things further. As Members of Parliament, we all know that unless our constituents instruct us to pursue complicated and time-consuming matters on their behalf, they tend to be deterred; they say that it is all too difficult and just go away. It would be unfortunate if that were an inadvertent effect of the Bill.

Conservative Members believe that companies should have in place effective internal complaints procedures to deal with consumers quickly. As my hon. Friend the Member for Rutland and Melton has pointed out, a similar model already exists in the financial services sector. The Financial Services Authority requires that membership of the financial ombudsman service is dependent on an organisation's having an appropriate and effective internal complaint-handling function. We hope that a similar system will be replicated by the NCC and the bodies it looks after.

Initially, the Government made only a small concession towards that approach when the issue was raised in another place. The phrase they introduced in clause 49 was deliberately vague; they required regulators only to

"have regard to...such principles as...the generally accepted principles of best practice".

That is far from specific and far from instructive. Through guidance to the NCC, we hope that the Government can help to resolve this issue. We are pleased that they have finally accepted the arguments we made in Committee and introduced seven amendments to make it compulsory for regulators to set standards of best practice.

Our third area of disquiet concerns the independence of the new National Consumer Council. The Government have said that they want the new NCC to be independent and for the relationship between it and the Government to be transparent and accountable. That is a laudable aim, but I fear that the text of the Bill reveals a rather different approach. Clauses 17 to 19 concern reports and advice that the NCC may produce on consumer matters. In each of the circumstances described in the Bill, there is discretion as to whether the reports are made publicly available. When the NCC itself determines that the reports shall be produced, it has discretion to publish. I think that, in this day of openness, there should, on the whole, be a presumption that the NCC should publish all reports unless, as we discussed previously on Report, they are commercially sensitive.

When the Government ask the NCC to report on specific matters, the Secretary of State chooses whether the public ever get to see what the NCC has to say. This is a serious matter of public accountability and transparency for the consumer. The NCC will receive public funding, but the reports that it provides to the Government are not necessarily, so it seems, to be made available to the very taxpayers who fund it.

As I have said, we believe that all reports produced by the NCC, unless they cover commercially sensitive information, should be automatically available to the public. That need not be a cost issue, as has been claimed. The documents could simply be made available via the NCC's website—a very simple matter these days. The Minister in the other place argued against that suggestion by claiming that not all such reports would be "of interest to consumers", but I fail to see how reports from a public body set up to look after consumers' interests would not be of relevance and interest to consumers. I fail to work out what bizarre leap of logic produced this decision. It is not up to the Government to decide whether the reports are of interest to the consumer; it is up to consumers to decide whether they want to see the reports. If they are published on the website, they will be able to exercise just that choice. It seems a bizarre decision.

It seems that the Government wish to use the NCC partially for their own purpose, or, at least, that could be the perception. The fact that the NCC will not have the right to publish its own reports goes to the heart of the question of whether the relationship between the Government and the NCC is sufficiently transparent. Conservative Members believe that it is essential that all such reports are published and that the NCC is perceived to be genuinely independent from the Government.

For years the NCC has been funded by the Government, but it has been unhindered in choosing for itself the focus of the work that it undertakes and then reporting on it as it wished. I hope that the Minister will agree that this is a better way to continue in the interests of empowering consumers.

We have had lengthy debates that have thoroughly examined the Bill, most of whose aims we thoroughly applaud. We hope that the NCC and the supplementary provisions in the Bill—for example, on solicited and unsolicited protection for the consumer in part 3—that we have hardly discussed today will work out well in practice. We commend the Government for having brought the Bill before the House, and we will not oppose it.

3.49 pm

Susan Kramer: We very much support the concept behind the Bill. The debates on it have been a fascinating exercise in constructive cross-party exchange. As a result of the Bill, we can say that consumers will be better protected than they are today.

I pay tribute to those who have supported us and helped us to understand aspects of the Bill and to try to find ways to improve it. *Which?* has been mentioned. I would like to mention the National Association of Estate Agents, the Royal Institution of Chartered Surveyors and a number of others that have made particular efforts to make sure that we are well informed. Their information and proposals have always been constructive.

Today we sound the death knell, in a sense, for Energywatch and Postwatch, but both organisations have played an extraordinary role in supporting and protecting consumers, thanks to the way they have

handled complaints and investigated underlying issues. An excellent example was given by the right hon. Member for Coatbridge—he has given me leave not to attempt to pronounce the rest of his constituency name. *[Interruption.]* Others are more able to pronounce it than I am. The work that those organisations have done to try to expose the issues surrounding energy pricing has earned them the gratitude of a large number of consumers, especially those who are most vulnerable. In many ways, those organisations have set a standard for complaint handling against which the new National Consumer Council and the whole system that has been set up under the Bill will in effect be judged. This is an opportunity for us all to pay tribute to the many individuals who have been so dedicated and have been involved in that process.

I pay tribute to my hon. Friend the Member for Solihull (Lorely Burt), who has supported me on the first piece of legislation that I have attempted to take through the House and who has brought so much wisdom and expertise to the issue. From the Lords, I would like to mention Baroness Miller of Chilthorne Domer and—perhaps this is slightly unusual—Lord Caithness, who sits on the Conservative Benches, but who has been quite an ally in working on the estate agent language, even if he was not necessarily supported by his own party. We value his contribution.

I appreciated the positive and constructive approach taken by the right hon. Member for Makerfield (Mr. McCartney). It was a pleasure to be able to raise an issue and get a straight answer and to feel that the issues that we raised were understood and taken seriously. The atmosphere that he created and the way in which he took the Bill forward have allowed this to be a constructive process and I greatly appreciate that.

The Government gave way on a number of issues and made a number of improvements in the course of our debates. I will touch on a few of them. In the end, they strengthened the language on sustainable development as a principle of which the new council must take note in exercising its functions. We appreciate that, even though we wish the Government had gone further, given the importance of establishing that in this era. There were many occasions when instructions to the NCC were couched in the language of "may" rather than "must". We appreciate that there was at least one occasion when the shift from "may" was towards "must". I am talking about the measure to require the regulator to prescribe standards for complaint handling. There was clearly a switch in the presumption of what the activity and focus of the NCC should be and we appreciated that.

We and others, including the Conservatives, were particularly concerned that the penalties that were initially to be levied on an estate agent who refused to join a redress scheme were so paltry as to be almost pitiful and ineffective. The penalty was set initially at £500. The Government moved that to £1,000, which is an improvement. The Conservatives called for £3,000. We wished to have scope for a penalty as high as £10,000 to be levied, particularly for multiple offenders who whenever they are challenged simply keep refusing to do as they are supposed to do and join a redress scheme. At least there was some movement in the right direction. As the Minister will be aware, the context is that the typical fee for an estate agent from the sale of a property is £3,000. We think that the penalty should at least bear some relation to the earnings from carrying out a transaction not covered by the redress scheme.

Mr. Clifton-Brown: I am sorry to interrupt the hon. Lady's constructive contribution, but does she agree that, as the average sale fee is about £3,000, a maximum penalty set at that amount will be wholly inadequate because it will not deter an estate agent from conducting shoddy business? The penalty should have been several times that amount.

Susan Kramer: I can only agree with the hon. Gentleman. That was our position, but his Front-Bench colleagues stuck at £3,000. There was scope for more agreement on that point. If we had had free votes on several issues, we would have seen a stronger outcome in several clauses.

I have remaining worries as we conclude our proceedings on the Bill. I fully appreciate that the Government mean well, but there has been much discussion about how to handle complaints made by vulnerable consumers and how to ensure that they are able to get adequate compensation and a satisfactory resolution of their problems. The right hon. Member for Makerfield made it clear that he wanted the definition of a vulnerable consumer to be flexible and wide. He gave the example of a widow who might be grieving and thus unable to cope with resolving a problem with an energy company, the Royal Mail or a company covered by the Bill. His example was good, but when we pressed the Government on the way vulnerable consumers would be identified—when we moved into the arena of implementation—it became apparent that almost no thought had been given to the matter. The Government might have put themselves into a box from which they will be unable to deliver.

The NCC will receive information on consumers via the consumer voice—over the telephone. If someone calls with a problem regarding an energy bill, it will be likely that the energy company's records will show whether that person is in receipt of benefits, or on a special tariff that might indicate vulnerability. However, many people will not be on benefits or a special tariff, yet will be vulnerable. In addition, the process will certainly not cover the kind of example cited by the right hon. Member for Makerfield. There will be no special tariff for a grieving widow who is in an especially difficult period of her life. If someone calls the NCC with a problem about the postal service, there will be no existing track record to reveal whether that person is vulnerable.

When I raised such points before, I was told that questions would be asked during the telephone conversation to expose whether the individual was vulnerable. Do we really think that someone will say on the telephone, "Excuse me, but do you have a low IQ or are you vulnerable?", "Have you recently been diagnosed with depression by a doctor?", "Is your schizophrenia particularly active at the moment?" or, "Have you lost someone in the family so that you are unable to cope with complex paperwork?"? It will be almost impossible to elicit the information necessary

[Susan Kramer]

over the telephone. I have asked many times what mechanisms will be used to try to identify vulnerable consumers, but I am still waiting for an answer. I hope that the Minister will take that point on board.

We are very concerned about the timing of the abolition of Postwatch. The Minister will be aware that 2,500 post offices will be closed over the next 18 months. Postwatch will play an essential part in enabling residents throughout the country to be consulted so that they can raise points to influence whether a closure goes through. Postwatch has a regional structure, whereas the new NCC does not. I should be grateful if the Minister confirmed the verbal assurances we have been given that Postwatch will be left largely intact until the closure process is completed. Is the Minister aware that members of Postwatch, whose role is so critical, will inevitably be distracted by whether they are about to receive a redundancy notice. Morale will be undermined, and in this critical period it will be hard to achieve the focus necessary to protect consumers and ensure that their voices are heard in the closure of their local post offices, which will have broad consequences for them and their communities.

We want stronger assurances from the Minister that small businesses will be recognised. The NCC can pay attention to small businesses, but nothing requires it to do so. Many small businesses fear that, over time, they will be lost in the distractions of the many other activities in which the NCC will be involved.

We have today debated residential lettings, direct sales and off-plan sales. I join the hon. Member for Cotswold (Mr. Clifton-Brown) in regretting the fact that the Bill does not address the issues far more powerfully. We are glad that a review is under way. It is focusing on lettings rather than direct or off-plan sales, whereas we believe it could have dealt with the whole problem. All that the review offers at the moment is delay, with no assurance that action will follow.

A great opportunity has been missed to require training and qualifications for estate agents. I cannot understand why our proposals have been ignored. I have not heard a coherent argument against such a basic framework for individuals who affect the most important spending decision families make. How can we enact a Bill on estate agents without at least requiring them—

Madam Deputy Speaker: Order. I remind the hon. Lady that we are debating what is in the Bill, rather than what has been omitted.

Susan Kramer: I shall close by asking the Minister to ensure that the Bill's implementation is closely monitored. The Bill sets up a sequence of redress schemes, which, as the hon. Member for the Cotswold eloquently pointed out, are designed to deal with the problem after it has arisen. Consumers are unlikely to pursue a complaint to redress unless the process is easy, positive and offers encouragement. The Minister will have seen the energy supply ombudsman's forms, which are not easy to complete with the detail necessary to pursue a complaint. We suspect that most redress schemes will refuse to provide a deadlock letter enabling consumers to pursue their complaint for at least three months—a long and delayed process. Ultimately, it is easier for people to drop out of the system.

Ofgem is reviewing the work of the energy supply ombudsman, but a minimal number of complaints survive to the point of redress. We know that Energywatch is about to disappear, but, as the Minister will know, in the past six months it handled about 32,000 complaints; in the same period, the energy supply ombudsman handled 321. Scaling up now to deal with a greater number of complaints means that the process will have to be closely monitored. Strangely enough, even though Energywatch has no power to deliver compensation, the average compensation achieved by it was £125 per case. The ombudsman, who has all the power, delivered only £80, on average.

If we can have assurances about monitoring and review, that will greatly aid my confidence and that of my colleagues in supporting the Bill. I thank you, Madam Deputy Speaker, for the opportunity.

4.5 pm

Mr. Timms: With the leave of the House, I welcome the brief debate that we have had. I am grateful to my right hon. Friend the Member for Coatbridge, Chryston and Bellshill (Mr. Clarke) for his generous remarks, his contribution to the debates in the Public Bill Committee and this afternoon, and the welcome that he expressed for provisions in the Bill. He is right to pay tribute, as did the hon. Member for Richmond Park (Susan Kramer)—

Mr. Clarke: I am extremely grateful for my right hon. Friend's kind remarks. In response to the hon. Member for Cotswold (Mr. Clifton-Brown) who led for the Opposition, may I say that if there is a discussion about the location of offices, new offices, especially pursuing policies that we welcome, will be very welcome in Coatbridge, Chryston and Bellshill.

Mr. Timms: I am grateful to my right hon. Friend for that intervention. He was rather unfairly chided by the hon. Member for Cotswold (Mr. Clifton-Brown). I said—rather quickly, perhaps, but I did say it—that there would be an office in Glasgow, as well as in the other locations that were mentioned.

My right hon. Friend was right to pay tribute to the work of Energywatch and to remind the House again of the importance of serving vulnerable consumers well. The hon. Member for Richmond Park also rightly drew attention to the importance of the work of Postwatch. I agree with her about the importance of those arrangements during the current closure programme. I was the Minister with responsibility for post offices during the urban reinvention programme so I know very well how important the work of Postwatch has been in that context. I can give the hon. Lady and the House the reassurance that those arrangements will continue until the end of the programme. We certainly will maintain the expertise in the energy and postal sectors that has been so valuable to us and to the country.

I welcome the constructive character of the debate, reflected in the remarks of the hon. Member for Cotswold just now. I am grateful to him for his

welcome for the appointment of the chair of the new National Consumer Council. We have explored some disagreements this afternoon, and some of them were set out again in his speech and that of the hon. Lady. I am happy to join both hon. Members in their tributes to their hon. Friends in this place and the other place for the contributions to the debate.

Mr. Clifton-Brown: Towards the end of her speech, the hon. Member for Richmond Park raised an important point. We all know from our constituency work that it is difficult to succeed with the ombudsman. She quoted figures from the compensation attained by Energywatch. It would be a tragedy if the Bill led to a weakening of consumer protection, if the ombudsman redress schemes did not work properly. Will the Minister continuously monitor that?

Mr. Timms: I am happy to give both hon. Members the assurance that we will do so, and to reaffirm that the new council will continue to carry out the central functions currently undertaken by the sectoral bodies. We do not want to lose any of the success that has been achieved.

In response to the specific point about publication of reports, it will be at the discretion of the Secretary of State whether to publish reports that he or she has commissioned from the new council. That allows for the preservation of confidentiality, if need be, but the council is free to publish its own reports.

I can confirm that we will monitor implementation. On the point about the level of the penalty for estate agents, we envisage the cap set in the Bill. I remind the House that it will be possible to consider the fitness of an estate agent to continue to practise, and a prohibition order may be made against such an agent, banning them from doing estate agency work. The sanctions are potentially much more severe than simply the level of the penalty.

The Bill provides a significant boost for consumers, strengthening their position, as Members across the House have recognised, and I commend it to the House.

Question put and agreed to.

Bill accordingly read the Third time, and passed, with amendments.

PETITIONS

Sale of Buildings (Hammersmith and Fulham)

4.10 pm

Mr. Andy Slaughter (Ealing, Acton and Shepherd's Bush) (Lab): I wish to present three petitions with a common theme, namely opposition to the forced sale of a number of buildings provided for the use of community and voluntary groups in the London borough of Hammersmith and Fulham. The petitioners in each case protest the decision of the Conservative-controlled council to sell those long-standing and irreplaceable resources for local communities in my constituency, particularly because the decisions were taken in secret without the users and tenants of the buildings being consulted or informed of the sales and without any thought being given to the future of the groups to be evicted.

First, I present a petition of 281 residents of the Wormholt estate in Shepherd's Bush concerning the disposal and proposed demolition of the former Wormholt library—a building of merit on the council's own classification—which is operated by the Wormholt tenants and residents association, chaired by Rene Taylor, to provide a range of services primarily for elderly residents of the estate.

The petition states:

The Petitioners therefore request that the House of Commons urge the Secretary of State for Communities to use her powers to reverse the decision of Hammersmith and Fulham Council to close and dispose of the former Wormholt Library, now Wormholt Tenants and Residents Community Centre, Hemlock Road.

Secondly, I present the petition of 287 residents of College park, an isolated area in the north-east of my constituency, concerning the disposal of the College park community centre, which has been a public building for over a century, is operated by the College park residents association, chaired by Maureen Clark, and runs a weekly youth club, pensioners club and the Happy Bunnies mother and toddler club, among other community events.

The petition states:

The Petitioners therefore request that the House of Commons urge the Secretary of State for Communities to use her powers to reverse the decision to close College Park Community Centre.

Thirdly, I present the petition of 628 users of the Hut Association, based at 59 Godolphin road in Shepherd's Bush. The Hut Association, run by Jacqueline Boyce, is an umbrella group providing services to families, many of whom are from black and minority ethnic backgrounds, particularly the much-loved parents and toddlers group.

The petition states:

The Petitioners therefore request that the House of Commons urge the Secretary of State for Communities to use her powers to reverse the decision of Hammersmith and Fulham Council not to renew the lease of 59 Godolphin Road.

And the Petitioners remain, etc.

To lie upon the Table.

Severe Mental Health Disorders

Motion made, and Question proposed, That this House do now adjourn—*[Mark Tami.]*

4.13 pm

Susan Kramer (Richmond Park) (LD): Let me say to the Under-Secretary of State for Health, the hon. Member for Bury, South (Mr. Lewis), who has drawn the short straw in having to reply for the Government, that I appreciate that, since the earlier debate ended well before its expected time, he has had to step into the breach. Under those circumstances, if I raise issues that are unfamiliar to him, will he do me the kindness of investigating them? We are considering significant matters that have an impact on some of the most vulnerable people—certainly some of the most vulnerable children—in our society.

I want to consider a subsection of the issues that are covered by today's debate: assessment and treatment of families with severe mental health disorders. I was drawn into the matter because the Cassell hospital is in my constituency. It is a specialist hospital, which deals with, assesses and treats families with severe mental health disorders. It also assesses and treats adults and adolescents and is considered exceptional in its field. It provides a service to a vast area of southern England.

I was brought into the matter originally because the Cassell hospital had to amalgamate its adult and adolescent wards. I innocently assumed that I would come across the more general problem of cutbacks in spending on mental health that local primary care trusts' financial difficulties had forced on several areas. There is an element of that, but it is not the key problem.

I came to understand, through being exposed to experiences at the Cassell, that a major issue was a reinterpretation of the Children Act 1989. Section 38(6) requires:

> "Where the court makes an interim care order, or interim supervision order, it may give such directions (if any) as it considers appropriate with regard to the medical or psychiatric examination or other assessment of the child".

In the early days of implementing the clause, it was interpreted to mean that assessment inevitably led to treatment. In other words, when a problem was assessed and a treatment could be prescribed, it was expected that the treatment would be followed through and funded by the local authority or the PCT, whichever was appropriate.

In 2005, a court case that was brought before the Lords of Appeal overturned that specific interpretation. Consequently, the courts concluded that the requirement to fund affected assessment but not treatment. It has changed the whole way in which families with severe mental health disorders are treated and managed in the UK. That decision by the Lords of Appeal in November 2005 reinstated the distinction between medical or psychiatric assessment and the treatment of the child.

Although that sounds like a nuance in the law, it runs foul of current practice in child psychiatry. Medical treatments under the NHS in the circumstances that we are considering are not neatly captured because psycho-social treatments are frequently the approach that needs to be taken. That is why specialist centres, such as the Cassell, are so engaged in the process.

Let me provide some sense of the impact of the case. A test case, generally known as Ray G, was one of the cases that shows the importance of linking assessment and treatment. It is the case of a family who were treated at the Cassell hospital. The mother was not initially able to provide the child with the care it needed, due to her own traumatic history of neglect. Initially, the child therefore had a fraught relationship with the mother.

Under a court order, the family—mother, father and child—engaged in an assessment, and treatment followed that assessment. When that transition into treatment was contested by the local authority—we all recognise that treatment is expensive—the High Court approved the treatment and the family is now doing exceedingly well. The child is flourishing and the family remains intact. The social justification for assessment and treatment being combined is well illustrated by that instance.

Following the reinterpretation of the law, however, families can be assessed but, if the local authority chooses not to fund the treatment—as they frequently do, because treatment is expensive—the family is then sent back into the circumstances that caused the court to look at their case in the first place. They are returned to the local authority, where services are typically inadequate.

Another case has been brought to my attention. I do not have a pseudonym for the person concerned, so I shall not use any names. An 18-year-old mother had suffered extreme emotional and physical neglect at home, as is frequently a key factor in such cases. When she became pregnant, she hoped for something better for her child. Initially, she cared well for the baby, but as the baby grew more demanding, that care fluctuated and raised the concerns of the local authority.

Mother and baby were removed to a foster care placement, but the concerns continued unabated. There were scant local resources to provide support to the mother, who had never lived away from home. She became so distraught that she threw the child on the bed in despair. The result was a court attendance and an assessment at a specialist centre—the Cassell hospital, where most of my information on this issue has come from.

There, the mother's difficult history of neglect and deprivation was gradually understood, explored and worked through, as was her wish to provide something different for her daughter. The history was so protracted as to warrant a specialist investigation. The child began to flourish, and the mother engaged well. At the end of the assessment, a recommendation for a move to treatment was made by the clinical staff.

The local authority refused to fund the treatment, however, and demanded an immediate return to the original, unsafe, foster care placement that had previously proved inadequate. That was in no way supportive of the child's experience or in keeping with the welfare of the family or the child, given that it would have involved an abrupt change of setting and the loss of relationships with the staff. The mother was distraught at the thought of returning to the place in which she had not coped before. In this case, the Cassell made the decision to fund the treatment for free. As a consequence, mother and daughter are now doing well. They have returned to the community and

are out of the care system altogether. They have a positive future ahead of them.

These are obviously difficult and complex cases. The Government clearly expressed their intent in supporting the original interpretation of section 38(6) of the Children Act, in which treatment followed assessment. The collective resources of the NHS and the local authorities were focused on keeping the family together and giving it a chance to recover from an environment of severe mental health disorder. It seems to me that we cannot read the Children Act or listen to the language of Ministers without believing that that is the intent.

Since the reversal of the interpretation of that section in 2005, however, the Government have taken no new action and introduced no new legislation to reinstate their original intent. The consequence has been that, in specialist hospitals such as the Cassell, families are being assessed as capable of treatment and in need of treatment, but the treatment is not being funded and the families are being returned to the local community. As I understand it, the courts themselves have now become inhibited. Judges are asking, "If the treatment cannot follow the assessment, why am I sending this family for assessment in the first place?" So the assessment process itself is breaking down.

When I first began to look into this matter, I thought that I was dealing with the standard funding issues relating to mental health. When this case was raised, however, I became aware that I was dealing with a piece of legislation. As I have discussed the matter with colleagues, I have begun to understand—perhaps this is new only to me—that I am entering a minefield of problems. We are starting to hear of cases in which children are being very easily removed from families in which mental health issues have been raised. If those issues are evident in the form of neglect or even abuse, they raise massive concerns with social services in the local authority.

Rather than trying to treat the family and enable it to overcome the problems and become successful, children are simply being removed from home and put into foster care or adopted. That is surely not the purpose of the 1989 Act or the Government's intent.

My goal is to ask the Minister to become a champion for those families. I ask him to investigate what is happening on all those issues and to consider amending the law so that its original purpose and original interpretation, with which the Government were satisfied, is reinstated. I also ask him to go further and take up the issue of families with severe mental health disorders.

The Minister will be well aware that when children are removed from a family, even the most difficult family, it is a highly traumatic experience. Many would argue that there is almost no way to repair the damage that is done to a child who is removed. Sometimes it is inevitably the necessary and better option, but there is a general agreement, both across most of the professions and in the language used by the Government, that if the family can be helped to recover and restore itself to a positive environment, that is better for the child and family as a whole. That is why I took the opportunity offered by this debate to raise such issues.

4.26 pm

The Parliamentary Under-Secretary of State for Health (Mr. Ivan Lewis): I congratulate the hon. Member for Richmond Park (Susan Kramer) on securing the debate. The problem may well affect a relatively small number of families in our society, but that does not make it any less important. Enduring and severe mental health issues are a challenge for the individual child and young person's development, but they can also have a major effect on family dynamics, and relationships. We should be trying to create a system that not only assesses but treats a family holistically and does everything that it can to support a family to get through and to cope with those psychiatric or psychological problems, enabling the family to remain together. Unfortunately, in some circumstances it is in the interests of both the child and the family for the child or young person to be removed from that home environment. However, in many circumstances, with the right preventive and holistic support, that child and young person can be supported to remain within the family environment.

The hon. Lady has identified a major problem as a consequence of a court judgment. It has changed some of the decisions that have been made within the health service in terms not only of the assessment but of the treatment of families in such circumstances.

In recent times—I should put the matter in context—we have made major progress in respect of mental health services for children and young people. Child and adolescent mental health services teams have built up in every part of the country, from a very low base, after the Government set a target and, as a result, there is a much more comprehensive range of child and adolescent mental health services in every community. The Mental Health Bill, which finally passed all its stages in this House yesterday, deals with age-appropriate treatment for young people with mental health problems. That is another advance with regard to mental health provision.

I acknowledge, however, that the hon. Lady has identified an anomaly and possibly an unintended consequence. The ministerial team at the Department of Health has undergone a major change, so it is not entirely clear who will be responsible for which policy area, but that will be finalised today or tomorrow. I assure the hon. Lady, however, that I will take responsibility for ensuring that the Department looks specifically at the consequences of the court judgment, its impact on the way services have related to families and, where appropriate and necessary, that the Department makes changes to ensure that those families have access to the kind of treatment that would give them the best chance of getting through those difficult and stressful life experiences and of coming out the other end with as decent a life as possible.

I do not want to go on any longer than is necessary. The hon. Lady has raised an issue of import and significance and I give her and the House a commitment that we will take it seriously and respond directly to her in the next few weeks on the progress that we have been able to make.

Question put and agreed to.

Adjourned accordingly at half-past Four o'clock.

House of Commons

Monday 9 July 2007

The House met at half-past Two o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

COMMITTEE OF SELECTION

Ordered,

That Mr John Randall be discharged from the Committee of Selection and Mr Simon Burns be added to the Committee.—[*Mr. Nicholas Brown.*]

Oral Answers to Questions

HOME DEPARTMENT

The Secretary of State was asked—

Antisocial Behaviour

1. **Mr. Mark Lancaster** (North-East Milton Keynes) (Con): If she will undertake a review of the effectiveness of antisocial behaviour interventions. [147901]

The Minister of State, Home Department (Mr. Tony McNulty): There will be a review of the effectiveness of antisocial behaviour interventions and we think that the contract will be let some time in September or October this year. The hon. Gentleman will know that there have been extensive studies from a range of sources on the efficacy of antisocial behaviour interventions, and we have always sought to adjust the practice of implementing them accordingly.

Mr. Lancaster: According to Milton Keynes community safety partnership's latest survey, a massive 72 per cent. of respondents listed antisocial behaviour as their principal concern, and only two weeks ago, a former Labour councillor was convicted of punching a young mother in the face outside a school in Milton Keynes. As actions speak louder than words, what will the Minister do to reassure my constituents that he is serious about tackling antisocial behaviour in Milton Keynes?

Mr. McNulty: First, I would ask them to find another MP, rather than one who treats a serious matter in such a cheap and partisan fashion. My hon. Friend the Member for Milton Keynes, South-West (Dr. Starkey) is more than aware of the antisocial behaviour difficulties with which the partnership in Milton Keynes is dealing and I would venture to say that she has done a tad more than the hon. Member for North-East Milton Keynes (Mr. Lancaster) to try to resolve those matters—good luck to her.

Clive Efford (Eltham) (Lab): My hon. Friend is no doubt aware of the success of antisocial behaviour orders in assisting communities to tackle the problem of antisocial behaviour. May I draw one aspect of the issue to his attention so that he is aware of it when he carries out the review? Police officers in my area are concerned that when somebody breaches an ASBO and they are taken back to the magistrates court, the matter is not treated severely enough, given that it is a severe breach of a court agreement. Will my hon. Friend take that into consideration when he carries out the review?

Mr. McNulty: Many people up and down the country have expressed that concern relating to communities. I will seek to ensure that the subject of the efficacy and effectiveness of the local magistracy when dealing with repeat breaches of antisocial behaviour interventions is part of the broader review that we will take forward towards the end of the year; I agree with my hon. Friend on that.

Barbara Keeley (Worsley) (Lab): May I tell my hon. Friend that we have had considerable success with antisocial behaviour interventions in Salford? In fact, there have been almost 900 different types of interventions and 40 antisocial behaviour orders. That has resulted in crime falling by 13 per cent. overall; in particular, criminal damage has been reduced. However, we do have some way to go. On the review, does my hon. Friend agree that councillors working with the safer neighbourhood teams will ensure success? That is what has happened in Salford to make our antisocial behaviour interventions so successful.

Mr. McNulty: My hon. Friend is entirely right. Anyone who is fair and consensual, as I am, would acknowledge that Liberal Democrat and Conservative councils across the country, and the odd recalcitrant Labour council, are finally getting on board in dealing with antisocial behaviour—the police have certainly been on board for a long time. My hon. Friend is right: the system is at its most powerful when all those local partnerships come together and draw up a broader antisocial behaviour strategy for the entire region, rather than just focusing on recalcitrant individuals.

Immigration Review

2. **Bob Spink** (Castle Point) (Con): What assessment she has made of progress on the implementation of her new Department's immigration review; and if she will make a statement. [147902]

The Secretary of State for the Home Department (Jacqui Smith): I have had several discussions with the chief executive of the Border and Immigration Agency since my appointment. Progress has already been made in meeting our key priorities, which are to strengthen our borders, to fast track asylum decisions, to encourage and enforce compliance with our immigration laws and to boost Britain's economy through managed migration. Agency status for the BIA, including a new regional structure, is encouraging greater focus on delivery, flexibility and speed of decision making.

Bob Spink: I welcome the Home Secretary to her new position and wish her good luck in it, and I thank her for her response. We have been impotent or unwilling to deport immigrants who are undesirable or who may pose a security threat to us. In light of the recent terrorist attacks and the increased threat level, will she adopt a tougher, more proactive policy on deporting "doctors of death", or Muslim clerics who seek to radicalise young men in Britain?

Jacqui Smith: Public protection and security has to be at the heart of our approach to immigration policy. The hon. Gentleman slightly underestimates the action that has already been taken. We have signed memorandums of understanding, which include assurances, with Jordan, Libya and Lebanon, and we have agreements with Algeria; they will enable us to deport suspects to those states. Nine people have been deported on national security grounds in the past two years, and 124 people from the UK have been excluded on national security grounds in the same period. We take the threat very seriously. We will do what is necessary and, by taking action and by making changes to the law when necessary, we will ensure that we can continue to do it.

Mr. Neil Gerrard (Walthamstow) (Lab): My right hon. Friend will recall that the review identified what have become known as legacy cases—the 400,000 to 500,000 cases that were supposed to be cleared within up to five years. However, will she look at how the issue is being handled, because people applying for extensions of leave and humanitarian protection, rather than making fresh claims, are simply getting a standard letter saying, "It will be decided within five years," which is very unhelpful both to the constituent and to those of us who deal with their cases.

Jacqui Smith: My hon. Friend is right. We have made a commitment to deal with all those cases—roughly 450,000—in the next five years. My predecessor set out the priority order on which that would be done, starting with harm first. Obviously, I will want to look carefully at the progress that is being made on that programme and I will take into consideration points made by my hon. Friend. We expect to be able to report on progress on that work later this year.

Mr. Peter Lilley (Hitchin and Harpenden) (Con): Given that the Health Department claims that we have a uniquely ethical policy of not recruiting doctors and nurses from Africa, will the Home Secretary, in her review, examine why the Home Office has issued more than 60,000 work permits to nurses and doctors from Africa since 2000, quite apart from the many issued to doctors and nurses from Asia? Although the issue was recently highlighted by the appalling fact that a handful of these people were apparently involved in terrorism, is it not also appalling that we are asset-stripping Africa of the resources that it so desperately needs to cure its own people?

Jacqui Smith: Thanks to the considerable investment that the Government have put into training medical staff and ensuring recruitment into our NHS, it is no longer necessary—certainly with respect to consultants—to recruit from abroad. However, where people would like to come and contribute to the NHS—and, incidentally, in many cases, to take back skills that they have learned here to their own countries—I am sure that the right hon. Gentleman would not want us to prevent that from happening. The related issue of the concern about security checks on those who come to work in the NHS is, of course, the subject of the review that the Prime Minister has asked the Under-Secretary of State for the Home Department, Admiral Sir Alan West, to undertake, and we will look carefully at whether there is more we need to do to tighten the security arrangements in those very specific circumstances.

Jim Sheridan (Paisley and Renfrewshire, North) (Lab): May I ask my right hon. Friend whether, as part of the immigration review, she could reflect on the impact that migrant workers are having on indigenous workers in all our communities? There is clear evidence that unscrupulous employers are bringing these vulnerable workers into this country and exploiting the current employment laws. Will my right hon. Friend speak to her colleagues in the relevant Department to close those loopholes?

Jacqui Smith: It is in order to make sure that the economy and the British people benefit from migration, but also to manage the risks and allow people to come to this country on the basis of their skills and the contributions that they can make, that we have set up the migration advisory committee, which will meet for the first time in October to look precisely at those issues. It is also—this relates particularly to some of the areas that my hon. Friend was concerned about—why we are increasing our enforcement capacity to tackle illegal working where it is happening and, more broadly across Government, looking at how we can ensure that the minimum employment standards that we expect in this country are taken into consideration and enforced, regardless of where workers come from.

Stewart Hosie (Dundee, East) (SNP): The Home Secretary will be aware of previous announcements of the shortage occupation lists by the migration advisory committee and of ongoing consultation on the prevention of illegal working. There is, of course, also the immigration review that she is discussing in this question. Is she confident, given that a plethora of different bodies are doing similar and related work, that the output from each will be consistent and avoid any conflict between the necessary job of preventing illegal working and the equally necessary job of ensuring that labour shortages in certain sectors continue to be dealt with?

Jacqui Smith: I am confident that we are putting in place the necessary bodies in working order to ensure that. That is why the migration advisory committee, which I mentioned in my previous answer, has a clear remit to assess the economic benefits of migration and the way in which we should manage that for the benefit of the British economy. The migration impact forum, which met just this month, has a clear responsibility to examine the impact of immigration across, for example, public services and other aspects of our communities. Taken with the wide range of other activities that I outlined in my first answer, those give us a clear view of our priority objectives, and we are increasingly putting in place the machinery to make sure that they are delivered.

Fiona Mactaggart (Slough) (Lab): I am glad to welcome the Home Secretary to her new role. I am sure she will fulfil it with the calm good sense that she has already displayed. On the migration review, people like me who were elected on a platform of a firmer, faster and fairer immigration process have been concerned that we deliver on the speed of the process. One of the welcome aspects of the migration review was accelerating the pace of change, speeding up decision making and making decisions more effective. One of the difficulties that I have had in looking at the speed of decision making is the fact that the asylum statistics do not report on the end-to-end model—

Mr. Speaker: Order. Are we going to manage a question? We must have a question.

Fiona Mactaggart: May I ask—

Mr. Speaker: Order. Please have a seat while I am standing. The hon. Lady should ask a precise question and not give us a preamble.

Fiona Mactaggart: Thank you, Mr. Speaker. My question was whether my right hon. Friend would look at the figures that are published in the asylum statistics, so that the whole length of time that an asylum decision takes—

Mr. Speaker: Order. That will do. There are other Members to call.

Jacqui Smith: My hon. Friend the Member for Slough (Fiona Mactaggart), is right. It has been a clear focus of the work of the Border and Immigration Agency to reach those decisions more quickly and to get them right. That is why the decision for the majority of asylum seekers will be made within one month. Before the end of the year we will achieve the milestone that we set ourselves, for 40 per cent. of asylum cases to be completed in six months from the decision through to the disposal of that decision. My hon. Friend raises an important point about how we report the asylum statistics. That will be the subject of a review of asylum statistics being led by my hon. Friend the Minister of State, Home Department, the hon. Member for Birmingham, Hodge Hill (Mr. Byrne) over the summer. I hope to be able to report back to her when we have carried out that review.

Mr. Nick Clegg (Sheffield, Hallam) (LD): I welcome the Home Secretary to her first Home Affairs questions. The Government have made much of the role that identity cards will play in the management of our immigration system. Her Minister for Immigration and Asylum said to me on the Floor of the House in February that up to 70 per cent. of the cost of ID cards would be absorbed by the introduction of biometric passports. Given that in the High Court the Government are blocking a request from the Information Commissioner demanding publication of the Government's own early cost estimates for the project, will she agree today to allay growing public concerns about the ballooning costs of that vast project? Will she agree to place before the House as soon as possible a full, detailed analysis of the costs of the project from beginning to end?

Jacqui Smith: The hon. Gentleman and his party, as well as the official Opposition, have taken a consistently oppositional approach to the use of identity cards to support our objectives in relation to immigration, how we counter terror, and how we make sure that people in this country get the things to which they are entitled—*[Interruption.]* Sometimes that opposition is hidden behind concerns about costs, and sometimes it is hidden behind more supposedly principled arguments. Nevertheless, it is opposition, and Opposition Members have to face up to the consequences when difficult decisions are being made. On the case to which the hon. Gentleman refers, it is about the release of information being prepared for and provided to Ministers to allow the most rigorous analysis to be made of the ongoing costs of delivering a very important policy—ID cards. I am, of course, completely in favour of freedom of information, but it is also my view that there will be—*[Interruption.]* There will be important areas such as advice to Ministers and ongoing analysis of policies that the original legislation never proposed should be subject to freedom of information. If we are to ensure that those reviews are as rigorous as the hon. Gentleman and I both hope they are, that is an entirely reasonable position to take.

David Taylor (North-West Leicestershire) (Lab/Co-op): Only a few days ago, I signed off a letter to the Minister of State, my hon. Friend the Member for Birmingham, Hodge Hill (Mr. Byrne) describing a set of circumstances that I am sure is common in the constituencies of most hon. Members, which is that a good number of people who are working in local residential care homes as carers are foreign nationals who have been here for several years. When will the Border and Immigration Agency's new system for processing work permit applications be up and running? In the interim, an awful lot of applications are being rejected, with all that that entails for the stability and fair treatment of the foreign nationals who are here, and indeed for the quality of care that will be available in residential care homes without the services of those people.

Jacqui Smith: My hon. Friend makes an important point about the potential contribution that migration can make to our economy. Improvements have already been made to the work permit process, but of course one of the challenges is how we can, as we go forward, bring some consistency and coherence to what has developed over the years into 80 different routes for immigration into this country. In order to do that, the very good progress that has been made so far on the points-based system of dealing with immigration is absolutely crucial. That is why I have been encouraged by that progress.

David Davis (Haltemprice and Howden) (Con): The Home Secretary says that progress has been made, yet the head of Interpol stated that the Government are failing to check visitors against its database of stolen documents and suspected terrorists. The Government's own counter-terrorism adviser, Lord Stevens, has criticised our porous borders. Only this weekend, we discovered that a convicted French terrorist has been allowed into Britain. Just hours ago, Muktar Said

Ibrahim was found guilty of conspiracy to murder for his role in the 21/7 attacks—a man who, despite the fact that he was facing criminal charges for extremism at the time, was allowed to leave the country, go to Pakistan to train, and come back and plan the attempted murders of 21/7. The Government's own e-borders policy will not be in place for seven years. What immediate action is the Home Secretary planning to protect the public?

Jacqui Smith: On the right hon. Gentleman's first point in respect of Interpol, I hope that I can provide reassurance to the House that it is already the case that all known and suspected terrorists declared by Interpol are placed on the warnings index by the Serious Organised Crime Agency. That warnings index has 17 million entries and is routinely used for the scanning of passports of all those who enter this country. However, work is also under way with SOCA to provide access and searching functions against the Interpol stolen travel document database at the border. We have already carried out a study, and I am expecting a report on that next week.

On the right hon. Gentleman's general points about the security of our borders, I have to say that he fails to recognise the considerable progress that has been made. That progress already enables us to check and verify the fingerprints of those applying for visas on entry to this country. Through measures that we are taking in the UK Borders Bill, foreign nationals in this country will be subject to biometric ID cards. In the past two years, airline liaison officers have already turned back more than 150,000 people—the equivalent of two jumbo jets a week—because of a failure to have the correct papers or because of concerns about them. The first stage of the e-borders scheme has already enabled us to track 22 million passenger movements, has issued over 12,000 alerts to border agencies, and has—

Mr. Speaker: Order. I feel that the Home Secretary has done well to explain the situation.

David Davis: The Home Secretary says that action is being taken. However, the weaknesses in our control and security do not just apply to doctors: bogus student applications are an even bigger loophole. Her predecessors—all of them—have made tough promises. Let me quote just one—the right hon. Member for Sheffield, Brightside (Mr. Blunkett) said, three or four years ago:

> "We are going to tighten up dramatically on students coming in, the colleges which take those students...Secondly, making sure that those students who do come actually turn up on their courses, and don't disappear".

Since that promise, one university alone—Portsmouth—has notified the Home Office of 2,500 students who were given places, and presumably got visas on the back of that, but did not turn up. What did the Home Office do about it?

Jacqui Smith: Well, I had only just got started.

Let us get on to the subject of foreign students. They bring considerable economic benefits to the UK, contributing more than £5 billion a year to our economy. We are determined to ensure that the student route is not abused, which is why it is already the case that students found ineligible for a visa are refused entry to the UK. Visa applicants, including students, are checked on application against the warnings index of 17 million entries. From April 2007, a package of rules changes have taken effect, which tackle the abuse of the student route.

With respect to the right hon. Gentleman's specific question, there is already mandatory reporting of enrolment and attendance of students, when requested by the Border and Immigration Agency. Failure to do so would result in a college being removed from the current Department for Education and Skills register. The introduction of the points-based system with a much stronger focus on sponsorship will mean that all sponsors will have to be accredited, and any college or university that does not do so will run the risk of being taken off the list, and will thus be unable to sponsor students and get the benefits that come from that process. We have taken strong action to tackle the abuse already, and further is planned.

Illegal Raves

3. **Mr. Henry Bellingham** (North-West Norfolk) (Con): When she next expects to meet chief police officers from East Anglia to discuss illegal raves. [147903]

The Parliamentary Under-Secretary of State for the Home Department (Mr. Vernon Coaker): I understand that illegal raves have been a problem in East Anglia. Operational decisions on the use of the powers available to deal with them are for the police to take. The Association of Chief Police Officers met on Thursday 5 July and my officials tell me that they are taking forward work nationally to look at intelligence gathering, partnership working and current legislation regarding the issue of illegal raves.

Mr. Bellingham: The Minister will be aware that there was a time when raves were generally low-key, good-humoured events. During the past few weeks, there have been a number of illegal raves in my constituency where there has been substantial criminal damage and violence, a great deal of damage to property and the peddling of illegal drugs. The local police are fully stretched and are doing their best, but does he agree that the time has come for records of raves to be centrally recorded? The Government should look again at the powers the police have. Will he consider the matter urgently?

Mr. Coaker: I am not aware of being present at any illegal raves, and I am not sure if the hon. Gentleman has been to any either.

The issue of illegal raves is important; they cause considerable disquiet, distress and law-breaking in many areas of the country, including the hon. Gentleman's constituency. ACPO has set up a sub-group to look at the issue, and one thing it might consider is whether to take on board the central recording of illegal raves—a point made by the hon. Gentleman. I also point out to him that there are considerable powers available to the police under section 63 of the Criminal Justice and Public Order Act 1994, which was amended by the Anti-social Behaviour Act 2003, to prevent raves from taking place, and to deal with them if they come to pass. I hope that that gives some reassurance to the hon. Gentleman.

Internet Service Providers

4. **Mrs. Siân C. James** (Swansea, East) (Lab): What work she is undertaking with internet service providers to ensure that they take a responsible approach to the contents they host. [147905]

The Secretary of State for the Home Department (Jacqui Smith): The Government continue to work with the internet industry to ensure that inappropriate material is not hosted in the UK and that there is a greater understanding of and clarity about when criminal offences have been committed on the internet.

As part of that approach, there is ongoing co-operation between internet service providers and law enforcement agencies. Most service providers have acceptable use policies in place that enable the removal of material from any site if it is illegal, distasteful or otherwise unacceptable.

Mrs. James: I thank the Home Secretary for her answer and congratulate her on her new role.

Given the huge increase in videos that depict scenes of violence, antisocial behaviour and criminal behaviour, which are being uploaded on to such internet services, does my right hon. Friend agree that it is time for the police to have more powers when dealing with internet service providers who persist in the glorification of such acts?

Jacqui Smith: It is clearly unacceptable for such criminal acts to have been committed in the first place and then uploaded on to the sorts of sites that my hon. Friend mentioned. We need to look at the matter in two stages. First, criminal law already covers the first offence of the attack—whether it is assault, wounding, actual or grievous bodily harm or antisocial behaviour, which my hon. Friend mentioned.

Secondly, someone who records a violent offence could be criminally liable for uploading it either because they have committed the offence being filmed or because they were involved in planning it and would therefore be open to charges of conspiracy, incitement, aiding and abetting or being involved in a joint enterprise to commit the offence.

Uploading the video as well as taking part in the offence could be an aggravating factor when sentencing is considered. It is important to keep the matter under review and my hon. Friend has put her finger on something that concerns many people. However, the law is in place and we need to continue working with the police and internet service providers to ensure that we limit that unacceptable activity.

Sir Paul Beresford (Mole Valley) (Con): The Home Secretary will know that paedophiles regularly download some appalling child abuse videos and films on to their computers. Increasingly, they are encrypting the material so that the police cannot get access to it. The police have been waiting about five years for the statutory instrument relating to encryption and the Regulation of Investigatory Powers Act 2000. When will they get it?

Jacqui Smith: I know that the hon. Gentleman has taken a strong interest in the matter. Since coming into the Home Office, I have been impressed by the work of the Child Exploitation and Online Protection Centre and the work that the Under-Secretary of State for the Home Department, my hon. Friend the Member for Gedling (Mr. Coaker) is leading. I understand that we are looking at that specific matter to bring it forward. I hope that we can get back to the hon. Gentleman with news on that soon.

Dr. Brian Iddon (Bolton, South-East) (Lab): May I draw my right hon. Friend's attention to a substantial piece of work that Zentek Forensics in my constituency carried out? It showed that it is ever so easy to google one's way around the firewalls that prevent children from accessing some very undesirable material. That is happening in schools, libraries and children's bedrooms in the evenings at home. Will my right hon. Friend look at the providers of commercial filters and try to get them to strengthen their firewalls?

Jacqui Smith: I am happy to look at anything we can do to protect children from some of the dangers of the internet. I recognise, of course, that the internet plays an important role in the lives of children and young people—at their schools, in their social lives and in their ability to research. However, it is clearly unacceptable if we cannot put the technical safeguards in place. We have been considering how we can, for example, kitemark some of the products that are involved in filtering and monitoring software. Perhaps, as part of that activity, the company to which my hon. Friend referred could make some progress. However, we take the issue extremely seriously.

Sir Patrick Cormack (South Staffordshire) (Con): Although I welcome the Home Secretary's comments, does she agree that it is a tragedy that what used to be the place where childhood innocence was protected and preserved—the home—is now often the place where it is corrupted and destroyed?

Jacqui Smith: If that were the sole impact of the internet and some of the new methods of communication, I would agree with the hon. Gentleman. However, as the parent of a teenager, I have had my eyes opened and been amazed by the scope for friends to communicate with each another and talk to each other through sites like Bebo. Sometimes I wish that they would talk face to face; nevertheless, important elements of social networking take place through such sites. We need to put in place the technical safeguards necessary to educate parents and children about how to use them safely. That is an important part of CEOP's work. I know that work is going on to consider especially those social networking sites. We will soon produce guidance on the technical matters and the way in which we can better advise parents, who need to take responsibility for what their children do in the home.

Martin Salter (Reading, West) (Lab): I congratulate my right hon. Friend the Home Secretary on her new role. Will she join me in paying tribute to Liz Longhurst, who has campaigned tirelessly since the horrific murder of her daughter, Jane, for the outlawing of extreme images of violent internet pornography, which will be made illegal in the recently published Criminal Justice and Immigration Bill? Will my right hon. Friend tell the House when that welcome measure is likely to receive its Second Reading?

Jacqui Smith: I think that the legislation to which my hon. Friend refers is due to receive its Second Reading in the autumn. He is right that the campaigning of Liz Longhurst, ably supported and championed by him, has brought the issue to the fore and applied the necessary pressure to bring about those legislative changes, which will be important in offering protection in this area.

Special Constabulary Employer Supported Learning Scheme

5. **Bob Russell** (Colchester) (LD): If she will extend the special constabulary employer supported learning scheme. [147906]

The Parliamentary Under-Secretary of State for the Home Department (Meg Hillier): In February 2004, the Home Office, the Metropolitan police, Dixons and Woolworths launched the ShopWatch initiative, which recruits employees as special constables from retail establishments to patrol their own retail areas. The ShopWatch programme succeeded in reducing retail crime by a half in 2004 in the participating stores and is a prime example of proactive partnership working across the community and forces. The freedom to decide whether to go ahead with the scheme lies with individual police forces and their partners. They need to decide whether it would suit their area and be useful. The National Policing Improvement Agency offers support to any areas that wish to take the scheme up.

Bob Russell: May I welcome the Under-Secretary to her position, congratulate her on her promotion and, somewhat rarely for me, congratulate the Government on a project that is very worth while? While thanking employers for allowing staff to join the ShopWatch scheme, I should like to place on the record our appreciation to them and urge the Under-Secretary to encourage every police force to introduce it. It is the best news that we have had for special constables, with the first six in Essex joining last week, in Colchester.

Meg Hillier: I know that the hon. Gentleman is a great supporter of the scheme and has been a driving force behind its introduction in Colchester. I am certainly happy to congratulate Colchester's "business specials", as they have been dubbed, and congratulate the participating stores, Asda, Sainsbury's and Tesco, Colchester borough council, Bluestone and Essex police for getting the scheme off the ground. The best advert for the project is a successful scheme, as well as the hard work that the hon. Gentleman has put into highlighting it. I shall be watching with interest and I hope that other hon. Members will highlight the project in their areas, too.

Lyn Brown (West Ham) (Lab): Does my hon. Friend agree that volunteering in the police force, the ambulance service or the fire brigade is an excellent way of creating sustainable communities and getting collective responsibility within them for their safety and well-being? If so, is there any way that we can expand the ShopWatch scheme to other private and public sector bodies?

Meg Hillier: I agree with my hon. Friend that it is important that we all take collective responsibility for our safety. It is fair to say that my hon. Friend Sir Alan West highlighted that at the weekend, which is an important aspect—[*Interruption.*] As someone asked from a sedentary position, "Is he a friend?" He is indeed. A man who has held such a high position in the Navy, patrolling our waters, certainly has my friendship and, I am sure, that of other hon. Members. My hon. Friend the Member for West Ham (Lyn Brown) asked whether we could extend the scheme to other areas. It is worth highlighting the fact that although we are discussing ShopWatch, we also have hospital watch, campus watch and borough beat, which run in conjunction with hospitals, universities and local authorities.

Mr. Douglas Hogg (Sleaford and North Hykeham) (Con): May I ask the Minister whether there are any arguments of principle against a paid special constabulary, as with retained firemen or the Territorial Army? If there are no such arguments, why have not the Government put a paid special constabulary in place during the past 10 years?

Meg Hillier: One of the special aspects of the special police is that they are volunteers; they are paid only out-of-pocket expenses. The Government introduced police community support officers, who play a vital role in our neighbourhood policing teams in constituencies up and down the country. It is worth noting that while the Government supported the introduction of police community support officers, the right hon. and learned Gentleman's party voted to delete some of their powers of arrest in April 2002, when the Police Reform Bill was in the Lords.

Sarah McCarthy-Fry (Portsmouth, North) (Lab/Co-op): We in the House agree that these schemes are excellent and provide a good way forward for community cohesion. How should we expand them? What work is being done with employers to persuade them that the skills that volunteers learn as special constables are transferable to their place of work, and to encourage more of them to take up those schemes?

Meg Hillier: My hon. Friend is right to highlight the importance of employers being on board in terms of such schemes—special constables might require their employers to allow them some time off work. ShopWatch special constables have highlighted that the transferable skills that they have gained have given them confidence in spotting potential shoplifters, for example. The scheme has contributed to a reduction in shoplifting when those specials are off duty as well as to the safety of the area when they are on duty.

Mr. David Ruffley (Bury St. Edmunds) (Con): According to the Office for National Statistics, the number of special constables has fallen from 19,900 in 1997 to about 13,000 today. When does the Minister expect the number of specials to rise and to get back to the 1997 level that new Labour inherited?

Meg Hillier: The Conservatives can hardly criticise the Government, given the enormous increase in numbers in the Metropolitan police service, whose

numbers are now at their highest level ever, and the introduction of police community support officers. As for special constables, I agree with the hon. Gentleman that it would be great to see more volunteers, and we need to encourage employers to support the various schemes that I have outlined. We have seen a small increase in numbers. Up to 2006, we had 13,405, and we are awaiting the figures for this year, which will be published on 26 July.

Border and Immigration Agency

6. **Keith Vaz** (Leicester, East) (Lab): When she plans to visit the Border and Immigration Agency in Croydon. [147907]

The Minister of State, Home Department (Mr. Liam Byrne): The Home Secretary plans to visit the Border and Immigration Agency in Croydon when her diary permits.

Keith Vaz: When the Home Secretary visits the agency, perhaps with the Minister of State, would they care to look into the in-trays, the filing cabinets and the post room controlled by the director general to get an explanation as to why it takes so long for Members of Parliament to get replies to simple questions and to obtain information requested from Ministers? I know that the Minister will try to deal with this question with his usual boyish charm, but these are serious issues that affect our constituents, and we need to get basic replies to our letters.

Mr. Byrne: My right hon. Friend is absolutely right—

David Davis (Haltemprice and Howden) (Con): About your boyish charm?

Mr. Byrne: In much of his analysis.

My right hon. Friend will know that we have systematically dealt with our priorities over the past year. We started off by tackling the problem of foreign national prisoners, and moved on to ensure that we had the right amount of resources in immigration policing. He is right to say that resolving the legacy that has built up over the past few years must be tackled. We make something like 1.4 million immigration decisions a year, and about 85 per cent. of right hon. and hon. Members' letters are now dealt with inside 20 days, compared with 32 per cent. in 2003. We need to go further, however, and that is why further investment is required and will be delivered.

Mr. James Clappison (Hertsmere) (Con): But is the Minister aware that on 5 August 2005, in response to the July bombings, the present Government made their top security priority the need to establish new grounds for deportation there and then? Is he also aware that in a written reply of 6 June this year, the Government said that since then there had been only one deportation? That means that in the intervening two years we have had three times as many Home Secretaries as we have had deportations—even if a small number of deportations have taken place since 6 June. Why is it that, as with Hizb ut-Tahrir, so many dangerous individuals are still with us?

Mr. Byrne: The hon. Gentleman has pursued this line of inquiry for some time and with some interest both in this Chamber and on the Home Affairs Committee. He is wrong to say or pretend that the full picture is about deportation, when so much of the important work is not just about undertaking deportations, often with assurances, but excluding those people who should not be here. Looking into the role of exclusion and removal as well as deportation is therefore important. Over the past couple of years, there have been about 176 occasions on which the previous two Home Secretaries used their powers to exclude or remove people. That demonstrates a very clear readiness to use the available powers to protect the United Kingdom.

Mr. David Heathcoat-Amory (Wells) (Con): On the very question of deportations, does the Minister agree with the previous Home Secretary's statement of 24 May, in which he said that the deporting of criminal and terrorist suspects was being prevented by the European convention on human rights—a situation that he described as "outrageous"? He further claimed that it was leading to a situation in which

"we have an inadequate apparatus with which to fight terrorists."—[*Official Report*, 24 May 2007; Vol. 460, c. 1433.]

Does the Minister agree with the previous Home Secretary on the ECHR, and, if so, what is he going to do about it?

Mr. Byrne: The then Home Secretary provided a full answer to that question at the time. The judgment under ECHR is one that dates back, if my memory serves me correctly, to 1996, and is known as the Chahal judgment. We believe that it prevents us from weighing the right considerations in the balance when we are making those decisions, but that is precisely why the UK Government are seeking to intervene in the Dutch Ramsey case, as we want the correct balance of considerations to be applied when taking such decisions.

Mr. Anthony Steen (Totnes) (Con): Before I ask my question, may I tell the Home Secretary what a good job the Under-Secretary of State for the Home Department, the hon. Member for Gedling (Mr. Coaker), has done on the trafficking of human beings and that the all-party group, as well as many other non-governmental agencies, are grateful to him for that.

When the Home Secretary goes to Croydon, will she have a word with the Paladin team, which deals with missing children, and ask how it is that 183 children have gone missing from local authorities in the last 18 months? No one seems to know where they are and nobody cares about them. Should not the Home Secretary now take a serious interest in the number of children missing from local authority care who are never found? Should she not be doing something about that?

Mr. Byrne: My hon. Friend the Member for Gedling is grateful for the praise. The point about how we look after children who arrive here and claim asylum—the so-called unaccompanied asylum-seeking children—is an important one. We think that it is vital that the Border and Immigration Agency, along with other agencies, have a closer relationship with children while they are in care. That is why we suggested introducing tighter reporting arrangements for children. I have to say to the hon. Gentleman, however, that when it came to debates in Committee, it was his party that opposed those measures.

Computer Crime

7. **Michael Fabricant** (Lichfield) (Con): What recent assessment she has made of the effectiveness of measures to tackle computer crime and online fraud; and if she will make a statement. [147908]

The Parliamentary Under-Secretary of State for the Home Department (Mr. Vernon Coaker): May I thank the hon. Member for Totnes (Mr. Steen) for his remarks? I think that my wife, and perhaps my children, would be surprised at his pronunciation of my constituency!

The Government have recently legislated to reform the criminal law to ensure that the Computer Misuse Act 1990 is fully up to date and able to cope with developments in e-crime. We continue to work with industry and law enforcement partners on crime prevention initiatives, including Get Safe Online, and we maintain regular contact with stakeholders to monitor the effectiveness of our efforts.

Michael Fabricant: I am grateful to the Minister for that reply. He will know that anyone with a credit card, which I guess is most people in this country, can receive e-mails saying, "Please can you send information about your card, because it needs to be updated". That is what they call phishing, which is wrong and can lead to computer fraud.

There have been more and more instances of such e-fraud. Yet it seems at times that the police do not turn up any more when they are contacted, because the tide of such crime is rising higher and higher. The Minister said in his answer that there were numerous agencies to tackle that crime, but what steps are he and the Home Office taking to try to ensure greater co-ordination between those agencies to stem that ever-rising tide?

Mr. Coaker: Part of the solution is for people to recognise the real risks that may be involved in so-called advertisements on the internet, and our education programme Get Safe Online seeks to achieve that. As for co-ordination, the hon. Gentleman will know that as part of its remit the Serious Organised Crime Agency has an e-crime unit, which I have visited and which is dealing very effectively with some of the most serious aspects of internet crime. Meanwhile, we await a business case from Commander Sue Wilkinson of the Association of Chief Police Officers, who will give us ACPO's views on what we should do about a co-ordination unit.

Andrew Miller (Ellesmere Port and Neston) (Lab): Co-ordination on a cross-force and indeed a cross-border basis is mission-critical. Legislative changes may be necessary to enable money to be chased, because if we do not chase the money we will never get to the root of the crimes. My hon. Friend is right to praise the work of Get Safe Online, but will the Home Office use some of its advertising budget to promote that work to the parents and businesses who could benefit from it?

Mr. Coaker: I think that the easiest way in which to answer my hon. Friend's question is to say that of course we will consider his suggestion. As I have said, education abut the internet is crucial. We will think about the budget: at present the Cabinet Office funds Get Safe Online, but we will consider whatever we believe may be necessary to make use of the internet safer.

James Brokenshire (Hornchurch) (Con): Since April, it has no longer been possible to report incidents of online banking fraud directly to the police. Instead, victims must notify their banks, which have discretion to decide whether to refer the matter to the authorities. Does the Minister accept that that sends a confused message about the seriousness with which this type of crime is treated—although it has risen by 45 per cent. in the past year—and suggests that his Department either cannot cope or cannot be bothered with e-crime?

Mr. Coaker: It certainly does not indicate that the Department is confused. Nor does it indicate that the Department is not bothered about the whole issue. What we have done, with the agreement of ACPO and the Association for Payment Clearing Services, is change the system so that instead of going to the police station and not being sure what response they have received, people will tell the banks when they believe that fraud has occurred. The banks will then determine whether it has occurred, collate the reports, and give them to the police. That means not only that people will be recompensed for losses they have incurred but that the law enforcement agencies will be able to detect patterns of criminal activity, as a result of which far more perpetrators of fraud will be caught and dealt with by the courts.

Mr. Brian Jenkins (Tamworth) (Lab): I do not expect my hon. Friend to safeguard foolish people from giving details of their bank accounts or passing their money to conmen, but is he as anxious as I am to ensure that necessary safeguards do exist? I want to be certain that if I make a purchase online from a small company using my credit card details—or if one of my constituents does so—that company has a firewall to prevent others from hacking into the system, taking my details, and using my card to purchase other goods. Will small, and indeed large companies have a duty to safeguard my details, and how will that be achieved?

Mr. Coaker: I thank my hon. Friend for his question. He is right that it is not only members of the public who have a responsibility to protect themselves—one of the purposes of Get Safe Online is to encourage people to be aware of the difficulties they might face—but that small and big companies also have a responsibility to protect their customers. We are constantly in discussions and negotiations with them to discover what more they can do in that regard so that we ensure that we minimise fraud.

Illegal Immigrants

8. **Mr. Nigel Evans** (Ribble Valley) (Con): What steps she is taking to enhance the effectiveness of the measures in place to prevent illegal immigrants from entering the UK. [147909]

The Minister of State, Home Department (Mr. Liam Byrne): There are two key steps to countering illegal immigration: biometrics to lock visitors down to a single identity, and intercepting and stopping illegal immigrants as far from our shores as possible.

Mr. Evans: I endorse what the Minister has said, but Migrationwatch UK states that there are 875,000 illegal immigrants in the country, and that 50,000 of them are detected every year but only one in four are returned home. We should thank goodness that we are an island. May I suggest three steps? First, we should link fingerprints to passport details in the worst offending countries so that no one can say, "I've lost my papers", in between boarding an aeroplane and getting off it. Secondly, we should have a national border police so that we can secure our borders better. Finally, when illegal immigrants are detected and they fail asylum procedures, 100 per cent. of them should be returned to their country of origin.

Mr. Byrne: I saw some of the news associated with that Migrationwatch report. As the hon. Gentleman is aware, since exit controls were phased out from 1994 it has been difficult to know how many illegal immigrants are in the country; that is why we are introducing a system to count people in and out. I think that the hon. Gentleman will agree that it is a good idea to keep the problem as far away as possible from our shores. We are now introducing biometric visas, which have already led to us finding 4,000 people with an immigration history we had reason to be suspicious about who were trying to get back into the country. E-borders, which screens people at check-in, is already up and running and has already resulted in 1,000 arrests. Increasing our offshore border control will be an important part of what we do. However, more money is needed in order to remove more people who are here, but when we brought forward proposals this year to raise visa charges to provide an additional £100 million for immigration policing, Front-Bench Members of the hon. Gentleman's party sat on their hands in Committee.

Mr. Adrian Bailey (West Bromwich, West) (Lab/Co-op): I welcome my hon. Friend's comments. Does he agree that human trafficking is extremely damaging to the home economy, potentially devastating to the lives of the individuals who are trafficked and very profitable? Will he undertake to talk to the Serious Organised Crime Agency with a view to increasing the scope of offshore controls of such illegal immigration?

Mr. Byrne: My hon. Friend is absolutely right. I am sure that he is aware of and welcomes the measures in the UK Borders Bill that ensure that where human trafficking or human smuggling offences are organised or perpetrated anywhere on earth we now have the chance to prosecute them. I will raise the matters he mentions with SOCA, which I am meeting in a few days' time.

Mr. Alistair Carmichael (Orkney and Shetland) (LD): May I draw the Minister's attention to a written answer he gave me on 14 June, *Official Report*, column 1234, where he told me that there was no evidence to support speculation that illegal migrants were entering Scotland via the Faroe islands? When he gave that answer, was he aware of the report in *The Scotsman* newspaper on 4 June which stated that two groups of Asian men arrested for entering the country illegally had told the authorities that they had done so by travelling to Denmark and on to the Faroe islands and then to Shetland? How much evidence does the Home Office need before it can see a risk that is so blindingly obvious to the rest of us?

Mr. Byrne: The hon. Gentleman did not, I think, give me the dates of the evidence in *The Scotsman*, which is a well-researched newspaper, and the answer that I gave him. If he has specific allegations to give to me, I will have them looked into.

Damian Green (Ashford) (Con): The Minister knows that one of the reasons why illegal immigration is an attractive option for too many people is that there is the possibility of an amnesty for those who are here illegally. He has spoken out against such an amnesty, but other more senior Ministers have spoken in favour of one. During the notorious "Newsnight" debate between the Labour deputy leadership candidates, the successful candidate—now Leader of the House—was asked about such an amnesty and said:

"People who have worked hard here and paid their taxes should be allowed to stay."

I think that she is wrong and the Minister is right. Can he reassure the House that the deputy leader of the Labour party has no influence whatsoever on the Government's immigration policy?

Mr. Byrne: My policy on amnesties remains unchanged.

Biometric Identity Cards

9. **Mr. David Kidney** (Stafford) (Lab): What assessment she has made of the potential effectiveness of biometric identity cards in helping law enforcement agencies to tackle terrorism. [147910]

The Minister of State, Home Department (Mr. Liam Byrne): Constant assessment by the police, Security Service and the Home Office continues to confirm the value of ID cards in disrupting terrorism by linking individuals to a single identity.

Mr. Kidney: In respect of combating terrorism, can my hon. Friend confirm that the security services advise that a biometric identity card would be of value, and can he particularly say what their reasoning is for that advice?

Mr. Byrne: The House will remember words said by my right hon. Friend the Member for Enfield, North (Joan Ryan) who quoted some of the material that has been found in al-Qaeda training manuals encouraging would-be terrorists to proliferate the number of identities that they have. It was the former director general of the Security Service who put it well when she said:

"Widespread use of false documents is an essential aspect of terrorist activities... ID cards will make it more difficult for terrorists to operate."

Flooding (England)

3.31 pm

The Secretary of State for Communities and Local Government (Hazel Blears): With permission, Mr. Speaker, I would like to make a statement about recovery efforts following the recent flooding. Above all, I would like to express my deepest sympathy and the sympathy of the whole House to the friends and families of those who have lost their lives. Our thoughts are with them.

The scale of devastation in the flood-hit areas is enormous. Our current assessment is that 31,200 homes and 7,000 businesses have been affected. Many roads and rail links remain closed. Schools have been damaged. Agriculture has been hit hard and the lives of thousands of people have been disrupted.

The recovery effort will need support from across central, regional and local government, businesses and voluntary organisations. The Prime Minister and I have agreed that the Minister for Local Government, my hon. Friend the Member for Wentworth (John Healey), should take the lead to co-ordinate Government support. He has been working closely with colleagues across Whitehall to do so and I am grateful to him for all the work that he has done so far. He, like my right hon. Friends the Prime Minister and the Environment Secretary, has visited some of the worst affected areas. Indeed, just this morning he met the chief executive officers of key affected local authorities. We will follow that up with a further meeting in Leeds on Wednesday, and other visits from colleagues are planned.

Media reporting has tended to focus on particular areas such as Hull. But the fact is that a large number of areas and a very large number of people have been affected across the country. We recognise that and our commitment is to mobilise assistance to every community that has been affected.

I myself have visited communities in Toll Bar in Doncaster, and in Sheffield. Physical damage is the most obvious effect of flooding, but I was struck by its emotional impact, too. I have met people who have been devastated by what has happened: such as the elderly man living alone who had lost not just his possessions, but the phone line that was his link to the outside world. Luckily for him, his daughter was around to help him. I recognise, too, that many others feel angry about what has happened. We must help them to try to pick up the pieces of their lives.

I have also met some of the brave men and women who have made a real difference at a difficult time. Families and friends have helped each other out. The fire and rescue service, the ambulance service, and the police have done an excellent job. Local authorities have stepped up to the mark and I would like to acknowledge their resourcefulness, and the way that they have prioritised to give most support to the most vulnerable. The voluntary sector has really come into its own.

In fact, a whole range of organisations has worked together to give people the practical help that they need. I have seen fantastic co-ordination of services, such as the Sheffield humanitarian aid centre which was set up immediately. In Sheffield, the local authority visited 2,000 families in the first 48 hours. I have been impressed by how very testing events have brought out the best in people.

Communities want to get back to normal as swiftly as possible. Our priority now is to support them in doing so. My hon. Friend the Minister for Local Government will continue to work closely with the local authorities, the fire and rescue services, the insurance industry and other partners, who have already done so much, to ensure that everything possible is being done.

We are providing vulnerable people with access to crisis loans and community care grants, so that they can afford basic essentials such as fresh clothes and bedding. We are giving people advice so that they can help to keep themselves and their families safe and healthy. We are meeting the Association of British Insurers tomorrow to ensure that hard-hit households and businesses get the support that they need urgently.

We are working to protect jobs. The regional development agencies have set up a range of funds to support small businesses affected by the floods but there is much more to do. We are now gathering information daily on the scale of the challenges, and the visits will carry on. We know that we need to maintain our efforts and that there are long-term problems that we have to face across a range of areas. Where schools are still closed, councils have swiftly arranged alternatives to ensure that children are educated. The Department for Children, Schools and Families stands ready to work with schools to look at re-profiling some capital expenditure to help get buildings up and running again as soon as possible, and especially by September. While local authorities have undertaken sterling work in assisting with short-term homelessness, many homes are going to be uninhabitable for some time and we know that medium to long-term temporary accommodation will be needed.

The Department for Environment, Food and Rural Affairs is keeping the situation under review and remains in close contact with the National Farmers Union. Transport and infrastructure is an issue; rail links have been affected, some roads are closed and others are seriously undermined. The Department for Transport will assist local authorities once the full scale of the damage has been assessed.

It is because there is much more to do that, on Saturday, my right hon. Friend the Prime Minister announced that the Government will be providing a rescue fund of £14 million. We are working to get these resources to local authorities as soon as possible. These funds will be in addition to the significant extra resources that local authorities can access through the Bellwin scheme.

Some £10 million will go direct to local authorities in the flood-hit areas to support the work that they and other organisations are already doing, particularly to help those who have lost everything and need immediate support. We will work closely with the Local Government Association to help local authorities deliver this support quickly and effectively, and with the minimum of bureaucracy. Communities told me that they wanted the money to get to them as quickly as possible. Some £3 million will meet immediate claims from local authorities to help with the cost of repairing roads and bridges, and £1 million will help some of our most vulnerable people to replace essential household items, such as cookers and beds.

The Prime Minister also announced that we are making changes to the Bellwin scheme, which is designed to help local authorities reclaim costs in emergencies. Instead of having only two months to claim under the scheme, local authorities will now have six months. Instead of being able to claim 85 per cent. of the expenses incurred, local authorities will now be able to claim back the whole costs of eligible expenditure. This will help to ensure that assistance reaches those who need it most. Debate has already started about what more we can do in the long term to reduce the chances of this kind of destruction happening again. This is a real concern among those who have been hardest hit by the flooding.

It is clear that we need to continue investing in the fire and rescue services, so that they have the equipment they need. The Government have invested £200 million in "new dimension" equipment for the fire and rescue services. I saw the crucial difference that this could make, with new high-volume pumps being used to drain flood water in the midlands and the north.

We also understand the need to continue investing in flood defences. As my right hon. Friend the Secretary of State for Environment, Food and Rural Affairs announced to the House last Monday, Government investment in flood defences will rise from £600 million this year to £800 million in 2010-11. We have strengthened planning policy on development and flood risk; this makes sure that planners and developers work together to locate new developments away from flood risk areas where possible. It also makes sure that any necessary new development in a high-risk area is safe and does not increase flood risk.

We must learn from the events of recent days. These rains were unprecedented, but it would be wrong to suppose that such an event could never happen again. We must consider what more could be done to prevent this scale of damage in the future. It is right to be thinking for the long term, but we should not let that detract from the urgent business of giving practical help to the people who are suffering now.

The new measures that I have outlined today are essential, but let me reiterate that they are a first step. In the weeks and months to come, we will continue to work closely with local leaders to help all our communities get back to their normal lives as quickly as possible.

Mr. Eric Pickles (Brentwood and Ongar) (Con): First, I congratulate the right hon. Lady on her new appointment and wish her well in her new role. I also thank her for the advance copy of her statement. I join her in paying tribute to the emergency services, councils and voluntary workers who have worked tirelessly over the last fortnight to help the victims of these terrible floods. I also join her in expressing sympathy to the victims of the flood. It will be a long time before those communities can enjoy anything like normal family life. It was evident from watching her on Saturday that she had seen people's distress from visiting those dreadful scenes, as has my hon. Friend the Member for Vale of York (Miss McIntosh). We should not be in the game of laying blame, but I have several questions regarding the right hon. Lady's statement. Financial support from central Government is essential to ensure that councils are able to rebuild; otherwise, they face cuts in local services or hikes in council taxes due to the cost of reconstruction. In Saturday's statement, the Department said that the Bellwin scheme reforms would not be permanent. Why is that? In 2001, its predecessor Department warned that the "main live issue" with Bellwin was

"local authority expenditure on flood protection and response to flooding".

Is there not a case for a complete review of the Bellwin scheme, including the capital costs of flooding, rather than using these short-term fixes? Councils such as Herefordshire and Carlisle have previously introduced local council tax discounts for the victims of flooding. Will the right hon. Lady encourage councils to adopt such measures? Can such expenditure by flood-hit councils be claimed back under Bellwin?

Does the right hon. Lady agree that the public are entitled to have the best information available on flood risk? The National Audit Office has warned that fewer than half the country's high-risk flood defences are at "target condition". Will she place in the Library a list of the defences that are below target condition? Do not residents deserve more information not just about coastal and river flooding, but about urban drainage problems and our creaking sewerage system?

If the right hon. Lady believes in openness, will she speak to the Environment Agency about its clampdown on websites such as OnOneMap, which seeks to make the agency's public flood map data more accessible to the public? Insurers are calling for full access to the agency's national flood and coastal defence database. Should not both the public and insurers be given free access to that data, provided that insurers continue to insure at-risk properties?

The Government are planning extensive development on the Thames Gateway, much of which is floodplain. What plans does the right hon. Lady have to revise building regulations to ensure that new homes are built in a way that will minimise damage if there is flooding? What funding mechanisms will be used to ensure that the new developments are constructed with robust flood defences? What steps are being taken to encourage the use of natural wetlands and the restoration of natural floodplains to prevent upstream flooding?

The Secretary of State says that the rains were unprecedented, but we have witnessed a succession of major floods in recent years. The Government created the regional resilience team and regional civil contingencies committees to improve co-ordination of emergency responses. What role have they played in tackling recent flooding, and what lessons can be learned to improve their responses to other disruptive civil emergencies?

The Chief Fire Officers Association has criticised the "institutional confusion" among the myriad public sector agencies responsible for tackling flooding incidents and has called for a single lead agency to co-ordinate responses, but was that recommendation not made three years ago after the Boscastle and Carlisle floods? Will the right hon. Lady place in the Library a copy of the conclusions of Exercise Trident, the flood contingency planning exercise of 2004, so that we can judge what advice was given? Will she confirm that the £14 million that the Chancellor announced is to replace last year's £14 million cut in the budget? Are new moneys to be made available?

[Mr. Eric Pickles]

If the Minister is not to come to the Dispatch Box with ever-increasing frequency, we need to understand why our infrastructure could not cope with changes in the weather. We need to learn the lessons and to improve co-ordination. Above all, we need to know who is in charge.

Hazel Blears: I congratulate the hon. Gentleman on his promotion and thank him very much for his kind words in welcoming me to my role. I am grateful for his tribute to the emergency services in these circumstances. I am delighted that he started his contribution by not seeking to allocate blame to any organisation. It is absolutely right that we all try to come together to ensure that we provide practical help to people.

The hon. Gentleman asks me about the financial support. In these circumstances, the Bellwin scheme will be extended to cover 100 per cent. of costs, and he asks why that is not the norm. We have made the change because we are looking at exceptional circumstances; the rainfall was unprecedented. It is right that the Bellwin scheme should continue and that we should have the flexibility to extend it in exceptional circumstances.

The hon. Gentleman asks whether the Bellwin scheme should cover capital costs, as well as resource costs. I understand that, in exceptional circumstances, if resources would be better used for capital rather than revenue expenditure, we could consider some claims for capital costs, but that it would be very unusual for us to do so. More often than not, local authorities need revenue for things such as immediate rest centres and immediate cleaning up. They are not really looking for capital moneys in these circumstances; they are usually looking to cover revenue costs.

The hon. Gentleman asks whether local authorities could offer council tax discounts. One of the issues raised in my initial discussion during my visit to Doncaster on Saturday was whether there might be some relief from council tax in cases where people cannot occupy their properties. That is a matter for the local authorities concerned, and I have no doubt that it will be an issue in the longer-term discussions.

I agree with the hon. Gentleman that information is absolutely vital. People have been reassured when they have been given good, timely and swift information about what is happening and about the resources available. Our flood defence programme is indeed not just about physical flood defences; there is also an extensive programme of flood warnings and other information made available locally to people.

The hon. Gentleman asks whether the Environment Agency database is available to other bodies, and I will certainly look into that with my right hon. Friend the Secretary of State for Environment, Food and Rural Affairs. Information is important, but what is crucial is getting the right information, not information that could lead people to panic about the circumstances or to make hasty judgments.

As for the Thames Gateway and building on floodplains, the hon. Gentleman will know that about 10 per cent. of properties in England are constructed on floodplains. We have recently revised our planning guidance in planning policy statement 25, which provides a much more rigorous planning framework for building on floodplains. Plans must now be submitted to the Environment Agency for it to take a view. The presumption is that we try to direct development away from floodplains, but where development is necessary, there is now much more emphasis on risk assessment. I recently saw a scheme that diverted the watercourse to enable the water to spill over on to a wetland area, instead of it being constrained in a rigid watercourse, which in the past had led to flooding problems. Being more innovative and smarter about the planning regime will help in those circumstances.

The hon. Gentleman asks about the regional resilience teams established under the Civil Contingencies Act 2004. I hope that he would agree that that Act has put in place an effective framework whereby people can carry out exercises to cover the various eventualities. I was delighted to learn that the last exercise carried out in Sheffield in May dealt with the possibility of wide-scale flooding. Perhaps that contributed to the excellent provisions, including a humanitarian aid centre, that were put in place.

The hon. Gentleman raised the issue of institutional confusion and the absence of a single lead. I do not accept that, because there is a clear single lead under the 2004 Act. The police have the lead for a whole range of different emergencies. They establish Gold Command to take strategic decisions and Silver Command to look at situations across the area, and they usually have Bronze Command, which involves the taking of detailed tactical decisions on the ground. That kind of organisation has been proved to work in very many circumstances.

The hon. Gentleman asked about money, which was inevitable. The £14 million package, £10 million of which is from my Department, is new money and I am sure that he will accept that.

The hon. Gentleman's final point was about whether our infrastructure can cope with changes in the weather. What we have seen over the past few weeks—and the devastation that has been caused to thousands of people, businesses and homes across the country—is perhaps a little more than a change in the weather, but he is right that we need to think ahead, to look at how the climate is changing and to see whether we need to take any further steps. The one overwhelming message that I received from my visits was that people were coping extremely well with what had happened this time, but that they would find it very difficult indeed if there were to be similar events in future.

Mr. John Prescott (Kingston upon Hull, East) (Lab): As a Back Bencher, I welcome my right hon. Friend's statement. I echo the praise of the people of Hull for the emergency services, the voluntary services and the local authority workers—they all worked tremendously hard. The floods damaged more than 5,000 houses in Hull, closed many schools—4,000 children were looking for a school—and caused great damage. Tragically, a man was killed in the process of trying to stop the floods and help a neighbour. In those circumstances, it is easy to understand why the people of Hull think that they are the worst affected on this occasion.

Does my right hon. Friend recognise that in the past seven years, we have had floods in Carlisle, York, and Boscastle, and now we have floods in the Yorkshire area? These events are not just a matter of exceptional weather, although of course that is part of it. They are happening much more frequently. We had better begin to recognise that we have fundamentally to review our whole water management system. In particular, I draw her attention to the drains and sewage that have contaminated so many houses and schools. Cleaning those buildings will take a long time—even before the repairs start. No doubt we will determine the long-term consequences. In view of the fact that the Government have committed some money for immediate application, will my right hon. Friend ensure that that clean-up is considered not only by her Department, but by the Department for Children, Schools and Families, so that we can get youngsters back to school and people back into their houses? We have to do that. Will she send some officials to Hull to discuss how we can use that money immediately? I thank her for all her efforts, and particularly for agreeing a few days after the floods to send a Minister to Hull.

Hazel Blears: I thank my right hon. Friend for all the work that he has done in Hull both to try to alleviate the problems experienced by local people and to bring together the various local agencies, so that they were able to be very effective. I extend my sympathy to the family of the gentleman who died in Hull, Mr. Mike Barnett. That was a terrible tragedy and I know that there is to be a full coroner's inquest into the events that happened.

My right hon. Friend is right that there have been recent incidents in Carlisle and Boscastle. In my previous role as Minister with responsibility for the police, I had occasion to visit both those areas and I was particularly struck by the fact that the effects were apparent many months after the initial events took place. One of the things that I am concerned to ensure is that the action both of central and local government continues for the long term, because many families will need support in the long term. Sometimes it is easy for the media circus to come and go. We have to ensure that all our agencies are working to support people.

My right hon. Friend mentioned schools. Many primary schools, in particular, have been affected. We are having discussions with the Secretary of State for Children, Schools and Families to see whether we can re-profile the capital programme in relation to "building schools for the future" to make sure that improvements are made, and to see whether some immediate extra funds will be available to get schools up and running as quickly as possible, and particularly by the start of the new school year. That will give the families security.

Andrew Stunell (Hazel Grove) (LD): May I first welcome the Secretary of State and her new team? We have regional and sub-regional connections and I look forward to meeting her across the Dispatch Box from time to time. I thank her for today's statement. It is extremely important that recent significant events be tracked carefully by Parliament and Government, and that we understand exactly how they will unfold and how the Government will engage with the problems that have arisen.

We associate ourselves with the sympathy that the Secretary of State expressed for the many thousands of families who have been affected and the businesses that face disaster as a result of the flooding. We also associate ourselves with the thanks given to the emergency services, the local councils and the voluntary sector—they have done so much work.

We welcome the extension of the Bellwin scheme, but will the Secretary of State confirm that there is to be no threshold on claims made under the scheme by local authorities? Will she also say more about the exceptional circumstances in which capital claims might be considered? As the right hon. Member for Kingston upon Hull, East (Mr. Prescott) made clear, some of the damage is significant and, in some cases, it will be more cost-effective to demolish and rebuild than to clean out and refurbish—one course of action involves capital, and the other revenue. Clearly, if the reconstruction process is to represent value for money, the Bellwin scheme should reflect that fact; it should not be a difficult case that has to be argued. Those decisions need to be made within days and weeks, not months. The plan of action for Hull, for instance, which has many schools out of action and 4,000 damaged council houses, must be developed quickly.

In the medium term, we must consider the resources available for assessment, as loss assessors from the insurance industry seem to be in short supply. There is perhaps a capacity problem in the building industry, too. Will the Secretary of State undertake closely to monitor those issues and to ensure that, if necessary, resources are drafted into the affected areas to maintain steady progress? She herself has said that it is important that the effort should not be relaxed once the media circus has gone. Previous disasters overseas have shown that that is exactly what happens. Those apparently trivial points about capacity are often at the heart of the difficulties that people face in resolving such issues.

Will the Secretary of State give special consideration to the pleas made by one or two local authorities for additional help and support in dealing with the crisis that they face? I am particularly thinking of Hull as, by all accounts, it is the most severely affected local authority. Looking to the longer term, she has referred to the changes that will be made under planning policy statement 25. However, she will be aware that a large slice of the planning applications to which the Environment Agency objected, on the ground that they would result in building on floodplains, has been approved. I would like an assurance that those cases will be given particularly careful consideration, so that we do not build in problems for the future.

Finally, the Secretary of State mentioned the £800 million for flood prevention work, and said that the work would take place up to the year 2010-11. Will she say what the phasing is for that increase? Will she give the House an assurance that that money will kick in, and will be available for expenditure, at the earliest practical moment?

Hazel Blears: I am grateful to the hon. Gentleman for his kind words of welcome. I have no doubt that Greater Manchester will figure significantly in our discussions. He asked me to make sure that progress is tracked carefully; I entirely agree that we need to make sure that we keep our focus on the events that occurred.

[Hazel Blears]

I am particularly pleased that our regional Ministers will also be playing a role, and I am very grateful to my hon. Friend the Minister for Yorkshire and the Humber, who has been extremely involved in taking these issues up in recent days.

The hon. Gentleman also raised the matter of support to businesses, which is important. I visited Meadowhall, the shopping centre in Sheffield, which had been quite badly affected by the flooding, and that was particularly true of the retail businesses. Yorkshire Forward has set up a scheme and has provided £1 million to help small businesses. Advantage West Midlands is looking at something similar, and there is something similar in the east midlands as well. The regional development agencies will therefore help businesses with their immediate costs.

The hon. Gentleman asked whether the Bellwin threshold, which is 0.2 per cent. of local authority budgets, will still be in place. We have extended the grant to cover 100 per cent. of costs, which is a significant expansion, but the threshold will still be in place. He asked about the capacity of the insurance industry, particularly in relation to assessors. The Association of British Insurers indicates that the process of getting assessors in is well under way. Certainly, on my visits, I found some variation in the responses of different insurance companies. Indeed, my hon. Friend the Minister for Local Government, and the relevant Ministers from the Treasury, the Department for Environment, Food and Rural Affairs and, I hope, from the Department for Business, Enterprise and Regulatory Reform are meeting the insurance industry tomorrow, so I hope that the House appreciates how seriously we are taking the issue of insurance to make sure that claims are dealt with speedily and fairly and that there is sufficient capacity to get on with things, because that is a top priority for members of the public. The hon. Gentleman mentioned builders, and we need to be careful that reputable builders are involved in the restoration work.

I mentioned the new planning guidance, PPS25, and we need to make sure that it operates properly, that we manage the risk of building on the floodplain and, where there is development, that it is appropriate to the area. We will continue to keep a close eye on that. The £800 million for flood prevention is to be made available for the next comprehensive spending review period. I am not in a position, and nor is my right hon. Friend the Environment Secretary, to give the profiling of that expenditure as yet, but I take note of the hon. Gentleman's request that it kick in as soon as practicable to meet requirements.

Mary Creagh (Wakefield) (Lab): In Wakefield, 2,000 homes were directly affected by the flooding, and I was contacted by Rev. Mike Croft of St. Catherine's church on Doncaster road about the lack of information that people received about personal hygiene and about their inability to wash their hands. That was solved by a generous donation from Boots the Chemist in the city. However, when I tried to write to the homes that were affected last week, the Environment Agency told me that its useful eight-page guide about what to do before, during and after a flood was available only online and that I had to download it and photocopy it. When I rang the agency up again this morning to say, "Actually, I think you should deliver that guide to me", I was told that it would take three to five days for 500 leaflets to travel from Leeds to Wakefield—a distance of only 10 miles. May I ask my right hon. Friend to make sure that information on hygiene and Environment Agency advice are distributed to every household affected in the country?

Hazel Blears: My hon. Friend makes an important point. Although, like her, I am grateful to Boots for helping out in these circumstances, it is our responsibility to make sure that households have proper health advice. Clearly, there are problems relating to toxic water, drainage and sewage, and it is essential that those are dealt with for public health reasons. I take on board what my hon. Friend said about the Environment Agency not having leaflets available, and I will certainly work with my right hon. Friend the Environment Secretary to make sure that that is remedied as a matter of urgency. My hon. Friend makes an important point, and we should get that information out to the households concerned.

Mr. David Curry (Skipton and Ripon) (Con): Does the Secretary of State appreciate the frustration of people in Ripon, who have been expelled from their homes for the second time in seven years, as they were told that the scheme that was approved three years ago does not have sufficient priority to go ahead? Losing one's home must be treated as a priority. Will the Secretary of State look at agro-environmental schemes to give farmers an incentive to hold water on the land through the way they manage their farms? At the moment, those schemes do not incorporate that element. Will the right hon. Lady also discuss with the Treasury whether local authorities, which contribute a derisory amount to local flood defence committees, can increase their contribution without those amounts falling foul of the capping criteria?

Hazel Blears: The right hon. Gentleman makes a telling point about the effect of repeat flooding on households. Having recovered from one flooding episode, there can be nothing worse than to be faced with the same circumstances again. I entirely understand that. On the flood scheme priorities, I will speak to my right hon. Friend the Environment Secretary about these issues. The matter of farmers holding water on land has been brought to my attention. It may well be that more can be done with innovative planning schemes and by finding different ways for the water to be held or to be discharged harmlessly, rather than causing the flooding problems that we have seen. We will certainly look into that. The right hon. Gentleman raises the issue of the various capping criteria and whether there is the possibility of some leeway. That will have to be considered as and when we get to that position. I hope that we do not get to that position, and no doubt the right hon. Gentleman shares that hope.

Mr. Richard Caborn (Sheffield, Central) (Lab): I am fresh from the retraining course for ex-Ministers, so I shall try to keep within the rules. I associate myself

with the comments of my right hon. Friend the Secretary of State, and I thank all my colleagues for the work that they have put in over the recent past. It has been welcomed and appreciated in the affected areas.

In relation to my constituency and its industrial base, there are some serious problems. The industry there is heavy industry, and eight or a dozen of the major companies—large companies—are facing real difficulties. Even smaller companies which have not been affected by the flooding but which are in the supply chain to the larger companies view the situation with concern. The chamber of commerce, in discussions with many of us in Sheffield, has asked us to raise the matter in the House and ask the Government to look specifically at the large companies in the Don valley, which are major producers and on which the smaller companies in the supply chain rely. That is important. In this world of globalisation, many of those companies are not funded from within the UK. Foreign investors and the parent companies will be looking at those companies, as some will have to relocate. That relocation may not be in the UK. That are some genuine concerns, which I hope my right hon. Friend will convey to our right hon. Friend the Secretary of State for Business, Enterprise and Regulatory Reform, as that wealth creation is extremely important to the whole of south Yorkshire and, indeed, to the nation.

Hazel Blears: I am grateful to my right hon. Friend for his—as ever—incisive, succinct and effective contribution on behalf of his constituency. I am well aware of the effect on businesses. I know from visiting Sheffield last week that companies such as Forgemasters and Corus Engineering, which are big employers, have been very badly affected. I understand that my right hon. Friend the Secretary of State for Business, Enterprise and Regulatory Reform—I do not know whether we call it DBERR, or perhaps DEBRA—is visiting tomorrow and will meet representatives of the chamber of commerce to discuss the matters. The chief executive of the regional development agency, whom I met last week, is conscious of the need to give assistance. I am concerned about the message that this sends out, both to investors and to developers. We need to be conscious of the fact that in many areas, for regeneration and for industrial investment, it is important that proper steps are taken to maintain the confidence of those communities. Many of our areas are now thriving through regeneration and we need to keep that confidence going.

Paul Holmes (Chesterfield) (LD): I thank the Minister for her statement, and I thank her colleague the Minister for Local Government for visiting my constituency last Friday afternoon to see the damage. Three rivers flooded in Chesterfield—the Rother, the Hipper and the Whitting. Between them, they closed three of the six main roads into town, and affected 60 businesses and up to 1,000 houses. That they flooded is no surprise, because they have a track record going back well over a century. Prevention, of course, is better than cure and cleaning up afterwards. The defensive works on the River Rother are planned to start in 2011 and the feasibility study for the River Hipper is drawn up but with no date attached to it. Will the Minister assure me that she will be lobbying her colleagues in Government to make sure that money for these planned preventive works are brought forward, otherwise we will be back in a few years, going through the same story?

Hazel Blears: Yes, I am aware that in the hon. Gentleman's constituency there has been significant damage. It has not figured quite as much on the media as some other areas, but I understand that 500 homes, two retail parks and between 60 and 80 other premises have been quite badly affected. Obviously, we want to ensure that we help people as far as we possibly can. He makes a telling point about prevention being better than cure. These matters will be considered across Government. There is always a need to prioritise, but with events such as these and thinking of the changes in climate, we need to make sure that we put our money where it can be used to best effect to try to protect as many people as we can.

Paddy Tipping (Sherwood) (Lab): Wherever flooding occurs, it disrupts lives and homes. Will the Secretary of State particularly consider rural communities such as Lowdham, Woodborough and Lambley in Nottinghamshire to ensure not only that they get their fair share of resources for the immediate clear-up but that, in the longer term, they are given priority when it comes to allocating resources for flood defence measures?

Hazel Blears: I am grateful to my hon. Friend, who, in representing his rural communities, always ensures that they are not left out and are at the centre of concerns. He makes an important point. People in rural communities can often feel more isolated and, particularly where there is a settlement of only a few houses, the effects of flooding can be devastating. That is why I said earlier that it is important to ensure that the Government keep a long-term focus on these issues. When I went up to Carlisle after the flooding there, I found that some people's mental health problems had lasted for a significant period, so help from health and social services was important, as well as dealing with physical flood defences. I will certainly ensure that rural areas remain a focus of our concern.

Tony Baldry (Banbury) (Con): At the present moment, the Environment Agency has to allocate funds competitively among schemes in very large areas. That means that a town such as Banbury, which has the River Cherwell and the Oxford canal going through it, and has had a scheme worked up for some time, suddenly discovers that although it is still at risk—weather patterns are changing, as the right hon. Member for Kingston upon Hull, East (Mr. Prescott) said—it is losing out because the Environment Agency thinks that there is a higher priority scheme in the Thames Gateway. I support what my right hon. Friend the Member for Skipton and Ripon (Mr. Curry) said. When this has settled a bit, could the funding of flood defences be considered on a cross-party basis? Under the current system, local government does not seem to be able to make much of a contribution, we are all dependent on going to the Treasury cap in hand, and a lot of communities are starting to feel very vulnerable.

Hazel Blears: This is clearly an important issue to people right across the country. Inevitably, there will be limits to the amount of money that can be put in. However, I would draw to the hon. Gentleman's

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attention the fact that in 1997 we spent about £300 million on flood defences, whereas we are now spending double that—£600 million—and it will go up by another £200 million over the next couple of years. Significant extra investment is being put in. I have no doubt that it will never be enough to meet every single scheme that is proposed. However, as I said to the hon. Member for Chesterfield (Paul Holmes) who raised this in relation to his constituency, we must try to ensure that our finances are spent where they can have best effect and where they can protect people who are most at risk. I have no doubt that that assessment will be ongoing.

Shona McIsaac (Cleethorpes) (Lab): Northern Lincolnshire was also badly affected by the severe weather; in fact, we are just on the other side of the River Humber from Hull. I appreciate the comments that my right hon. Friend has made about helping the local authorities that have been affected. When I was out and about in Barrow upon Humber looking at the rescue work that has gone on there, everybody was full of praise for the emergency services. However, people have obviously been devastated, so can she give a little more detail about the rescue funds, particularly the £10 million extra for flood-hit areas?

Hazel Blears: I am grateful to my hon. Friend for mentioning an area that perhaps has not had a great deal of the public spotlight, although clearly the problems for people there will be just as dramatic. I understand that 160 residential properties in north Lincolnshire and 400 residential properties in the whole of north-east Lincolnshire have been affected, together with businesses, so it is a significant problem. In terms of the rescue funds that are available, £10 million will go direct to local authorities, and we hope to have that money in their hands very quickly. We want to ensure that that is then distributed to people with the minimum of red tape and bureaucracy and that it is allocated to the people who are in the greatest need. That is rightly a matter for local authorities; central Government cannot micromanage it, and nor should we. However, we want to ensure that we help local authorities to do it as quickly as they possibly can to try to help people who in some cases literally walked out of the door with what they stood up in. The crisis loans and community care grants should therefore be available so that we can get a reasonable package to people who have found themselves in such distress.

Mr. John Redwood (Wokingham) (Con): Why were more than half the flood defences maintained by the Environment Agency in an unsatisfactory condition last year? What urgent action will the Government take to improve the standards of maintenance carried out by the agency, and to do the most important capital works to increase capacity where people are most at risk?

Hazel Blears: As the right hon. Gentleman knows, the events of the past couple of weeks have in everybody's terms been unprecedented. It is inevitable that whatever the defences we had put in place some would be breached in such circumstances. As I have explained, a significant amount of extra investment has already been made in flood defences, and even more will be put in during the next couple of years.

Rightly, the right hon. Gentleman calls for urgent action. We all want action to be taken as quickly as possible, but it is important that extra investment is targeted at the areas where it will have the most effect, and where we will get the best value for money. It is without doubt that there is a significant amount of investment, which I hope will help in future, but it would be tempting fate for any Minister to stand at this Dispatch Box and say that we could have prepared for what has been a series of unprecedented events.

Mr. Clive Betts (Sheffield, Attercliffe) (Lab): I thank my right hon. Friend for visiting Sheffield so promptly, and for the rightful praise she gave to the efforts of the city council. I also thank the Government for the initial financial help of £14 million, the improved Bellwin formula and the help given to small businesses through Yorkshire Forward. However, one of the major needs in Sheffield is help with the capital costs of the repair and, in some cases, replacement of roads and other public infrastructure. Initial estimates say that in Sheffield that could run into tens of millions of pounds. I know that my right hon. Friend cannot give a commitment to a particular sum of money, but will she give an assurance that when the assessments are made of these detailed costs, she and her colleagues will listen carefully to the requests made and respond positively to them? There is no way that the city council can meet such significant costs out of its existing budget.

Hazel Blears: I am grateful to my hon. Friend for his kind comments. I was particularly impressed with Sheffield's co-ordination of information for the local community. It has been one of the areas that piloted the 101 number, bringing together a whole range of services, which was extremely impressive.

On the capital costs, assessments will be carried out and we need to deal with the immediate practical help that we can give. My right hon. Friend, the Minister of State, Department for Transport is more than willing to visit Sheffield, and to sit down with the local authority to ensure that we have a proper assessment.

Mike Penning (Hemel Hempstead) (Con): My constituency suffered enormously 18 months ago from the Buncefield explosion, and I share my community's concern about residents who have left their homes. Losing a home is one of the greatest difficulties that anybody can go through, and 18 months on from the explosion there are still people in Hemel Hempstead living in hotels.

During the next few months, will the Secretary of State look carefully at how the loss adjusters and builders carry out work? In Hemel, building work has been done and people have returned to their homes, but they have had to leave them again because cowboy builders had been in. The loss adjusters are not so friendly once the cameras are gone. As the right hon. Member for Kingston upon Hull, East (Mr. Prescott) knows, it is a really difficult situation. Perhaps some of the experiences we have had in Hemel will help hon. Members in other areas.

Hazel Blears: I am grateful to the hon. Gentleman. Clearly his constituents have been through a pretty harrowing time following the explosion. When I went to Doncaster on Saturday, one of the things that left an impression on me was the fact that people were very reluctant to leave their homes. Many were seeking mobile homes that could be established in the local area, so that the community could stay together. The Toll Bar area has a strong community spirit, and people wanted to stay there. The impact of having to leave home is very significant indeed, particularly for elderly people.

The hon. Gentleman makes a point about loss adjusters. It is important for us to keep close to the insurance industry and to ensure that the builders who carry out the work are up to standard and reputable, that they complete work to the right standards and that it is properly checked and assessed. The hon. Gentleman made some extremely useful practical points. Perhaps he could let us have the benefit of his experience from his area.

Mr. Denis MacShane (Rotherham) (Lab): The European Union has a solidarity fund for natural disasters and floods from which up to £2 billion can be claimed for great events and from which much smaller sums can be claimed in the case of serious regional economic damage, which clearly applies to South Yorkshire and east Yorkshire. Why are the Government not accessing that fund?

Hazel Blears: My right hon. Friend will be pleased to know that we are looking at the matter urgently. There are specific criteria for accessing the European Union solidarity fund. As my right hon. Friend said, it is normally for major disasters such as volcanoes erupting and earthquakes. However, I assure him that, if there is any prospect of our making a claim and getting some resources for this country from the European Union, I shall pursue it with the utmost vigour.

Mr. Tobias Ellwood (Bournemouth, East) (Con): We rightly pay tribute to our emergency services, but the death of Mike Barnett near Hull was tragic. What is the Secretary of State doing to achieve better co-ordination between the services so that another tragic death of that magnitude does not occur? She has repeated time and again that the weather was unprecedented, but this is now the norm. Weather patterns are changing and we need to act appropriately. Surely it is better to take more preventive measures rather than wait until the event has happened. That needs to be done. We saw what happened in New Orleans when the United States was shown to be unprepared for a disaster. I believe that the same will happen here unless we take action now.

Hazel Blears: The whole House will want to extend its condolences to Mr. Barnett's family about the terrible tragedy that happened. I think that I have already said that the emergency services that attended on that day found themselves in an especially harrowing situation. There will be a coroner's inquest, which will look at the circumstances, and it would be inappropriate to jump to any conclusions about what happened.

The hon. Gentleman says that we need better co-ordination. My experience has been that the police, the fire services, the ambulance service, the voluntary sector and business support organisations have come together as a result of recent events in a tremendous way. When he tries to say that they have not responded, he makes an unfair criticism. We have a system in this country of proper civil contingency preparation and we can be proud of it.

The hon. Gentleman also said that the climatic conditions are now the norm. Most organisations said that the weather was unprecedented: the amount of rain that fell in such a short time is the greatest since records began. That does not mean that it will not happen again—we must be prepared in future; prevention is better than cure—but the hon. Gentleman's failure to recognise that the circumstances are pretty unique does not reflect reality.

Mr. Ian Cawsey (Brigg and Goole) (Lab): I was glad that my right hon. Friend acknowledged in her statement that the floods were not only in the big cities. There were several localised floods in my constituency. The numbers affected were not large but the floods were as traumatic for them as for anyone else, as I found when I met several victims over the weekend. Will my right hon. Friend ensure that we learn the lessons of maintenance? It appears to me that several incidents were caused by obstructions in the drainage system and a lack of clarity about which authority is in the lead—the Environment Agency, the local authority, the internal drainage board or the water company. Will she ensure that those parties work together in future so that whatever problems weather brings, co-ordinated and improved maintenance will lead to less flooding and fewer victims?

Hazel Blears: I am grateful to my hon. Friend for his support for the emergency services and for his constituents. I have no doubt that it is appreciated. He makes an important point about maintenance. Although the rainfall was unlike anything we had ever known, continuing maintenance is important. If the drains and the sewers are in good condition, they can absorb more water when it comes through. We will examine that matter to ensure that there is clarity about who is responsible and that good maintenance can contribute to better outcomes in the long term.

Chris Huhne (Eastleigh) (LD): It is clearly not just maintenance that requires good co-ordination. The Environment Agency is responsible for fluvial and coastal flooding, but floods are increasingly to do with drainage problems. Will the Secretary of State review the responsibility for flood prevention—including the responsibility that appears to rest on local authorities and that which rests on, for example, the privatised water companies—to ensure that drainage systems are adequate and that Ofwat, the industry regulator, allows the companies where necessary to proceed with investment, in order to ensure that there is not an enormous discrepancy between the capacity of a drainage system in one part of the country and another?

Hazel Blears: Yes, the drainage problem is important. I have no doubt that increasing urbanisation has impacts on our planning framework, which is why we have been

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looking at PPS25, to try to ensure that we properly manage the risks of building on floodplains and of the kind of developments that are taking place. It is one of the issues that we can pursue. My hon. Friend the Minister for Local Government is leading a group of Ministers across Government to ensure that we look at the issues. What is also important is that we learn the lessons from such events, and we absolutely mean to do that, so that we can best inform our policy for the future.

Point of Order

4.26 pm

Mr. Mark Prisk (Hertford and Stortford) (Con): On a point of order, Mr. Speaker. More than 10 days ago, the new Department for Business, Enterprise and Regulatory Reform was created and Ministers were appointed. However, 10 days since that Department was created and those Ministers were appointed, I and other hon. Members have been told in response to our inquiries that not only does the Department not know individual Ministers' responsibilities, but that it cannot say when it will be able to inform us of those facts. In the light of important and pressing issues to do with energy, international trade and, indeed, small businesses that face flooding, as we have just heard, could you use your offices to press the Secretary of State for that Department and have that information made available to us, so that we can put our points to those Ministers? It cannot be right that that Department can be allowed to drift on in this way.

Mr. Speaker: I am sorry that I cannot help the hon. Gentleman, but what I say is this: answers to parliamentary questions are a matter for Ministers. The hon. Gentleman should persevere and keep questioning the Minister concerned, both at oral questions and through written questions. Also, the hon. Gentleman has the opportunity to raise an Adjournment debate. There is another thing that we need to have in this House of ours, and that is patience. I ask him to have patience.

ESTIMATES

3RD ALLOTTED DAY

ESTIMATES, 2007-08

Department of Trade and Industry

[Relevant documents: Seventh Report from the Science and Technology Committee, Session 2005-06, HC 900, Scientific Advice, Risk and Evidence Based Policy Making, and the Government response thereto, First Special Report, Session 2006-07, HC 307.]

This Estimate is to be considered in so far as it relates to scientific advice, risk and evidence-based policy making (Resolution of 2nd July).

Motion made, and Question proposed,

That, for the year ending with 31st March 2008, for expenditure by the Department of Trade and Industry—

(1) further resources, not exceeding £4,098,506,000, be authorised for use as set out in HC 438,

(2) a further sum, not exceeding £3,294,715,000, be granted to Her Majesty out of the Consolidated Fund to meet the costs as so set out, and

(3) limits as so set out be set on appropriations in aid.—*[Liz Blackman.]*

4.28 pm

Mr. Phil Willis (Harrogate and Knaresborough) (LD): May I begin by welcoming the Minister of State, Department of Innovation, Universities and Skills, the hon. Member for Dudley, South (Ian Pearson), to his new position? I wish him every success in what promises to be a challenging time for the science community.

I should also like to put on record my support for the new Department of Innovation, Universities and Skills, or DIUS. The move to bring together our universities, research communities and the Office of Science and Innovation, underpinned by the emphasis on the development of skills, makes good sense and puts science and scientific method right at the heart of the new political agenda. As ever, the devil will be in the detail; but given the widespread support from the scientific community for the new Department, it would be disappointing if between us we could not make it work effectively.

I should also like to put on record the appreciation of the Select Committee on Science and Technology, which I chair, of the work of the Office of Science and Innovation. We had an excellent relationship with the OSI during its time within the Department of Trade and Industry. We have greatly valued the support that we have received from Sir David King, the Government's chief scientific advisor, and Sir Keith O'Nions, the director general of the OSI. It is perhaps a testimony to the success of Sir David King, Sir Keith O'Nions and the OSI that science is now at the heart of a new Government Department.

I have two initial concerns, however, and I am sure that other hon. Members will expand on these themes. The first relates to the fact that the word "science" does not appear in the title of the new Department. The widely held view in the science community that this is a significant omission was summed up by the president of the Royal Society, Lord Rees, who said:

"we would have preferred the word 'science' to have appeared in the new department's title."

Indeed, there is concern that the new Department will be dominated by the university agenda, including the inevitable political battles over student fees, and that the focus on science and innovation may be diminished. I trust that the Minister will have time in his closing remarks today to assure the House that science will be the key driving force for his role and for the Department as a whole.

My second concern is about the future of parliamentary scrutiny of science. Alone among Select Committees, the Science and Technology Committee has a dual role, for departmental and cross-government scrutiny of science, yet it appears that although departmental scrutiny may be accommodated within a DIUS Select Committee, the important scrutiny of science across government will disappear.

Mr. Ian Taylor (Esher and Walton) (Con): I am slightly confused. The hon. Gentleman began by welcoming the new Department, yet his subsequent remarks have raised the same doubts that I have—namely, that science will be relegated under the new system. Indeed, I think he is about to make the point that this could mean the end of the Science and Technology Committee. I would share his great dismay, if that were to be so.

Mr. Willis: Given that the new Department was set up only last week, it behoves all of us to have a little patience while we see how the Minister and the Secretary of State approach the issue of science. I tried to make it clear earlier that it must be right to bring together the research councils, the universities, the Department and the Leitch skills agenda. I am sure that the hon. Gentleman and I share the views expressed in that agenda. I am disappointed that "science" is not in the title of the Department because this does not reflect the central position that the Prime Minister, when still the Chancellor of the Exchequer, gave to science when he devoted two Budgets to it.

On my second issue, scrutiny is extremely important. The hon. Members for Bolton, South-East (Dr. Iddon) and for Norwich, North (Dr. Gibson) are in their places today. There is no doubt that they—along with other members of the Select Committee who have served for a long time and been strong devotees of science, together with many members of the scientific community, including the Royal Society of Chemistry and the Royal Society—feel that the scrutiny of science is crucial for moving forward. I hope that the Minister will be able to give us his thoughts on that later.

The main focus of today's debate is the report of the Science and Technology Committee's report on scientific advice, risk and evidence-based policy making, as part of our consideration of the estimate relating to the trans-departmental science group within the Department of Trade and Industry, headed by the Government's chief scientific adviser. This is slightly redundant because the DTI is no longer. The structures of government may have changed, but the relevance of our report is by no means diminished.

[Mr. Willis]

Scientific advice and risk management play a key role in policy making. Indeed, many of today's most high profile policy issues are critically dependent on the input of scientists. Those issues include: securing the economic development of the UK through the knowledge economy; protecting the population of the country against avian influenza and other epidemics; mitigating and adapting to climate change; safeguarding the UK's energy supply; detecting and averting terrorist threats; and tackling obesity. In each case, effective policy development requires both an effective scientific advisory system and the appropriate use of evidence and advice on science by the Government.

Bill Wiggin (Leominster) (Con): Does the hon. Gentleman agree that in order to qualify the science, particularly on avian influenza, it would have been really helpful if the Government had had a proper investigation into how the Hungarian strain of avian influenza arrived in East Anglia?

Mr. Willis: I thank the hon. Gentleman for his intervention. On two occasions, the Science and Technology Committee—and, indeed, other Select Committees—have looked into the Government's preparedness for avian flu and its arrival in the UK. When we met the Government's chief scientific adviser, we were certainly satisfied that appropriate policies were being put in place to ensure that we remained ahead of the game. I do not believe that the position has changed significantly since then. What we are at times trying to do is avoid scaremongering over what are, quite frankly, small and isolated outbreaks. The efforts made at the Bernard Matthews farms were excellently handled by all the relevant agencies.

Angela Browning (Tiverton and Honiton) (Con): Does the hon. Gentleman share my concern that, however good the science and however much it is evidence based—it is right that that sort of science should influence Government policy and the legislation that comes before the House—we sometimes see trigger words being used and subjects falling prey to the tabloid press through lack of understanding? That problem is holding us back from delivering scientific advances that could benefit so many people, not just in this country but around the world.

Mr. Willis: The hon. Lady makes a wholly valid point. I pay tribute to organisations such as Sense about Science, which try to bring about a good public understanding of science. I shall return to the point in some of my later remarks, but what happened over MMR—measles, mumps and rubella vaccinations—or genetically modified crops, for example, was media-led. The Government and Government agencies did not take a sufficiently strong scientific lead, but left it to the media. I believe that that is a genuinely important task for the Government and, quite frankly, we need to spend a great deal more time applying our efforts in that regard.

Andrew Miller (Ellesmere Port and Neston) (Lab): I congratulate the Chairman of the Science and Technology Committee on his work. I was particularly interested in paragraph 67 of the section of the report dealing with risk and communications, which states:

> "We believe that the Government's communication strategy would benefit from the adoption of a higher public profile by departmental CSAs on policies with a strong evidence or science base."

That is indeed correct, but does the hon. Gentleman agree—if I may take him back to his previous occupation—that we need to do some of that work in the classroom in order to get a better understanding of risk throughout society?

Mr. Willis: The hon. Gentleman makes two excellent points. In respect of departmental chief scientific advisers, it was largely as a result of the work of the previous Select Committee under the chairmanship of the hon. Member for Norwich, North that the expansion of departmental CSAs became a major thrust for the Government. What we say in our report—the hon. Gentleman has picked up the relevant paragraph—is that if the departmental CSAs are to be effective, they must have an independent voice. That is so important when it comes to communicating science.

The hon. Gentleman is absolutely right to mention what happens in our schools. When it comes to the calculation of risk, our society is incredibly bad at it. It is important that we get realistic risk management in schools. If I may digress a little, my wife took a group of children to the Twenty20 cricket at Headingley last week and I helped her fill in the risk assessment forms. Quite frankly, it was like writing a thesis—just to take a group of school children in a bus to watch a game of cricket. Apart from analysing the bus chassis and establishing whether it was roadworthy, virtually every other conceivable question had to be answered. We have to get away from that and have proper assessment of risk—but I digress.

We need to ensure that there is an emphasis in the new Department on improving the use of scientific advice, management and risk assessment in the use of evidence to support policy. There are, of course, many different ways in which scientific advice reaches policy makers—whether it be through formal scientific advisory committees, departmental chief scientific advisers, the Council for Science and Technology, or scientists and engineers within the civil service.

Since 1992, numerous measures have been introduced to ensure that scientific advice reaches policy makers and is then used appropriately. In 1997 Sir Robert, now Lord, May produced guidelines on the use of scientific advice in policy making, updated recently by the Government's current chief scientific adviser, Sir David King. In 2001 the Government issued a code of practice for scientific advisory committees, and I am pleased that they have accepted our recommendation that it too should also be updated.

We note that the Government issued a consultation on the code on 25 June, and we are pleased to see that the new code addresses our concerns about monitoring of scientific advisory committees. However, it does not state the Government's position on lay membership of such committees, an issue about which our Committee was particularly vexed. Given that it was an area of disagreement between the Committee and the Government, I should be interested to hear from the Minister what the code will say about lay members.

The year 2002 saw the introduction of chief scientific advisers in Departments that use or commission significant amounts of research. We welcomed that step. I reiterate our belief that whenever possible, there should be external appointments of people who have occupied senior positions in the scientific community. Curiously, the one Department with no scientific adviser is the Treasury. I should be grateful if the Minister could tell us whether, now that the former incumbent of the Treasury has moved to a new post, the Government have any intention of remedying the omission.

There is little doubt that the Government have taken the right steps in creating departmental CSAs, but the Committee was concerned about the more general decline in scientific capacity in the civil service. That concern was highlighted by Sir David King's comment that many civil servants hid their scientific skills or qualifications because they saw them as an impediment to promotion. Disappointingly, there are no accurate figures for the total number of scientists and engineers in the civil service, despite a recommendation in the 2002 cross-cutting review of science and research. May I ask the Minister whether the common employee record will be used to collect data on qualifications to ascertain the number of engineers and scientists in Government?

The Government said that their skills "sub-department" was conducting a sector needs analysis to identify skills gaps. Given that skills are the key responsibility in the Department of Innovation, Universities and Skills, I should be grateful if the Minister would tell us its findings in relation to science and engineering.

Without the capacity to be an intelligent customer, able both to frame the questions and to analyse and interpret the responses, the Government are potentially at a huge disadvantage. A classic example of the way in which things can go badly wrong was the Health and Safety Executive's response to the EU Physical Agents Directive relating to MRI equipment. The HSE's failure to understand that the directive could potentially halt the use of MRI for research and use in invasive procedures from 2008 was missed. I can report, however, that following the publication of our report "Watching the Directives" and a frank recognition by the Government that errors were made, there has been a significant change of heart in the European Commission, and an amendment to the directive increasing the limits for use of MRI is now highly likely.

In past years, the Government could have relied on a steady stream of highly qualified scientists and engineers working in their own laboratories for advice, but the changing status of Government scientific facilities such as the Laboratory of the Government Chemist, the Forensic Science Service and QinetiQ means further loss of capacity. Given those different factors, we recommended two solutions to the Government. The first was the establishment of a Government scientific service along the lines of the Government Economic Service. The Government told us that they recognised the need to create an effective structure to support the integration of scientists in Government, but were not convinced that formalising a single system across Government was the right action to take now. I would be grateful to hear from the Minister whether now is the right time, and whether the Government have reviewed their decision not to create a Government scientific service, particularly given the emphasis on the new departmental responsibilities.

Mr. Ian Taylor: I am intervening because I was the science Minister who took the decision that we should change the status of the National Physical Laboratory and the Laboratory of the Government Chemist, and I am well aware that that moved the scientific echelon of the civil service out of the civil service. I am listening carefully to what the hon. Gentleman has to say, and I hope that the Minister will be supportive of the idea that we should re-establish the science and technology aspect of the civil service.

Mr. Willis: I was not in any way trying to make a political point; I was merely musing that there had been a huge loss in capacity. During the hon. Gentleman's time as Minister, the Government could go to such organisations and command that they delivered responses; that has been lost.

The second proposal, which we felt was very important, is that there should be greater involvement of learned societies in peer review and the assessment of scientific evidence that comes to Government. That would have the added value of possibly reducing the Government's dependence on external consultants. To that end, we recommended that the Government discuss with the learned societies whether aspects of the scientific advisory system in the United States could be adopted in the UK. The Government said that they would "reflect further", and I would be interested to learn what reflections there have been.

I wish at this point to pay tribute to the work of the Royal Society, the Royal Society of Chemistry, the body representing physics and the other learned societies which regularly give evidence of the highest quality to our Committee. Such evidence could be made available to the Government in exactly the same way it is to a Select Committee. Without their evidence, it must sometimes be difficult for Government to form conclusions of the kind that our Committee is capable of reaching.

Scientific capacity is important, in terms of both social sciences and the physical sciences. If Government policies are to be evidence based—which the Government claim is the case—they need good scientific capacity. Since 1997, the Government have increasingly emphasised the importance of evidence-based policy making. In 1999, the "Modernising Government" White Paper and the Cabinet Office report "Professional policy making for the 21st century" emphasised the importance of the use of evidence in policy making. I also note that the National School of Government now runs analysis and use of evidence courses. Policies are thus increasingly promoted as evidence based—I am glad it appears that the Minister is nodding from a sedentary position. Unfortunately, however, few outside Government were prepared to accept the term "evidence based" as an accurate description of Government policy and we did not have to look far to find examples of a stark disconnect between evidence and policy. The former Secretary of State for Education and Skills, the right hon. Member for Bolton, West (Ruth Kelly), had almost no evidence when she announced her ban on junk food. Sir John

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Krebs, former chairman of the Food Standards Agency, was scathing. He claimed that

"the policy was developed with no evidence that it would work; no scientific definition of junk food; no cost benefit analysis; and no public engagement."

The policy announcement broke every one of the Government chief scientific adviser's rules of engagement. Yet despite the presence of a departmental chief scientific adviser within the then Department for Education and Skills, the policy was allowed to run unchallenged.

If the Government cite evidence in support of a policy, we believe that it should be able to bear robust scrutiny and that it should be communicated convincingly to the public. If there are problems with the evidence base, the consequences for public confidence can be grave, as was the case with MMR—measles, mumps and rubella—or damaging to scientific progress, as was the case with genetically modified crops, or potentially disastrous, as with the weapons of mass destruction issue and Iraq.

In our report, we highlighted four key issues on the use of evidence. First, the Government should take steps to strengthen the evidence base by establishing a cross-departmental fund to commission independent policy-related research. Will the Minister tell us whether he will set up such a central fund for independent research? We also acknowledge that it is not just a question of money, especially for academic researchers who are struggling to put together publications in time for the next research assessment exercise—or RAE. Indeed, for that reason we recommended that the Government work to rectify the situation in which the RAE acts as a disincentive to engagement by the scientific community with policy. The Government responded that the new metrics will achieve that and I would be interested to know how they will measure the success of the new metrics-based RAE in that regard in terms of public policy.

Secondly, the Government should ensure that the evidence they use is of the highest quality. The use of evidence and its quality should be peer reviewed. We recommended that the Government commission pilot reviews of the extent to which policies are evidence based. The Government accepted that recommendation, and it will be interesting to hear from the Minister whether such pilot reviews have taken place.

Thirdly, the Government should be gathering evidence to inform their future policy and undertaking horizon scanning. We recognised the excellent work of the foresight programme and the horizon scanning centre, but note that horizon scanning should be embedded within the policy-making process. It is no use if foresight produces excellent reports, but no one takes up the findings. Professor Paul Wiles, the Home Office departmental CSA, clearly stated to our inquiry that

"doing horizon scanning is one thing, getting an organisation to actually lift its head from immediate problems and think ten or twenty years ahead and use that horizon scanning is sometimes a challenge".

It is a challenge, but it is a necessary challenge.

Finally, we were concerned that when the Government undertake pilots or trials or runs consultations, the results should be published and their effect on the policy-making process made clear. We have looked at the trials of biometric technology for identity cards and emphasised to the Government that if those trials raise any doubts, the policy should be amended accordingly. Similarly, the Government need to ensure that the purpose and remit of consultations are clear and that feedback is given to those who have contributed. Problems such as the recent consultation over civil nuclear power undermine public confidence, not just in the consultation process but in the use of evidence in policy making more broadly.

I understand that the Cabinet Office has recently launched a consultation on consultations. I would be interested to hear from the Minister whether there is any early feedback from the process. As with scientific advice, it is important that the Government are open about the evidence underlying policies and we believe that evidence should be published and reviewed. That will ensure that evidence is not misused or selectively published in order to prop up policies.

It was deeply disturbing to hear the allegations from Professor Tim Hope of Keele university that the Home Office had actually interfered with the publication of research. He said:

"It is with sadness and regret that I saw our work ill-used and our faith in government's use of evidence traduced".

It is essential that the policy-making process and the use of evidence is fully transparent, and that where policy is not based on evidence, that should be made clear.

We acknowledge, and make the point strongly in our report, that not all policy needs to be evidence based. The Government have every right to promulgate policies that are not evidence based. Some policies have a mainly political or ideological basis. We accept that. The Government should acknowledge openly the many drivers of policy making as well as any gaps in the relevant research base or where policy is made despite the evidence. If the Government promote the idea that all policy is evidence based, they are undermining those policies on issues such as MMR, GM and climate change, where it is crucial that there is public confidence in the evidence.

Furthermore, if the Government change their mind about a policy as a result of a poor pilot or on the basis of new evidence, the Opposition—I include my party and the Conservatives—should not use that as an opportunity for political point scoring. Changing policy on the basis of evidence, pilots or research should be seen as a political strength, not a failing.

The third main plank of our inquiry into these cross-cutting areas was the management of risk. We did not attempt to deal with individual areas of risk, but focused instead on the communication of risk to the public—the issue that the hon. Member for Tiverton and Honiton (Angela Browning) raised. Successive Governments have attempted to deal with risk and it has risen up the agenda. We have seen green books, orange books, a Treasury guide on management of risk to the public, appraisal guidance and a risk management assessment framework; there have been lots of them. There is a long way to go, but I welcome the progress and urge the Government to continue to seek ways to sustain and improve risk assessment in policy making.

During the inquiry, we looked at the ways in which risk is communicated to the public and considered good examples, such as nanotechnology, which was communicated well to the public, has been widely accepted and is being well used, and bad examples, such as GM. The way in which risk is communicated to the public is crucial, particularly given the weak scientific and numeracy culture in this country. We recommended that the Government develop a scale of risks that could be used by all Departments. Rather than saying that the risk was very low, or one in 100,000, one could say it was as likely as being murdered. People understand that. If one wanted to express a negligible risk, such as one in 10 million—that means nothing to most people—one could say it was as likely as being hit by lightning.

Andrew Miller: The hon. Gentleman is making an extremely good point. Did his Committee look at the fact that the public see risks imposed by the state and organisations such as the railways differently from the risks they take themselves? For example, we see the numbers of people who happily expose themselves to excess doses of sunshine, when that occasionally occurs. It would be crazy for the Government to suggest the banning of package holidays to Malaga, but risks from the railways, which are much lower, are higher up the agenda from the public's perspective.

Mr. Willis: This is not an easy area and the Committee is not suggesting that. Our conclusion was that it is important to communicate risk in a way that people can understand, and we compared different types of risk in that way. The problem that the Government and all political parties have is the compensation and litigation culture that has come into this area. Small risks are now built up into major things; for instance, one cannot play conkers—a use for horse chestnuts, I say to the Minister—within school grounds because of the risk. We need to get that into balance.

The Government said in response to our report that they would have discussions with the media to try to maximise public understanding. I would be grateful if the Minister explained what that meant and what the Government have done in this area. The Government also told us that they were establishing an expert resource centre for public dialogue on science and innovation to help all parts of Government to enable public debate on science and technology-related topics. As far as we are aware, this is still just a Government plan. If so, when will it become a reality?

Finally, may I return to the impact that the machinery of Government changes will have on the scientific advisory system within Government? The chief scientific adviser, Professor Sir David King, was situated within the DTI as head of the Office of Science and Innovation. He therefore had a dual role combining a cross-departmental co-ordination and advisory function with the post of head of the OSI. We were concerned that these roles did not sit comfortably alongside one another and that the GCSA was unlikely to have time to develop both his cross-departmental role and his administrative functions within the OSI. It seems that these roles have been reviewed and that the changes are much more far-reaching than we suggested. We suggested that the GCSA should have a desk in the Cabinet Office and a seat in the Treasury. For him to sit with the Government's chief economic adviser, who also has a seat in the Treasury and the Cabinet Office, would be a strong bolstering of the independence of the Department.

Obviously, the DTI has been split, and what was the OSI has been moved into the new Department of Innovation, Universities and Skills. We understand that there will be a new office for the Government's chief scientific officer within that Department and that the OSI will cease to exist. Will the Minister clarify what the remit of that office will be? Will the chief scientific officer focus solely on trans-departmental scientific advice, or will he continue to have administrative responsibilities within the Department? The whole issue of scientific advice is important, and it should be at the heart not only of the new DIUS but the whole Government. I welcome the Government's response to our report.

5 pm

Dr. Ian Gibson (Norwich, North) (Lab): I congratulate the Minister of State, Department of Innovation, Universities and Skills, the hon. Member for Dudley, South (Ian Pearson), on his new appointment, and wish him luck in the battles ahead. I also congratulate the hon. Member for Harrogate and Knaresborough (Mr. Willis), as Chairman of the Science and Technology Committee, on building on the work of the past eight years in this area. He has taken it on rather well.

Before we discuss scientific advice, we must address the question whether science is important. That battle has still to be won, not only in this country, but in large sectors of the rest of the world. If we cannot win that battle, we can give all the advice we want, but no one will listen to it or want it. Most hon. Members present can probably cite many occasions on which science has contributed to the betterment of the world or of health. For example, there is a lot of hyperbole around the science of stem cell research at the moment, but there are also great hopes and wishes that something will come out of the research. The evidence might not always be there, but people have a right to try to obtain it to improve conditions for people on this planet.

I confess that I am a member of the UK Stem Cell Foundation, which was set up by Sir Richard Sykes and various other people, such as Jon Moulton, for whom the Treasury Committee does not have much time at present. The foundation can raise £90 million almost overnight from its connections, and it wants to make a connection with the Medical Research Council to ensure that work is done in this country, and goes all the way from blue-skies thinking to product formation in this country, so that we do not see, for example, antibodies being developed in the States. That culture is beginning to take off.

There are problems with academics and researchers in general. Having been one myself, and still knowing many, I know, as other hon. Members present might confirm, that there is a great latent suspicion regarding the media and the communication of science. I have scars on my back from my frequent appearances on Radio Norfolk as a science adviser. I once tried to explain how a microwave oven works, and when I went back to the lab I was pulled apart by people who not only knew more about it than I did, but said that trying

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to explain a difficult concept to the public was simply a waste of time. That problem still exists. When I see my friends at meetings, as I did this weekend, they say things like, "The public will never understand; it's much too complex." We still have that battle to fight in this country.

Mr. Ian Taylor: As an amateur scientist—the hon. Gentleman is a professional—I sometimes get frustrated when I have to defend science, because many scientists do not explain or defend it. It is a big frustration that, too often, scientists in this country do not engage in public appreciation exercises, although they really should if they want their sector to flourish.

Dr. Gibson: I absolutely agree with the hon. Gentleman, and I hope to say a little more about how we might address that problem. But, certainly, words such as "arrogance" come to mind, and there is perhaps a lack of humility in communicating with the public among some scientists whom I know, and I am sure other Members know as well. I saw that at first hand during the whole genetic modification debate, which some of us battled through, against friends on both sides of the House, a few years ago, when scientists arrogantly sat round dinner tables and said, "No need to talk to the public about it; they'll accept what the scientist says." That was a factor—not the only factor, but an important one—in the determination of this country and its people to walk away from GM crops and GM food. Indeed, a whole industry disappeared. Many of us learnt the lesson about that, but many scientists still have not done so.

Angela Browning: As someone who, in a former existence, licensed the first GM food in this country, I recall being given advice at the time that it was better to put up a scientist on the television than a politician, because the public would trust the scientist rather than a politician. I wonder what the hon. Gentleman's thoughts are about that, in the light of what he has just said.

Dr. Gibson: My answer would be that there are scientists and there are scientists. There are scientists who work for companies such as Monsanto, whom I, and, I am sure, the hon. Lady, would not trust an inch, whereas independent scientists from a research institute or university are slightly better—let us put it that way—and unlikely to mess up the data or the communication. For example, I remember John Krebs once talking about food and quite blatantly saying to John Humphrys, "I don't really know; none of us knows." That is not the kind of answer that is expected in the media, where people are told, "Say it in black and white—yes or no?" That is the Paxman-Humphrys school, which does not always go down well with the public.

Dr. Evan Harris (Oxford, West and Abingdon) (LD): The hon. Gentleman mentions the media, and I want to question whether he is right to say that the problems of GM acceptance were due to scientists sitting around at dinner parties and not doing anything else. It seems to me that once the media had decided to treat GM as they did, nothing could have been done. Although some preparatory work could have been done, the problem lies much more with the media than with a failure of scientists in that case.

Dr. Gibson: I was a member of the John Innes Centre council at the time, and I remember a dinner party where Derek Burke—who was blatantly savaged by Prince Charles for defending GM—and I talked to the scientists who were doing the work in this country. They said exactly what I said before, "There's no problem. It's actually going to happen." Then one of them appeared in public. I sent him out to a small village in north Norfolk on a dark night. The village hall was packed out, Lord Melchett was there, and he was savaged to death—and will never speak again. He has got so bad at his science that he has gone to Cambridge as a professor of genetics, in dismay at having had to interact with the public on that kind of subject. He would much rather go into a sort of industrial environment in a department in Cambridge.

Dr. Brian Iddon (Bolton, South-East) (Lab): Have not the British media damaged the British industry? Compared with the American, Chinese and Indian industries, we have lost out because the British media have damaged the British industry.

Dr. Gibson: I absolutely agree with my hon. Friend. It was not just the scientists in the British media who purveyed the idea of "Frankenstein foods" and so on; the political people often did so, too. I remember that *The Guardian* spent all its time talking not about the value of the foods, but about Lord Sainsbury's share interests. The political editors of the newspapers provided the focus, and the scientific editors were pushed aside. So a concerted campaign was going on—which, of course, scientists are not used to. They are used to purveying what information they can, and having arguments and so on; they are certainly not used to discussing who has more shares than someone else.

Bill Wiggin: I am curious about the issue, because obviously, I was not part of the debate at the time. When a Minister has such a high-profile role in the wider debate, what is the hon. Gentleman's feeling about that sort of message coming from those in politics and Government towards the general public, and then their understanding of science?

Dr. Gibson: People's hands must be rather clean. Of course, there are mechanisms for people working in this place, whereby they can filter some of their shares to offshore islands, such as Jersey and Guernsey. I do not think that that is any better, but it is quite legitimate, and if we are opening up transparency in this country, we should look at it carefully. In the case that the hon. Gentleman refers to, the individual did not try to defend the situation as much as the papers attacked him, and other people were defending the Government's position.

The learned societies, too, were far from brilliant. Instant rebuttal was something I grew up with in the Labour party. Peter Mandelson was excellent at it with his team. Instant rebuttal meant 10 or 20 minutes. The Royal Society's idea of instant rebuttal was a long tome of 50 pages, which took six months to produce—by which time it was too late and the battle was over. So, there were lots of lessons to be learned by different functionaries in the scientific and technological movement in this country.

I am not entirely sure that the Science and Technology Committee report—excellent though it is—goes into things in the depth that some of us would like. I know that there was a previous report and that this report moves the debate on, but there should have been a wider examination of the structure of science within Departments. The model that has been put forward is very like the model that we live with, but we could have been a little more radical in looking at the position of Ministers in the new Department. We do not just have one Minister with responsibility for science. There is also a senior Minister, who is in the Cabinet. That is something some of us would have died for: to have at the Cabinet table somebody who can put scientific arguments at first hand, and from the point of a view of a Department that is looking at innovation, higher education and science. I welcome that kind of initiative.

The interaction between science and innovation is extremely interesting, and is an area in which we are still learning things. That interaction will take place within the Department. We have seen the first flurry of activity in higher education, with top-up fees and so on. We are all suspicious, but that has been an attempt to address a lingering problem. Things are beginning to happen. I have spent a lot of time listening to people who talk about blue-skies research, and I also talk to bio-entrepreneurs—in fact I presented prizes to some of them last week at Lancaster house. I was really glad when the first person who came up to speak was somebody to whom I had presented a prize the year before, who had set up a small company to make antibodies, outside Cambridge university. It was a spin-out company. Within a year of the conference, he had been bought out by GlaxoSmithKline for something like £1 billion. I am sure that none of us will ever see that kind of activity, but I was glad to hear that young person say that the work that he and his team of 12 had been doing had suddenly blossomed and attracted the interest of GSK.

All the other people winning prizes live in the hope that the brilliant scientific ideas and innovations that they come up with will eventually be picked up by bigger companies. That may not be the best model. We might have to look again at smaller companies just developing into medium-size companies. The talent of individuals in this country is second to none, but I am not yet convinced that we have the structures to make sure things happen, although the openings are there for things to move on. We may need a lot more in the UK Trade and Investment area to make sure that those bio-entrepreneurs develop their particular skills.

I often ask whether we need a chief scientific adviser. I am always worried that we have been given a set system. Is a one-on-one situation with the Prime Minister, involving direct interaction, the best way to get science across? I am not entirely convinced that that is not just a reaction to a situation. The current chief scientific adviser did a brilliant job—unheralded—with the foot and mouth outbreak when he showed the curves illustrating how it was going to disappear after a period of time. That demonstrated real ingenuity, and it came from a knowledge of the scientific community, who were doing that kind of epidemiological modelling.

The new Department has many openings with Ministers and so on. There will be an arena of people in the Cabinet and across Government involved in the whole thing. I always say that a department where people drink coffee together and take part in other activities is where things happen. The success of the Medical Research Council laboratory at Cambridge—where Nobel prizes have been won—was helped by the café on the top floor. People could sit with Crick and Watson and argue and talk to them about research until the cows came home. It was brilliant. I tried to institute something similar in Norwich; I set up a café where people could interact across the boundaries, and forget what they called themselves, whether they were zoologists, botanists or molecular biologists. It was great that they got together and talked in an interdisciplinary way, but as soon as I disappeared the café was closed and people were put back into their silos, and their own professors became the bosses of the coffee club.

Andrew Miller: My hon. Friend will be interested to know that a couple of weeks ago I hosted a meeting in the Members Dining Room, in which General Motors gave a presentation about future vehicles. Its plea was for Government to sit people from the component parts of what was the Department of Trade and Industry around the same table, so that we could produce the interaction necessary to help develop ideas.

Dr. Gibson: I thank my hon. Friend for that. I thought for one second that he was about to talk about Fairtrade coffee; I was sweating somewhat. Nevertheless, he makes the point that intercollegiate interaction is important these days, as science moves on. Old titles disappear, and new subjects are born overnight. Take nanotechnology, for example—although I am not quite sure what it means in detailed terms. There is an excitement about the new technologies brought about by physicists, chemists and biologists, and that brings them together. That is the way forward, and we have to do a lot more in that respect. I welcome the new Department for the chance that it gives people in different arenas, such as innovation and education, to work together and talk and argue in an interdisciplinary, collegiate way.

I am sure that I will be forgiven for saying it, but the civil service is, in the main, scientifically illiterate. That is what we have to deal with. If we come together and bring forward new, sparky ideas, they will be the civil service's ideas tomorrow.

Angela Watkinson (Upminster) (Con): Is it not the case that eminent scientists, particularly research scientists, often come up with diametrically opposed conclusions, and does not that engender interest, not just among Departments and the civil servants whom the hon. Gentleman mentioned, but among the general public and schoolchildren? It shows them that science is an area for ideas, and that sometimes there is not a definitive response to a problem.

Dr. Gibson: I share the hon. Lady's sentiments entirely. I know eminent virologists who do not believe that AIDS is caused by a virus, and who argue about it at conferences. That is the nature of involvement in science; one never knows what one might find out, and

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what we think today may turn out to be subject to another explanation tomorrow. That is the excitement of it, and that is why young people deserve a better education, as the hon. Lady says.

I want to speak about risk. Points have been made about how hard it is to define it, and to get people to take it seriously, but I read that Natalie Angier, the science editor of *The New York Times*, has written a book called "The Canon—A Whirligig Tour of the Beautiful Basics of Science", which she believes sets out the minimum knowledge required by an educated person. A similar thing has been done in this country in a book by Bill Bryson; it is an amazing read. The Royal Society of Chemistry, bless it, gave one to every school in the country. It addresses the basic questions that young people ask, such as "How do you weigh the Earth?" and "Why is the sky blue?" Some hon. Members will have heard that question asked the other week. The most eminent scientist in the country could not answer it, so narrow are the specialities. But that is the nature of science: one cannot know everything, but by interacting, we can share information.

Angier mentions an issue that the hon. Member for Harrogate and Knaresborough raised: how can we define risk in terms simplistic enough to give people an idea of what is meant? She says:

> "You would have to fly on a commercial aircraft every day for 18,000 years before your chances of being in a crash exceeded 50 per cent."

Let us not mention the effect that that would have on climate change; that is another issue. That quotation brings the subject into perspective. She goes on to raise many other points.

I have made the point that the question of how one goes about getting evidence is important. The issue of stem cells has been discussed in this Chamber and in the other place, and I remember those occasions well. Some hon. Members who are present in the Chamber today thought that we might lose the vote on the subject. There was concerted action not to argue the science in a peripheral way but to make it clear, and to involve patient groups and others. I did not see many civil servants or people from other Departments. What really won the argument was the parliamentary process interacting with people outside who ran patient groups. That was a real phenomenon, but it is not always picked up. For several weeks, we made the arguments, and we won the vote. It delighted many scientists in this country that Parliament made a decision that put us in the leading frame on this type of research. Of course there was, and is, no guarantee that stem cell research will deliver the cures for motor neurone disease and so on, but it is the chance to get the evidence that is important.

Dr. Iddon: Does my hon. Friend find it rather strange that Galileo was prevented from making progress by the religious people of his day, and that the stem cell scientists have almost been prevented from making progress by the same group of people?

Dr. Gibson: I thank my hon. Friend for that. I am very aware of that, given that I serve on the Joint Committee on the Draft Human Tissue and Embryos Bill under the chairmanship of the hon. Member for Harrogate and Knaresborough, who also chairs the Select Committee on Science and Technology, which produced the report before us today. We have met religious groups, and nothing very much has changed since those late nights that we spent as students arguing for Darwin's explanation of phenomena against the religious explanation. Yes, the issue is still there, and the battle will continue. Science never sleeps, and the battle to make sure that its voice is heard will continue.

Evidence comes from all corners of the world—science is global. Lots of people interact, not only at the academic level, but in terms of getting information. People will have noticed that *The Observer* on Sunday includes part of *The New York Times*, and the science is rather good, explaining issues in terms that anybody with some kind of scientific literacy could understand. The situation is getting better, and it will get better still.

People are suspicious, however, that much of the research undertaken to obtain that evidence is done behind closed doors. There are companies that do private research. We know about the falsifying of the stem cell data in Korea and so on, and other countries—even the United States—are privatising research. There are also conflicts of interest. Scientists are very keen on intellectual property rights. When I go to meetings—I went to the National Institute for Health and Clinical Excellence the other week—I have to sign a document that says, "Anything you hear must not appear in the newspapers tomorrow." I find it rather foreign to communication across the scientific endeavour that we cannot have open and transparent discussions because there may be a commercial interest involved.

Convincing politicians will be extremely difficult. I often ask myself why that is so. Lawyers do not care whom they defend; they will defend the victim or the alleged perpetrator of the crime—it is a job, it is money, it is what lawyers do. Scientists do not behave like that; they have a belief, a determination to be honest and an ethical code, and they talk to each other at meetings and behind the scenes—and that is curtailed only by the intellectual property phenomenon that is now with us.

As regards the stem cell debate, we should also remember that the company's commercial interests immediately create suspicions among members of the public. There is huge, scathing distrust and a belief that certain companies that do the science hide the data to get amazing profits.

Angela Browning: Does the hon. Gentleman share my concern that the opposition to a scientific development, particularly when it is translated into legislation and argument in this Chamber, is sometimes very much influenced by very well-resourced lobby groups? The money that they can call on to mount a campaign against such developments should perhaps sometimes be balanced against the commercial interests involved in developing something that would not otherwise be developed if there was no commercial benefit to it.

Dr. Gibson: I thank the hon. Lady. That is another truism. Many people are put under pressure subtly or quite openly. Most hon. Members find it difficult to say no to someone who wants to talk to them about a problem, such as a drug that they cannot get commercialised

or get approved by NICE. That makes life difficult for us. To advise us, we need a grouping that is not subjected to such pressure. I do not know whether that exists anywhere in the world, but we ought to try to achieve it.

The first hour of the meeting that I attended at NICE was spent with people talking about their commercial interests. Either the laboratory had been funded by the company that wanted the drug to be approved, or some social benefit had been offered, such as a trip to Florida. It is hard to resist that, even if one feels neutral. In the decision-making arena, such pressure can influence the way one considers the evidence. I hold my hand up and say that sometimes I do not speak out when I should because I feel some empathy with the people presenting the evidence. It is disgraceful, and having been a boy scout, I should know better.

NICE is an organisation that is finding its way forward to assess the evidence and to try and restore confidence in certain areas in medicine. If any group that scrutinises medical developments does not get it right, that damages the research and the patients. Scientific endeavour generally gets a bad name, and public funding with public support can quickly disappear. I was amazed how quickly the support for GM disappeared. We lost the argument day by day, until there was little left to fight for, although I remember slanging matches with friends of mine in this place who were against it from the beginning.

Evidence that comes forward often raises expectations. Scientists should be careful about that. The hyperbole that is sometimes associated with certain types of science gives rise to the kind of scary stories that discredit science. There may initially be disagreements, but ultimately there will be agreement about issues on which the evidence is not solid. Somehow that gets in through the media or the public domain, and is believed. A friend of mine, Ben Goldacre, writes a column in *The Guardian* every Saturday exposing that kind of phoney science, especially in the food industry, and some of its claims.

Many people would feel let down if there were too many stories like that. Science is not precious, but we must fight to maintain its independence and integrity. The slanging matches that go on when topics are discussed must take place in the open. The public must know that there is an argument, as well as a consensual view.

Controversial areas such as stem cells need to prosper, but only in an environment where the scientists are self-critical. Science is not just about certainty; it is also about uncertainty. I mentioned the case of Krebs saying, "I don't know." I have never met a scientist—this may be a parallel with scientists' so-called arrogance—who could be absolutely sure that they had done every experiment and every control necessary to achieve certainty. That is what is exciting in schools—teaching young people to be critical, to do experiments, to think things through and to ask questions, and giving them the opportunity to develop some understanding and some interest in science.

Universities have a long way to go in how they teach science. Some of what is taught there is boring, rather than radical. I question whether the PhD is taught properly now, and whether post-doctoral fellowships are the way to do science, not necessarily because they are one-year or three-year contracts, but because in many quarters post-doctoral students are still beholden to the boss of the laboratory, who gets all the credit and the kudos from research exercises, whereas a vast amount of the work that is done in this country is done by postgraduate and post-doctoral students. We should remember that we need them, although the administrative work is done by the senior member of the team. In schools and in universities, there is so much more to do to advance a subject that is very exciting.

We do science because we want to make life better for people and to have information that we can put into the system, not just in health but in other fields too. It is not always possible to devise good experiments, but we should give people the right to do that, and we should finance them to allow it to happen.

5.30 pm

Mr. Ian Taylor (Esher and Walton) (Con): I am delighted to be able to speak in this debate. I start by congratulating the Science and Technology Committee, of which I used to be a member, on its excellent work in producing the report. A lot of effort and consideration has gone into it, and it is a valuable contribution to our debate.

I welcome the Minister to his new position. In my view, it is the best job in Government, although he does not have quite as much of it as I will recommend he should have had. Nevertheless, as Minister with responsibility for science, he will find dealing with these subjects very stimulating.

Before the Minister gets too excited by his promotion, let me give him a warning. During my period as Science and Technology Minister, the BSE crisis was suddenly launched upon us. On the very day that the information had been revealed, there was an evening reception at Downing street. The Prime Minister was saying nice things in welcoming various Ministers until he got to me, when he said, "Oh yes, you're the science Minister, aren't you? Look what a mess you've made of this." The Minister must remember that he will get the blame for crises in science that other Ministers do not want to know about. One of the problems is that although science is at the heart of decisions in virtually every Department, most Ministers are either ignorant of, or do not wish to know about, the implications of science and evidence-based decision making. That is one of the subjects addressed in the report.

During the past year, I have been producing for my party a report on science, technology, engineering and mathematics. It is remarkable just how buoyant those subjects are in our universities. I want to make the Minister understand, in his new departmental role, that it was a mistake to put science in just with the universities, which are much broader institutions that do not just concentrate on science. I hope that he has more than his fair share of debates within the Department and that he influences other Departments, particularly the Treasury. It is critical to the future of this country that we not only do excellent science and punch above our weight in publications and citations but capture the benefits of that science as they emerge.

One difficulty is that although we as a country are brilliant at providing ideas for the rest of the world, producing 9 per cent. of publications and an even bigger percentage of citations from a very much smaller

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percentage of population, other countries capture those ideas. The other day, I heard that one of the key people in the development of the new Apple iPhone was at Northumbria university—a Brit—but the innovation has been captured in the United States of America. As we begin to compete in this world, even more so at the knowledge-based industry level, we will have to capture more of the ideas that come out of our science base. To put it crudely, we need to have the same esteem for engineers as we have for scientists, because engineers capture the discoveries of scientists and turn them into applications.

My plea to the Minister is that he should not get corralled within the Department. When I was Science and Technology Minister, I claimed and exercised trans-departmental responsibility mainly because I had the full backing of the then Deputy Prime Minister. If the Minister is to make science count in Government, he will need an ally in Cabinet Committees.

Other speakers have already mentioned the fact that some key decisions that we have to take in the years to come are very science oriented. There are disadvantages to that. The hon. Member for Norwich, North (Dr. Gibson) mentioned the importance of considering the evidence on which a decision is based. The difficulty is that politicians often have to make quick decisions without the evidence. The BSE case was a good example. It was difficult to get scientists to give evidence to the politicians—one of whom was me—who wanted to make speeches in the House of Commons in favour of this country being a leader in stem cell science. We must understand that there are pressures on politicians to which scientists have to respond, rather than just saying: "We will do it in our own time and the evidence will eventually emerge."

Another difficulty in the relationship between scientists and politicians is what I might call the absolute statement. When in trouble, a politician is desperate to say, "I'll do what the scientists tell me." It is very rare that scientists will tell a Minister exactly what he should make a judgment on.

Angela Watkinson: Does my hon. Friend agree that the vast majority of the general public are laymen in scientific terms? It is difficult for them to know what to believe. They read daily in their newspapers dire warnings, particularly about food science, the causes of global warming and treatments for illegal drug use. Very often, there is conflicting information, and it is difficult for them to know whether something is just the opinion of one scientist or a definitive fact on which they can rely.

Mr. Taylor: I entirely agree, and that applies not just when it appears that fairly disreputable people in the science community are saying something, as in the confusion over MMR, where the scientific evidence was all weighted on one side and a lone operator was questioning it. The press, however, gave equal balance to him.

It is difficult for the public to know quite where to stand, and it is difficult for Ministers. The report is important because it deals with the advice given to Ministers and the form in which it is given. As I said, that process affects virtually every Department.

Energy is an area of great importance and food science is critical. We excel at food science in this country, but the public are increasingly concerned about it. If evidence is given in the wrong way, the scare is already in the *Daily Mail*—a newspaper that I would ban if I were a dictator, because it does more harm to public opinion than anything else. That probably means that I shall get a bad sketch. Actually, I will not, because there are no journalists present—even if I could see them. That is typical of the interest shown in scientific matters.

The report's key point is that we not only have to make Ministers more literate, but that the advice to them must be more independent and should be perceived as being so. I intervened on the hon. Member for Harrogate and Knaresborough (Mr. Willis) about this. I would like to claim that the 1997 election was just a matter of the public overwhelmingly deciding that I should not continue as science Minister, but the reality is that leaving the Laboratory of the Government Chemist, the National Physical Laboratory and many others outside Government meant that the concept of a technical civil service went with them. We should consider that area carefully.

Recently, I published a proposal that was widely unread because it was a press release from a Conservative Back Bencher, but it said that there should be a Department for science and innovation, with a Secretary of State responsible for it in the Cabinet. I know that the Secretary of State to whom the Minister reports is in the Cabinet, and the same applied under the previous Conservative Government: the Minister for science was not in the Cabinet, but the Secretary of State asked for briefings just before Cabinet meetings, in case something interesting came up.

I will go further. Science is now so central to Government that a department for science and innovation should be responsible not only for the things for which the Minister is already responsible, but for the co-ordination of a technical civil service, and it should work with various scientific advisers in the Departments. When Ministers are dealing with an issue—the environment, defence or transport—such a department should be a central resource whose advice is respected within Government. I would have included technology in that department, which has been put in another Department under the Prime Minister's reforms, because the two go well together.

I have also advocated a move to smarter public procurement, which is another responsibility that could have been included in the Department. Sadly, I do not have the ability nowadays to do much more than issue press releases. However, I hope that the Government absorb some of the message that I am trying to convey because although, as a Conservative, I should like a Conservative Government in the near future, in the national interest, we cannot continue to wait.

That takes me back to the intervention of my hon. Friend the Member for Upminster (Angela Watkinson). The public are ill informed. It is not their fault—in a way, it is ours. Successive Governments have never grasped the need for more scientific literacy in schools. We are still struggling. Even according to the Government's figures, we are doing much worse than we should be in ensuring that every school child has some understanding of basic science and mathematics—by that, I mean

making our children numerate as well as literate. We do not enable them to understand risk, and then we are surprised when, as adults, they are not scientifically literate and cannot evaluate.

I did not think that anyone remembered that something had happened before 1997, but I am flattered because I suddenly noticed that the report quotes me. Paragraph 190 states that, as science Minister, I

"proposed a scale of risk which would provide 'a series of common situations of varying risk to which people can relate'."

I called it a scientific Richter scale. We have a Richter scale in a different context; why not have one for science?

The report goes into considerable detail, which I have no time to repeat, but we must find a way of communicating to a currently scientific illiterate public the way in which they should react in a set of circumstances. Let me make a crude comparison, which is contemporary rather than the best example. When the car bombs, which thankfully did not explode in London recently, were announced to the public, there was no panic because somehow, at the same time, the extent of risk that they should assume was communicated to them. Although the risk was high, other factors meant that there was no panic.

We are lucky that, so far, a biological or chemical attack has not taken place in London. The public will not understand degrees of risk in something so invisible and difficult to grasp. Tragically, we know about car bombs and the damage that they can do, but we are ill educated about the consequences of a biological or chemical attack in this city. We must start preparing the public in ways they can understand about how to react without scaring them. It is a complex art and I do not claim that I have an instant solution, but we must start thinking about it.

Angela Browning: Does my hon. Friend agree that educating the lay public is not simply about putting complex scientific evidence and information into language and a perspective that people understand, but has a psychological element, which is perhaps not easy to pin down? For example, anyone who is prescribed medicine and takes the trouble to read the accompanying bit of paper, could decide never to take the medication because of all the possible side effects. I have thought that myself. However, as the medication has been prescribed by a doctor for a specific purpose, the vast majority of people will ignore the huge risks that might be included on the accompanying bit of paper and take their medication as prescribed. Psychologically, they know they need it, and a doctor—somebody whom they trust—has prescribed it. It is difficult to get a balance between raw basic science put in a simple form that people understand, and the psychology of the risks that people are and are not prepared to take.

Mr. Taylor: I absolutely agree with my hon. Friend, but in some ways people are unpredictable in what they determine to be an acceptable risk and what they will not accept. I agree that some of those instructions make one's hair stand on end—I do not have enough to stand on end—and that if people read them, they would be confused or terrified about the possible side effects.

The person whom one has trusted—the intermediary—is the doctor, or perhaps even the chemist, if one gets the drugs from a pharmacy. I am not inviting the Minister to wear his doctor's or pharmacist's cloak whenever he goes out, but there must be some trust between the Government and the public in communicating risk whenever it might occur.

Angela Watkinson: I thank my hon. Friend for being generous and giving way again. Does he recognise that the lay public's understanding of scientific matters can also have a commercial knock-on effect? For example, tons of blueberries have been sold over the past couple of years, because they were thought to be a super-food that counteracted free radicals. More recent information suggests that they perhaps do not do that. One can envisage sales of that product plummeting and the commercial market being affected.

Mr. Taylor: My hon. Friend is right that food scares can create shifts in the market. When I was a Minister, I had to react to a headline that said something to the effect that "Grapefruit is a killer". Not surprisingly, grapefruit sales plummeted. I looked into the matter and found that grapefruit is a killer if one has just had all one's internal organs operated upon and some of them removed—apparently it is not terribly wise to have grapefruit in the week after major internal surgery. That might be specific to the patient who has had such a serious operation, but it is not a general risk to the public. Grapefruits eventually came back when the public realised that they were perhaps not at risk if they had not major internal surgery. It is difficult to get that message across, particularly if a newspaper headline has already done the damage, as has been said. The work then is reactive, rather than about putting a constructive case to try to explain the issue.

My point, which I am sure colleagues will share, is that we must assume that things will go wrong in that way. We must therefore prepare ourselves constantly to try to explain the situation and put a positive aspect on it. More scientists should take into account the benefits of the public's appreciation of science in, for example, being awarded research grants. I give due credit to the Royal Society and the Royal Academy of Engineering for increasingly encouraging and perhaps even pressuring their fellows to do that.

We are all in this together. If we want active stem cell research and, ultimately, commercial applications for the benefit of the public, we must defend stem cell research in this country. We have the salutary example of what went wrong in the United States, where the Christian right decided that stem cell research was a cause célèbre and President Bush supported them, rather than science. Slowly that work is being restored in the United States, albeit at the state, rather than the federal, level.

We must all be on our guard and we must all be positive. We must increase the amount of science education in our schools. This debate is not about that, but we must never forget that it is crucial. We must do more to encourage our universities to maintain science. The Higher Education Funding Council recently improved grants to universities for science teaching, but the funding is still not enough. I have proposals on that, but the nation will have to wait until my report is published to learn of them.

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Those are serious collateral issues in the context of scientific evidence, which we cannot take in isolation. This debate and the Science and Technology Committee's report are timely and, for the Minister, an object lesson. The euphoria of his appointment is now balanced by the burden of attempting to persuade his ministerial colleagues that he is the most important man in the Government.

Several hon. Members *rose—*

Mr. Deputy Speaker (Sir Alan Haselhurst): Order. Before I call the hon. Member for Bolton, South-East (Dr. Iddon), perhaps I should remind the House—without being invidious to him or to the Front-Bench speakers to follow—that there is another debate after this one, for which there is no set dividing time. Speeches have averaged 27 minutes so far, and that might put the other debate at some peril.

5.50 pm

Dr. Brian Iddon (Bolton, South-East) (Lab): It is a great pleasure to follow the hon. Member for Esher and Walton (Mr. Taylor). I also congratulate the Minister of State, Department of Innovation, Universities and Skills, my hon. Friend the Member for Dudley, South (Ian Pearson), on acquiring the role of Minister responsible for science and innovation. I am sure that that is a great privilege for him.

The report on which the debate is founded is based on three separate inquiries undertaken by the Science and Technology Committee. The first was on the ABC classification of drugs, and it has already been debated—in a Westminster Hall Adjournment debate on 14 June. The second was on identity card technologies, and I hope that we have contributed to that ongoing debate. The third inquiry, on which I shall say more in a minute, was on the EU physical agents (electromagnetic fields) directive, which is a bit of a mouthful.

The Science and Technology Committee was particularly interested in how the Government use the scientific advisory system as a whole to form their policies. As the Chairman of the Committee, the hon. Member for Harrogate and Knaresborough (Mr. Willis), pointed out, the Government claim to base their policies on the evidence provided to them. I should stress that we also considered the application of social science, as well as of the natural and physical sciences.

I would like to say a few words about the Select Committee. Last Thursday morning, I was at the parliamentary affairs committee of the Royal Society of Chemistry at Burlington House. I am one of its parliamentary advisers, and a fellow of the society. Representatives of all the great learned and professional societies around the city attended that meeting, as well as representatives of the Royal Society of Chemistry. I want to convey to the House their utmost concern about the possible future of the Science and Technology Committee, to which the Chairman has already referred. They want me to tell the House that it would be almost a calamity if the Select Committee disappeared as a separate-standing, cross-cutting Committee which looks at all science, technology and engineering across Departments—a truly cross-cutting Committee like the Public Accounts Committee. They would prefer to see it survive in its present form, rather than be subsumed into the departmental Committee of the new Department of Innovation, Universities and Skills. Will my hon. Friend the Minister tell me whether, if we were subsumed into the departmental Committee, we could still enjoy a cross-cutting role? I do not think that we could, but he might have a different view.

Some of the greatest problems that the Government are facing today need advice from our scientists. They include food scares; E. coli; foot and mouth disease; bovine spongiform encephalopathy—BSE—in cattle and its transmission to man as new variant Creutzfeldt-Jakob disease; infectious diseases such as tuberculosis and malaria; HIV/AIDS; the threat of avian influenza; substance abuse, in which I include alcohol and tobacco; the threat of terrorism and crime in general; the supply of energy; and climate change. These are all examples of policy areas that have required, and will continue to require, a scientific input. The current review of the Human Fertilisation and Embryology Act 1990 is another example of the importance of scientific advice in advising the Government on the way forward. In a recent session with the chief medical officer, I got the distinct feeling that scientific research was ahead of even his thinking in this policy area.

In March 2007, the then Government chief scientific adviser, Lord May, published his "Guidelines on the Use of Scientific Advice in Policy Making", which was updated in 2000 and 2005. In March 1998, the then Select Committee on Science and Technology published a major inquiry into the scientific advisory system, which we have followed up, as my hon. Friend the Member for Norwich, North (Dr. Gibson) has already mentioned. A number of reports, such as Lord Phillips' report on BSE and CJD in October 2000, Government reports such as the White Paper "Investing in Innovation" published in 2002, and the Government's 10-year investment framework for science and innovation have strongly influenced the application of science in Government policy making during the time of this Government.

The Committee has always taken the view that the Government's chief scientific adviser should be seen to be as independent of Departments as possible. Indeed, our report recommends that the CSA should sit in the Cabinet Office with a seat on the Board of the Treasury, rather than in the Office of Science and Technology or, now, in the new Department. We shall wait with interest to see whether the new arrangement will give a greater focus to science, engineering and technology, although I am disappointed, as are others, that the word "science" does not appear in the title of the new Department. Significantly, the head of the Government economic service, Sir Nicholas Stern, has his base in the Cabinet Office, but retains a desk in the Treasury.

We have recommended that the Government's CSA work closely—perhaps more closely than in the past—with the head of the Government economic service and with the three social science chiefs of profession. The Committee has always taken the view that there should be a chief scientific adviser in all the major State Departments. We believe that we were particularly responsible for persuading the Department

for International Development to employ a CSA. He has been active and forward looking in his advice to that Department, and I believe that that has had an effect on its work.

Departmental CSAs have been appointed both from within State Departments and by secondment from positions outside. Those appointed from outside usually work on a part-time basis, for three or four days a week, as well as continuing to work for their former employer, which is often a university. The evidence that we have collected suggests that there are advantages in seconding people to those positions from outside the great State Departments. They bring in a lot of outside experience, and they can also go back and work with their research students, enjoy discussions and raise questions about their work in government with their colleagues in academia or industry.

Such outside appointments have traditionally been short fixed-term appointments, which has resulted in quite a turnover, and quite a range of advice coming into the major State Departments throughout the secondments. Our report commends the Department for Transport's model. Its CSA has been, and still is, an outside appointment, but a deputy has been appointed from within the Department to advise the externally appointed CSA on the advice available in the Department. We feel that it is important to run CSAs and their deputies in that way, and we recommend that other Departments adopt that model.

The Committee also believes that departmental CSAs should be "on top" and not "on tap", as the report put it, which means that they should be involved in all major policy decisions in their Department. We have collected evidence that things can go wrong if that is not the case. I shall come to the EU physical agents (electromagnetic fields) directive in a moment. In that case, things went terribly wrong because there was not full consultation. While departmental CSAs are directly answerable to their permanent secretaries, they should also be allowed to interact freely with the Government's CSA, and with their equivalents in other Departments, so that there is a free flow of information across government in the scientific advisory service.

In my youth, there was a Government scientific service—indeed, I almost joined it—and the Committee strongly believes that it should be re-established. We have collected evidence that those scientists who are employed by the Government—we cannot find out exactly how many there are across the Departments—tend to hide their scientific role, because they feel that if they display their scientific background, they will not be preferred for promotion, which is rather sad. The civil service appears to prefer generalists to specialists, but we are dealing with some pretty specialist policy advice. We feel that State Departments need scientists to display their scientific ability freely.

In recent years, the science base of the civil service has been weakened by loss of the laboratory of the Government chemist, by the transformation of the Forensic Science Service, by the creation of QinetiQ out of the Ministry of Defence, and perhaps in other ways too. There is a Government social research service, a Government economic service, a Government statistical service and a Government operational research service, so why, I ask the Minister, do we not have a Government service for the natural and physical sciences, engineering and technology?

In all its inquiries, our Committee has always been influenced by the evidence, both written and oral, that we have received from a plethora of professional and learned societies and organisations. In engineering, for example, there are more than 40 professional organisations representing the different kinds of engineers across Britain. As I have already said, I am a fellow of the Royal Society of Chemistry. It has become clear to the Committee that the advice of all these bodies is not being utilised to best effect by Governments. The professional organisations are there. They carry out many inquiries themselves, and all this advice—from the Royal Society, the Royal Academy of Engineering and hundreds of others—is available to Governments. I know that the Royal Society of Chemistry was extremely pleased last year when its council was invited to 10 Downing street for a discussion on the future of energy supplies.

A number of other external agencies also advise the Government. We should mention the Council for Science and Technology—the top-level advisory board on science and technology that was re-launched in 2004. Just the other day, our Committee was questioning the present chief scientific adviser about the past and present CST and its role. No doubt a report will appear in the next few days. The Department for Environment, Food and Rural Affairs is frequently cited as an exemplar of good practice in respect of its scientific advisory system on account of its establishment of an independent scientific advisory council comprising 16 members to support the work of the departmental CSA.

Implementation of the Gershon review appears to have increased the Government's reliance on external consultants as sources of technical and scientific advice. Sometimes the Government's own agencies—and even in-house expertise—are ignored, while external appointments are made, which cost Departments a small fortune. For example, between 6 April 2005 and 18 April 2006, the Home Office paid PA Consulting £14,248,799.21 for its work on the identity card programme. I sometimes have nightmares wondering what the 21p was spent on!

My own professional society, the RSC, has expressed concern over

> "the use of private consultants by Government which has had the effect of undermining the traditional willingness of the scientific community to contribute to the formal consultation process".

Dr. Gibson: Can my hon. Friend enlighten me about the number of scientists or outside groups that advised the Government on the recent avian flu outbreak at the Bernard Matthews plant in Suffolk? Were all those groups united, different or what—and who came up with the idea that it was a wild bird that brought in the flu from Hungary?

Dr. Iddon: My hon. Friend asks me a difficult question, which I cannot answer, but I am sure that the advice came from a plethora of organisations. I have forgotten exactly which one was responsible for the advice about the bird coming from Hungary.

As I was saying, the RSC was critical of the lack of expertise in State Departments, which often led to a lack of competency to frame the right questions to

[Dr. Iddon]

outside organisations or consultants, to recruit the right advice or to understand the answers provided. The Royal Society has fellows working worldwide in every discipline of science and engineering. What a resource for the Government to tap into! Sometimes the Government do, but even the Royal Society feels that it has much more advice to offer. In the USA, the National Research Council was established specifically to provide scientific advice to the Government through the National Academies of Science and Engineering, the Institute of Medicine and the National Research Council.

Obviously, good advice is related to good research. In key policy areas—for example, supporting the ABC classification of controlled drugs—we collected evidence that the research was inadequate to support Government policies and that the Government were not investing in much needed research in key policy areas. Academics will not engage in research for the Government if they are prevented from publishing it within a reasonable time frame. We also collected evidence that Departments were not publishing all the research data amassed, but only such that supported Government policy. Much of it was not published at all, which is clearly unacceptable. I should point out that academics are often inhibited from collecting detailed advice for the Government, particularly when they are not able to publish it rapidly, because they operate under the constraints of the research assessment exercise. Perhaps that is why the Government do not receive much research from academia

Much of the legislation—a very high percentage of it—affecting our constituents is now formulated in Brussels. Personally, I do not believe that our Government are very good at scrutinising EU legislation. During our Committee's inquiry, we came across a good example of a European directive—I have already referred to it—that will have an adverse effect on the use of magnetic resonance imaging equipment in clinical practice and research into disease diagnosis. I refer, of course, to the EU physical agents (electromagnetic fields) directive. If implemented without change, it will cause great damage in those areas.

The directive was adopted by the European Parliament in April 2004 and was originally scheduled to be enshrined in law in member states by April next year. In preparing it, the European Commission was heavily reliant on only one source of advice—namely, the International Commission on Non-Ionising Radiation Protection, or the ICNIRP. However, significant uncertainties still appear to exist around the scientific basis for the guidelines that were published on the use of electromagnetic frequencies.

To produce an image, MRI requires the body to be placed in a static magnetic field while it is irradiated with a time-variable radiofrequency. That causes electromagnetic frequencies to be emitted in three different frequency ranges. The directive sets EMF exposure limit values, but EMF from static fields was excluded—subject to a review in 2009—because no agreement could be reached on static fields. Although the EU advisory committee on health and safety was asked to consider an exemption from the directive for MRI, the request was initially rejected.

In the UK, the National Radiological Protection Board advised the Health and Safety Executive on the directive, urging that the HSE should take note of the ICNIRP guidelines on which the directive was founded. A regulatory impact assessment was prepared by the HSE, but despite the fact that it was aware of the possible impacts of the directive on the MRI community, it failed further to explore its consequences. We could find no evidence that the HSE had consulted its chief scientist, the CSA at the Department of Health or indeed the medical royal colleges. In that respect, both the HSE and the NRPB acted in contravention of the guidelines laid down by the Government chief scientific adviser.

Effectively, as a consequence of the lack of consultation with the MRI community and the failure of that community itself to recognise the significance of the physical agents directive on its work, the directive was cleared by the European Parliament for approval and implementation next year. As a result, if implemented without amendment, most MRI procedures will become extremely difficult or even illegal throughout British hospitals. Let us just imagine that. The European Commission was not fully aware of the work going on in the MRI community and believed that the directive would have little effect on the use of MRI in hospitals. Nothing, however, could have been further from the truth. Ironically, MRI uses non-ionising radiation, which is a lot safer than the ionising radiation technique that it has largely replaced—namely, the use of X-rays.

The fact that there is so much uncertainty about the directive's impact some two years after its adoption reflects poorly on the influence of scientific advice on the policy making process in Brussels, to which we are subject to a great extent. Lord Hunt argued to the Commission that the ICNIRP guidelines were widely accepted and followed. He told our Committee:

"We felt that there was no need for the directive because we already have these guidelines."

Well, we have got the directive. I am, however, pleased to report the latest news—which I received only today—that it is now unlikely to be implemented before 2009, or even 2010. Two recent studies have demonstrated that the limits set by the European Commission are much too low, and are being routinely broken by MRI scanners in clinical and research settings throughout our hospitals. The results of the study commissioned by the Health and Safety Executive showed the problem to be more extensive than anyone had expected. As a result, the European Union's advisory committee on health and safety will propose an amendment to postpone the directive's implementation date.

That is just one example—a very serious example—that our Committee encountered showing that if policy makers do not take scientific advice from as wide a spectrum of scientists as possible, legislation may be extremely faulty. However, I am pleased that the Commission has accepted that the directive itself is faulty and will probably now amend it.

It is a given that the Government can no longer ignore the advice that is available from all our scientists, engineers and technologists, especially at a time when Britain is increasingly reliant on their discovery of products that are, by their very nature, highly technical in production and highly sophisticated

in operation. It is also a given that the Government must improve the structure of the way in which that advice is gathered—a point made strongly in our report. The Government's response to most of our 69 recommendations is quite positive, but changes will be needed in future.

Although we believe that Government must consider the evidence provided for them, we accept that the final policy outcome is likely to take other factors into consideration, which will depend on timing in the political cycle. Ministers will still make their judgments with the political consequences in mind, but we hope that they will rely increasingly on scientific advice as well.

6.12 pm

Dr. Evan Harris (Oxford, West and Abingdon) (LD): I welcome the Minister to his new brief. I think he will find it very exciting, and I look forward to discussing scientific matters with him both formally and informally. I have been my party's science spokesman for some years, during Lord Sainsbury's time and that of the Minister's predecessor, the hon. Member for Croydon, North (Malcolm Wicks), who was in post for only eight months. He had made an excellent start but sadly, just when he felt that he had conquered the subject, he moved on. That is the nature of reshuffles. However, I wish the new Minister well.

I must declare an interest. As well as being my party's spokesman I am a member of the Science and Technology Committee, and I was involved in this inquiry. I also have an interest in evidence-based policy making and in the outcome of the inquiry's recommendations. The inquiry itself was lengthy and extremely thorough, and our detailed report contained a number of recommendations. It was introduced very well today by my hon. Friend the Member for Harrogate and Knaresborough (Mr. Willis) in a clear, succinct and focused speech. I think that all members of the Committee, and indeed all hon. Members, are grateful for the work that he has done so far. We also recognise the contribution made to the whole debate by his excellent predecessor as Chairman, the hon. Member for Norwich, North (Dr. Gibson).

As we have heard, the report spun off three smaller reports on drugs policy, MRI and identity cards. Unfortunately we do not have time to discuss them all in detail, and some have already been discussed in Westminster Hall debates, but one problem that the Committee identified was an occasional difficulty with terminology. Select Committees take evidence, but it is not always scientific evidence on which we would want policy to be based. That produces the sort of confusion that arose in relation to the drugs report.

Of course, not all policies are liable to be decided on the basis of scientific evidence. There may be no evidence at all when an issue that is relatively nebulous nevertheless requires Government and political parties to make policy. Sometimes economic considerations are overriding, sometimes ideological considerations are overriding, and sometimes there is a manifesto-based policy. Those who have made a commitment to do something must have very good reasons not to do it. As the report points out, however, in all those circumstances it is necessary for policy makers—both in Government and, as my hon. Friend the Member for Harrogate and Knaresborough said, in Opposition parties—to be clear about their reasons when they do not follow scientific advice. It is then incumbent on those debating in the political process to respect what has been said, as long as it is transparent.

As the report makes clear, if a policy is made on the basis that it is in line with scientific evidence and such evidence is not published, insufficiently published or selectively published, or does not appear to back up the policy, Government and, indeed, other political parties can be criticised. Policy must be introduced with a statement that is honest and transparent about the extent to which it relies on science. I have caused trouble in my party by requiring such statements.

I look forward to policy announcements from the Conservative party. I believe that the reclassification of cannabis from C to B will be flagged up in a forthcoming policy document. I should be fascinated to know what evidence there is that such a reclassification will do anything to reduce consumption and improve matters. All the evidence suggests that if cannabis is to be criminalised, it belongs in class C. There was no increase in cannabis use when it was reclassified from B to C, and that reclassification allowed policy to become more rational and more easily understood by those with whom we needed to communicate.

Bill Wiggin: That is a good example of the need to be careful about the quality of scientific advice. What concerns us is not the toxicity of cannabis but the message that is conveyed to members of the public, particularly those who are unwise enough to use such substances and who may not have the hon. Gentleman's wisdom and experience based on genuine scientific evidence.

Dr. Harris: I certainly agree with the hon. Gentleman about the health risks of cannabis, but the classification of drugs is not based solely on health risks. Otherwise, as our report makes clear, we would have had strong words to say about alcohol and cigarettes. However, the message to which the hon. Gentleman referred can be assessed scientifically. Our report, which I commend to him, makes it plain that there is no evidence that classification sends a message, or that any message it does send has an impact. We could find no such evidence, and nor could the Advisory Council on the Misuse of Drugs. While it is a nice thought, it is not good enough to criminalise to such a degree the behaviour of so many people in a way that is counter-productive, in the hope that a message will be sent, let alone received.

Both the Science and Technology Committee and the Joint Committee on the Human Tissues and Embryos Bill, also chaired by my hon. Friend the Member for Harrogate and Knaresborough, are looking closely at scientific evidence. I believe that reports should benefit from science checks of that kind. The Joint Committee will consider the policy of removing anonymity from gamete donors, which is a very contentious issue. I hope that its report will make it absolutely clear whether the evidence suggests that it would have any benefit or whether it seems likely to be counter-productive in increasing secrecy and damaging

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gamete supply, in which event people would not be able to be treated and no child would benefit in the long run.

Dr. Iddon: Is it not important that any evidence that is relied on has been peer reviewed? Some years ago, I was involved in attempts to ban high-dose supplements of vitamin B6. In that case, there were merely one or two publications of non-peer reviewed research.

Dr. Harris: The hon. Gentleman has detailed knowledge of that subject, and is probably the leading expert on it in the House. He is right to highlight that it is important that when the Government or any other policy maker produce a policy and publish the evidence, there must be a statement as to the adequacy and strength of the evidence. In many health care guidelines, grades of evidence are now attached to recommendations, rather than simply a reference. That practice was not addressed in the report, but the Government might want to learn from it.

Dr. Gibson: Does the hon. Gentleman not agree that the ability to repeat data is an essential aspect of science? One piece of published work is not enough; there must be several different attacks on a problem, and several, possibly contradictory, papers must be produced. In such situations, the problem arises of whose evidence is better than whose. That is often part of the nature of science.

Dr. Harris: I was going to say that that is part of the nature of science: the situation is never clear because there are always new publications that refine the current view. That is not well understood by the public and the media. However, we need not despair and blame scientists that it is not well understood; it is inevitable that many people who are not scientists do not understand that science is, almost by definition, about a lack of certainty. Non-scientists can often be identified as such by the fact that they are certain. Some religious beliefs will never change, regardless of what evidence is provided. However, the report rightly argues that we should expect the civil service to have an understanding of science and scientific technique, and that it should not be a disadvantage to have such understanding—on the contrary, it should be shared. I was delighted that the Government response accepted the broad thrust of the recommendations and recognised that it was necessary to continue and expand the work that is being done to ensure that civil servants who do not have a scientific background understand the nature of scientific inquiry and evidence.

The hon. Member for Norwich, North raised the religion issue in respect of stem cells. People with religious views bring something valuable to the table: an ethical perspective. I also have an ethical perspective, which happens not to be religious. People can debate matters such as stem cell research, and where we stand on them will be determined by our principles and ideology. However, I urge the Government to be cautious about people who dress up their ideological views—both religious and not religious—as science, such as those who argue in respect of stem cells that everything can be done through adult stem cells and therefore we do not need to work with embryonic stem cells. That is simply incorrect. Such people must be asked, "If it turns out that work on adult stem cells is shown not to work or not to be effective, would you then support the use of embryonic stem cells?" Their answer is usually no. There is a danger of pseudo-science being promulgated to dress up what are perfectly valid ideological, religious or moral views. Such views have a place in these debates, but they should not be confused with science.

The Government have been fortunate in having benefited from the last two excellent chief scientific advisers—Lord May and Sir David King. Their reputations in the science community and among the media and the broader public have done much to underpin the Government's credibility on science matters.

Mr. Ian Taylor: For the avoidance of ambiguity, will the hon. Gentleman confirm that he is referring to government with a small "g", thereby including the last Conservative Government to which Lord May—as he now is—was chief scientific adviser, and with whom I worked closely?

Dr. Harris: Indeed, I am happy to do so. We in this House benefit from having the experience of Members, such as the hon. Gentleman, who have been involved on the front line of science policy—Members who have served on the Select Committee and, as in the hon. Gentleman's case, have also been Ministers with responsibility for science and have therefore received advice from such people as my constituent Lord May.

I wish to raise with the Minister a couple of issues that were addressed in the report. There was a recommendation to do with the double-counting of non-scientific opinion. Scientific responses to consultations often put forward the science and then also say—as the Royal Society recently did in responding to the Government consultation on embryology, and especially inter-species or hybrid embryos—"This is the science, but we must of course bear in mind the fact that there will be public worries about it, so perhaps we should be cautious." However, the anti-science or non-scientific evidence—I do not use those terms pejoratively—often does not give any credence to the scientific side and says, "We say 100 per cent. that we must not do this as it is wrong." Therefore when the scores are added up, there are one and a half bids for caution and only one bid for going ahead on the basis of the science. When there is considerable lay membership on scientific advisory committees, there is a danger that we get diluted scientific advice instead of pure scientific advice. So when the Government consider such advice along with that of other stakeholders—which is the right thing to do—the result is a dilution of the scientific message. The Government recognised that that was a problem and undertook to do something about it. Do they have any further thoughts on that?

I wish to reinforce points made by my hon. Friend the Member for Harrogate and Knaresborough and the hon. Member for Bolton, South-East (Dr. Iddon), which were supported by the hon. Member for Esher and Walton (Mr. Taylor), about the future of the Science and Technology Committee. I should make it clear that some Members present have an interest in the subject as we are members of the Committee in question. However, there is a twofold danger in relying solely on a departmental

scrutiny-type committee, regardless of how well it is chaired and does its work. First, there will be a tendency for it to be dominated by the university agenda, which is highly political. It is right that that should be so, as that is an important sector of public policy; it will flex its muscles both politically and in the media and by means of the institutions themselves. Secondly, and crucially, as with the Public Accounts Committee and the Environmental Audit Committee, in terms of science and technology there is a case for cross-departmental scrutiny of Government and Government agencies because that cannot entirely be invested in one Department. I hope that the Minister has established, and will develop, that important cross-departmental role. I ask him to share his thoughts on this matter—as far as he can, as it is subject to negotiation. Does he recognise the importance of there being a cross-departmental scrutiny role in respect of science and technology?

I also seek elucidation from the Minister on the Government's policy on publishing evidence. Page 17 of the Government's response addresses the Science and Technology Committee's recommendations 34, 35, 37, 50 and 51. The Committee's report made it clear that evidence underpinning policy should be published. The Government response states that they will publish that except in respect of freedom of information and data protection legislation exemptions. If those exemptions cover advice to Government, that could catch all, or much of, the evidence that one would hope would be published when the Government produce a policy. To be fair, it should be added that the Government say that it is final advice to Government that would be caught by freedom of information legislation. The Government's response states in paragraph 25 of the introduction:

> "Inputs other than evidence...will influence policy outcomes"—

we have already accepted that. It continues:

> "Nevertheless, where possible, the Government agrees that processes should be transparent and the balance of evidence exposed. Transparency may not be possible in reserved areas. Examples of reserved areas include advice that precedes a final policy outcome".

It is not clear to what extent that covers the evidence or the view taken of that evidence by a departmental chief scientific adviser, because the evidence is collected, the DCSA considers it and makes a recommendation to Ministers. It would be unfortunate if none of that process could be seen, especially the crucial latter stage. It is not clear from the Government's response what their plan is in that regard.

I shall not go into the areas of the report covered by my hon. Friend the Member for Harrogate and Knaresborough. I strongly support his concern about the loss of capacity and, therefore, the need for a Government scientific service. I also support what he said about trials and pilots. It is welcome that the report made it clear that there is an onus on Opposition parties not to attack the Government for responding rationally to a pilot or trial that does not work. If a pilot or trial is ignored, it becomes early implementation followed by roll-out, and that could lead to a great waste of money.

The hon. Member for Norwich, North made several important points about the need for the scientific world to be quick on its feet. There is a dilemma between the need for rapid rebuttal and the need to ensure that the scientific process is not compromised by a rush to comment. The role of the science media centre has filled that gap to some extent, because it has experts on tap who, within the limits of their expertise and with care, can make a rapid response to a scare story, so we do not have to rely on the Royal Society and the Academy of Medical Sciences to set up a six-month working party to produce the definitive statement long after the story has taken off. The science world has understood that and that is why it funds the science media centre—it can redress the balance.

The hon. Member for Esher and Walton made some important points about scientific capacity in the civil service, the understanding of risk and the way in which the media behave. The first newspaper I buy every day is the *Daily Mail*, because it is an excellent newspaper. Although I usually disagree with it on issues of policy and ethics, it transmits its message effectively and one can understand what is going on. Of course, its interest, and that of other papers, is in selling copies, and it will never have scientific accuracy as a priority. Nor will it be willing to recognise the problem that if there is one maverick with whom 99.9 per cent. of the scientific world disagree, the broadcast and the print media will tend to give both sides, which suggests to the public that there is a more even split.

Politicians are in a privileged position, because they can think, take advice and try to find the scientific consensus on an issue. They do not have to jump on a bandwagon. MMR was handled correctly by the Government and I was pleased to support them 100 per cent. at the time. Some Conservative Front Benchers at the time—and I exclude the hon. Member for Esher and Walton—did not handle it correctly, because on public health issues there can be a high price to pay for political opportunism. Little could be done other than embark on the slow process of trying to explain to the media that the evidence for MMR causing autism simply was not there. While we cannot say that anything is 100 per cent. safe—and the Government were right not to try to claim that, because that is also a dangerous thing to say—the approach had to show that the evidence base was clear. The fact that Andrew Wakefield is now up before the GMC on charges of serious professional misconduct in connection with his research is an extra factor, albeit many years later, that suggests that those of us who considered the overall scientific picture—and not just the newspaper headlines—were right on that issue.

The report mentions the precautionary principle and the problem of risk. We came to the view that the precautionary principle was an unfortunate phrase. Indeed, the chief scientific adviser said in evidence that the word "principle" seemed to imply some rule that whenever there was a potential risk, the Government had to respond. The Committee were right to applaud the use by the Government and the chief scientific adviser of the term "precautionary approach" and to make it clear that scientific progress must not be stopped because of a small potential risk. The report went further and said that the Government should lobby within the EU to change the terminology and approach taken by the EU—from the misunderstood term "precautionary principle", which means different things to different people, to a much more fleshed-out view of what we mean by a flexible precautionary

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approach. I was disappointed that the Government's response effectively was to give up, saying that it was in too many international agreements and we would have to live with it. I think that the Government should advocate change in that area.

In conclusion, I applaud the work by the members of the Committee, not including myself in this case. I also thank the hon. Member for Bolton, South-East for going into so much detail and clarity about the particular example of MRI, which was a good example that the Committee chose to take up. I hope that this important report will be one of a series of reports that the House will continue to receive from a cross-cutting Science and Technology Committee.

6.36 pm

Bill Wiggin (Leominster) (Con): I welcome the Minister to his new role. I shall endeavour to keep my comments brief, as I represent a rural constituency and the next debate will be of great importance to my constituents. I very much enjoyed listening to hon. Members' measured tones, and I especially enjoyed the introduction of the hon. Member for Harrogate and Knaresborough (Mr. Willis). I also welcome the report. I am especially grateful for the inclusion of this sentence:

> "We have argued that the phrase 'evidence based policy' is misleading and that the Government should therefore desist from seeking to claim that all its policies are evidence based."

That is absolutely right, and I am delighted to see it in the report. I am sure that the new Minister will try to ensure that the Government take that advice.

It has certainly been my experience that when a change in policy has been science based, the Opposition have not accused the Government of a U-turn. The example I have in mind is the decision that the Minister for the South West, the hon. Member for Exeter (Mr. Bradshaw), took as an environment Minister to stop the reactive culling of badgers with tuberculosis, because the independent scientific group research showed that it was making the situation worse. Nobody criticised that decision: indeed, we welcomed it and it was the right thing to do, given the scientific evidence. Unfortunately the ISG did not go on to give the science-based evidence that Ministers need to make a decision on that biological problem, but it illustrates my point that Opposition parties will not jump on the bandwagon when the Government make a correct decision.

Dr. Gibson: Does the hon. Gentleman agree that the report was the Krebs report, and that the culling was based on scientific evidence?

Bill Wiggin: The hon. Gentleman is right: the initial report was on the Krebs trials, which was followed by the independent scientific group.

I was also interested in the comments by the hon. Member for Harrogate and Knaresborough on biometric identity cards and genetically modified crops, and principles as opposed to use. That is an area where science has played an important part.

In my experience, one of the areas in which the Government ignore the science is fishing quotas. Just before Christmas every year, there is a difficult conflict for Ministers to resolve between fishermen who want to catch more fish and the report from the International Council for the Exploration of the Sea, saying that fish populations are too low and that it would be dangerous to continue fishing. If the scientific evidence being given to the Government is inadequate and they are ignoring it, they should try to ensure that the scientists look at the right things to give them evidence that they need. That is not happening at the moment. It would help our fishing industry, and others such as sea anglers, if the Minister, who was formerly at DEFRA, got that message across.

The hon. Member for Norwich, North (Dr. Gibson) talked about stem cells, and I was sympathetic to his comments. When people get emotional about this matter, they forget the medical benefits that could accrue to their children, parents or grandchildren. He was right to talk about the need to keep science and research in the UK instead of exporting it as a result of an unhelpful climate here.

The hon. Gentleman talked about his ability to explain the microwave and about whether the public understand science when it is presented to them. He is right; this is a problem. We should not underestimate the general public. By and large, when they care about a subject, they are eager to learn about it, they want good information, they will take the scientific evidence at face value and they will believe it. It is only when there is conflicting scientific advice that there is a problem.

The hon. Gentleman asked whether we need a chief scientific adviser. I do not know the answer at this stage. There is always an urge to have a high priest-like figure to advise the Government and give the best information; the difficulty is whether that is a role for a single person. The hon. Gentleman's speech was interesting and I can only encourage him to go on spreading coffee shops across the scientific community.

My hon. Friend the Member for Esher and Walton (Mr. Taylor) was an eminent science Minister. I regret missing some of his speech, which I am sure was every bit as good as I imagine it to have been. He talked, importantly, about the role of science in schools and how it is important for schoolchildren that more science be taught and that it be taught as well as possible.

I noticed that the Government have three Departments covering scientific work: Business, Enterprise and Regulatory Reform; Innovation, Universities and Skills; Children, Schools and Families. Sadly, not one of those has the word "science" in its title. My hon. Friend talked about the importance that science should be accorded in government, with perhaps even a Minister in the Cabinet. I do not know whether that is essential, but his message was that the Government need the best quality information. That applies equally to those in opposition. He also talked about bioterrorism—a subject that will continue to worry people and needs the best possible brains to ensure that we are adequately protected.

The hon. Member for Bolton, South-East (Dr. Iddon) talked about the future of the Select Committee, and I

hope that he is right and that it will continue its excellent work. He also talked about the role of scientific advisers and their involvement in all dimensions of departmental decision making. That sounded eminently sensible and I am sure that they play a vital role. He also talked about all the different types of science and countered his earlier argument when he said that there were 40 different types of engineer. I felt that demonstrated the problem; if we want the best quality information, how do we find the man or woman who has it when there are so many to choose from? He talked about scientists not being used enough, and he was right.

The hon. Member for Bolton, South-East was asked a difficult question about the infected bird from Hungary. I intervened to say that we need a clearer picture of how an infection, which could have had more serious consequences for human health, could be spread around Europe quite so easily. The Government handled the matter very well, considering the facilities that were available to them. We need all the pieces of the jigsaw puzzle if we are to qualify that opinion and to judge whether the Government handled it right.

The hon. Member for Bolton, South-East then went into a frenzy of mnemonics. He talked about the MRI community; I thought that was all about scans, and I was right. He then talked about the ICNIRP and the HSE and the consequences on the MRI community. I thought he had finished, but he then brought in the NRPB as well. I congratulate him and I am delighted to hear that the MRI scan is safe and that people can be reassured. I was also delighted to hear that the European Commission has reviewed its faulty directive.

The hon. Member for Oxford, West and Abingdon (Dr. Harris) talked about policy makers being clear in respect of muddling scientific evidence with ideological evidence, which we strayed into in discussing cannabis. My hon. Friend the Member for Mid-Norfolk (Mr. Simpson) was on the Committee that dealt with the matter and he assures me that the hon. Gentleman was right: the downgrading of the message was not the key; there was an important medical issue. A debate that improves the quality of the public's understanding might protect people to some degree and, by definition, the Select Committee's report is helpful, successful and useful; I look forward to reading it.

The hon. Gentleman talked about MMR. My children were born at a time when it was extremely difficult for parents to decide what to do. One of the problems that we faced with GM crops, and perhaps to a lesser extent with MMR, is the confusion that the public, parents and customers of GM crops face—who to believe. Why should the Government get involved in the debate, and what is their ulterior motive? That was particularly difficult in the debate on GM crops, as Lord Sainsbury was a key funder of the Labour party. All politicians are faced with the accusation, "Well you would say that, wouldn't you?" But that fact made it harder for the science to come through, and it continues to this day.

Dr. Evan Harris: I do not share the hon. Gentleman's view about Lord Sainsbury, but the allegation, "You would say that, wouldn't you" could equally be made against Greenpeace and Friends of the Earth. As membership organisations, one of their issues is to expand their membership by campaigning. Even a scientist speaking for those organisations has a huge vested interest in taking the line that they take. That accusation should be identified not only with industry and investors, but with pressure groups and NGOs.

Bill Wiggin: I do not agree; there is a difference between the trust one places in NGOs and the trust that one is obliged to place in the Government. The focus of today's debate has been the need to ensure that the Government receive the best possible advice. Ultimately, they have the power to decide and we have to live with the results. When the Government make a decision, it is essential they get it right. If the Government are thought to be influenced by ulterior motives, it makes it harder for people to support their argument. That is an important consideration.

I do not know whether the *Daily Mail* is right, whether Lord Sainsbury is right or whether the GM debate is right, but I do know that if one observes the debates it is difficult to understand them at the right level. I watched a programme on medical research and genetic modification. It was clear that GM technology has a vast role to play in improving the health of all people, particularly those in less-developed countries. I thought it a shame that we had not had that debate on GM crops. The crop that was licensed in the end was cattle maize. Why were we fighting a battle about cattle food when we should have been fighting about tobacco plants being modified to produce a cure for AIDS, about different types of antibodies being produced in cattle, or about liver transplants using GM sheep? That life-or-death science is much more important, but it was denigrated because the whole battlefield and area of debate was trivialised and, possibly, influenced by Ministers. That was a great shame.

We must be careful about mixing scientific and ideological views. I might have muddled things, and I expect that I shall be bombarded with irate letters, but it is important that we make those differences clear, so that people—the general public or the Government—can get the best possible information. I hope that the Government will take careful note of the helpful report, and I look forward to hearing the Minister's comments.

6.50 pm

The Minister of State, Department of Innovation, Universities and Skills (Ian Pearson): I begin by thanking all the Members who expressed their good wishes to me in my new role as Minister for science. I am grateful to the hon. Member for Harrogate and Knaresborough (Mr. Willis) for introducing the debate, and thank him for his warm welcome to the new Department of Innovation, Universities and Skills—DIUS. I understand that Dius was the Roman God of oaths; I express a personal oath that science will run through and be at the heart of the new Department's policies. The hon. Gentleman will not find us lacking in making sure that science is regarded as being of the utmost importance to our Department.

I am also grateful to other hon. Members for their contributions to the debate. I acknowledge that there is always room for improvement and that there are always lessons to be learned, so we welcome the scrutiny of the Science and Technology Committee. Before I respond

[Ian Pearson]

to the important points that have been raised, I shall set out our general approach to the Government's use of scientific advice; I want to give a clear sense of the considerable progress that we have made as a result of the contribution of scientific evidence to departmental policy making in the past 10 years.

We have a long record of commitment to the UK's science base. In the 2002 spending review, we announced the largest sustained growth in science expenditure for at least a generation, and that growth continues. We have strengthened departmental use of science and research by appointing chief scientific advisers in most Departments. We have strengthened the use of scientific analysis in policy making through the publication of guidelines that set out how evidence should be sought and applied, and through the code of practice on scientific advisory committees. We are now working with Departments to ensure that the value of those approaches is recognised and applied.

Most Departments have published or are publishing their own science and innovation strategies. My former Department, DEFRA, has gone further by bringing together all its analytical inputs as its evidence and innovation strategy. That valuable step could usefully be developed across other Departments. We continue to review how Departments identify their science requirements and how they commission new scientific advice and science in general. We have completed and published reviews of the HSE, the Department for Culture, Media and Sport, DEFRA and the Department for Communities and Local Government, as well as a first-stage report on the Home Office and the Ministry of Justice. Reviews of the Department of Health and one other Department are also planned for this financial year, and we remain committed to completing reviews of all the main science-using Departments in the next few years.

The foresight programme, which moved into its second phase in 2002, creates and explores challenging visions of the future in areas where science could offer new economic and quality-of-life opportunities for society or contribute directly to Government policy development. The programme reinforces cross-government working, uses rigorous independent peer review throughout its analysis and has a clear policy focus, and there are agreed departmental responsibilities for implementing the results. The recent report of the Select Committee on Public Administration, "Governing the Future", commended the work of the foresight programme and its ability to undertake systematic strategic thinking to advise the Government about future threats and opportunities.

The horizon scanning centre's programme, which was launched in March 2005, examines future threats and opportunities that might have an impact on Government policy and feeds the evidence into strategy and policy making. Its work encompasses the full range of evidence, including science and technology, and I was pleased that the Science and Technology Committee commended its innovative work.

Looking to the future, we are developing a framework to measure Government performance in managing and using scientific evidence alongside other analytical disciplines. A framework of evidence on emerging science and technologies developed by our horizon scanning centre is embedded in the Treasury's comprehensive spending review analysis of long-term challenges and opportunities in the UK. As part of the CSR, we have worked closely with the Treasury to identify emerging technology clusters that have the potential to disrupt or enhance policies.

I now move on to the individual recommendations of the Select Committee report, starting with the code of practice for scientific advisory committees, which we see as a key vehicle for developing the role of advisory committees. We are committed to reviewing and updating the code and seeking its wider adoption. We will take into account the Committee's recommendations, but I would also welcome Committee members' proposals for further changes. As the hon. Member for Harrogate and Knaresborough said, the public consultation was launched on 25 June and will close on 16 September. We will then publish the results and reissue the code before the end of 2007.

We believe that Sir David King's adoption of the role of head of the science and engineering profession presents another opportunity to drive up appreciation of the value of scientific evidence across Government. In response to the Committee's recommendation, we are preparing plans for the chief scientific adviser to lead a campaign across Government to promote good practice and wider awareness of the value of scientific and engineering evidence in policy making across Whitehall. On a broader front, we are working with other heads of analytical professions to gather examples of good practice across all disciplines in government and agree ways of taking that work forward.

We continue to deliver a programme of workshops and events to support improved performance in areas of particular concern; it includes more widespread use of horizon scanning, scientific peer review and engaging the scientific community. We have also worked closely with the National School of Government to develop the scientific element of the "analysis and use of evidence" core skill and to embed horizon scanning concepts in the "strategic thinking" core skill.

The creation of DIUS will have a significant impact on the delivery of that important agenda. I am ambitious for the success of the new Department alongside the other machinery of Government changes. It will provide a strong, integrated voice across Government for effective investment in research, science, innovation and skills, embedding them into the heart of the Government's competitiveness strategy. The creation of the new Department will not mean any loss of momentum in the areas that we have discussed today. On the contrary, it is a positive development. Driving up the Government's management of scientific advice, risk and evidence remains at the heart of both the Government chief scientific adviser's remit and Government policy making.

The route from science to innovation and economic performance will not be lost. It needs to be strengthened and more focused at every stage. There are opportunities for us to do more in those areas. I anticipate strong working relationships not only with the other two new Departments—the Department for Business, Enterprise and Regulatory Reform and the Department for Children, Schools and Families—but more widely across Government. That has to be done

within an appropriate regulatory framework that safeguards the environment and health. In developing that framework, we must listen to the public's concerns. It is important to get that balance right.

The hon. Member for Harrogate and Knaresborough raised several points in his opening comments. All Members referred to the future of the Science and Technology Committee. Let me put on the record the great value that the Government attach to the work of the Committee and the positive and constructive spirit in which its work has been conducted under the leadership of both the hon. Gentleman and his distinguished predecessor. Whatever arrangements are proposed through the usual channels, I hope that value will be recognised and reflected in future arrangements, and that there will be the opportunity and ability for science to be examined right across government. I believe that that is important, but I would direct hon. Members to the usual channels.

I welcome the hon. Gentleman's reinforcement of the importance of scientific evidence and risk management in high-profile areas, such as human pandemic influenza and climate change, and they are central to my own thinking.

Turning to the lay membership of scientific advisory committees, which were mentioned by the hon. Gentleman and the hon. Member for Oxford, West and Abingdon (Dr. Harris), the current public consultation on our review of the code of practice for scientific advisory committees will take account of the Select Committee's views, alongside those of research being undertaken by the university of Liverpool to address this very question. That consultation will also give us the opportunity to consider the recommendations made by the hon. Member for Harrogate and Knaresborough for the wider adoption of DEFRA's scientific advisory council model, with which I obviously have a great deal of sympathy, because I have seen it working well in practice. However, it would be inappropriate for me to prejudge the genuine consultation taking place at the moment.

The position regarding a scientific adviser inside the Treasury remains unchanged since the evidence given before the Select Committee by Sir David King. I am sure that he and my Department will continue to have a very good relationship at all levels with the Treasury. The key point to make is that successive science budget settlements in tight spending rounds have made clear the real value that the Treasury places on science and its importance in creating the knowledge and innovation economy for the future.

The hon. Gentleman also sought improvements in our understanding of the size and nature of the community of scientists and engineers. Although the common employee record can be extended further, my Department is also independently considering how it can work with other Departments to improve such data. It is too early to answer questions about the sector skills review, but I should like to draw attention to the experience of my new permanent secretary, Ian Watmore, who has spent five years on the board of E-Skills UK, the sector skills council for IT and telecoms. He is a former member of the Council for Industry and Higher Education, and Business in the Community. I am sure that this subject will receive a lot more attention from him, and I assure the hon. Gentleman that it will from me as well.

Recommendation 17 of the Select Committee's report states that we should establish a Government scientific service. Again, that was mentioned by a number of hon. Members. The idea is that there is a need to provide a stronger professional identity and focal point for specialists in government from across the physical and natural science and engineering spheres. In our response in February, we acknowledged the reasoning behind that proposal, but we did not feel persuaded that setting up such a service was necessary to address the Select Committee's concerns. That remains the position today. We still feel that those concerns could be properly addressed through the actions that we are pursuing in connection with professional skills in government and the role of the head of the science and engineering profession, where we are making significant progress. However, we will keep that recommendation under review, and as a new science Minister, I want to do exactly that.

The hon. Gentleman returned to the question of a central fund for research. The chief scientific adviser has been actively engaged by the Treasury in considering cross-cutting policy issues and how they can best be addressed in the future. In some cases, such as research and development to support counter-terrorism, that is likely to involve funding streams that support several Departments' objectives, and we need to bear that in mind.

The hon. Gentleman also referred to the research assessment exercise and the potential for new metrics to inform its operation. We see such things as evolving over time. Again, it is right that they be kept under review. The position on the use of pilot schemes has not altered since the Government's response to the Select Committee, but we will work closely with other Departments in that respect.

The hon. Gentleman also mentioned the rather strangely named Cabinet Office "consultation on consultations". As he is aware, that will come to an end in September, when we should be clearer about how that work has progressed. Certainly, communication and consultation are fundamental to the Government.

In response to hon. Members who made valid points about how the media report science, I want to say that it is not for the Government to tell our free press what to write on science issues, but I welcome the activities of the independent Science Media Centre, which arranges media access to real scientists who can provide authoritative independent comment on topical science issues. That is a helpful development in promoting a good debate on science issues that is accessible to the public.

The hon. Member for Harrogate and Knaresborough asked for an update on how we are working with the media. Since the Government's response to the Select Committee's report, through the media emergency forum, we have continued to discuss with the media a range of risk-related issues, including pandemic flu, the fuel and power industry, and business continuity. The Sciencewise programme, which was set up in 2005 by the then DTI to develop public engagement projects that support key policy areas, has already committed to 13 projects, with a value of £1.5 million, on a range of critical science challenges, including brain science, stem cell research, nanotechnology and a range of new emerging technologies identified by the horizon scanning centre. Building on the success of the existing programme, DIUS is now

[Ian Pearson]

developing an expert resource centre for public dialogue on science and innovation. As announced by the Chancellor in the pre-Budget report in November 2006, it will be launched in April 2008, as part of the future Sciencewise programme.

Dr. Evan Harris: The Minister mentions the success of the current programme. Can he say—he might not be able to do so now—how that was evaluated? What criteria were used to judge whether it was successful? Or is it simply a hope that it was successful—or is that his own view?

Ian Pearson: The programme is going on at the moment; it will be fully evaluated, and no doubt all the findings will be published.

I want to make a point about the Sciencewise strategy group, chaired by Professor Kathy Sykes from Bristol university, which is providing advice on the objectives and scope of the new expert resource centre. We expect to have completed its specification in the autumn. I would find it helpful if members of the Select Committee wanted to have a dialogue with my officials, and perhaps with Kathy Sykes and some of the others who are advising us. Again, we want to capture and disseminate best practice, and I am sure that we can learn a lot from members of the Select Committee.

My hon. Friend the Member for Norwich, North (Dr. Gibson) talked of two battles: that of making the importance of science more readily apparent to the British public and that of communications. I agree with him that there are lessons to be learnt from some of the debates, on issues such as stem cell research and GM, where different public perceptions are all too clear. He talked about bio-entrepreneurs and gave the good example of a business spinning out and then being bought out by a major pharmaceutical company. Of course, that is one of the routes by which we can commercialise the new ideas that we need to encourage in our science base and ensure that they are not lost—a point made by the hon. Member for Esher and Walton (Mr. Taylor).

I agree with my hon. Friend about the interaction between academics. Often, cross-disciplinary interaction can provide the stimulus to achieve breakthroughs in knowledge. Some of the interaction that we have at ministerial level, however, just seems to me to be like having meetings, and getting the balance right will be crucial.

My hon. Friend also made a number of points that touch on the ethics of research, its transparency, the potential for commercial interests to get in the way, intellectual property and how ideas can be transmitted. In response, I should like to say that throughout history there have been examples of people jealously guarding their ideas rather than transmitting them to the public, but there is a real issue and it should be the Government's role not only to be a staunch defender of intellectual property where it has been validly demonstrated, but to transmit new ideas openly across boundaries, across disciplines and across borders, and getting that balance right is important.

I agree with my hon. Friend about the important role that Parliament has played in developing the UK's approach to stem cell research, which has allowed us to play a leading role in that critical area. That is a good example of public debate.

I thank the hon. Member for Esher and Walton for his kind words and his sagacious advice as a distinguished former science Minister. He raised a number of points about boundaries between the new DIUS and the two other new Departments, and other Departments and the Treasury. I assure him that I will not get corralled in DIUS. I fully agree that science policy needs to go right across Government. He also made some valid points about procurement; that is another important area in which I want to play a role as the Minister with responsibility for science. He also raised the issue of how we can improve scientific literacy. I agree that that is an important area, but I want to highlight the fact that we also need to improve financial literacy and literacy in general. One of the great strengths of the new Department is that it will bring the skills agenda together with the innovation agenda, to produce benefits for all.

My hon. Friend the Member for Bolton, South-East (Dr. Iddon) talked at some length about the lack of scientific evidence behind some EU legislation, particularly with regard to the physical agents directive. I do not want to respond in great detail, but I agree about the importance of ensuring that the policy-making process in Brussels also takes full account of the scientific evidence, which has not always been the case in the past. From my experience as a Minister in the Department for Environment, Food and Rural Affairs, I am aware of examples where I do not think that decisions are being taken that fully recognise the scientific evidence. My hon. Friend also talked about the role of departmental scientific advisers, and I hope that what I have said about the importance that the Government attach to the role will provide him with some reassurance.

My hon. Friend also said that he thought that the civil service preferred generalists to specialists. I have heard that view expressed by others, but it certainly was not my experience when I was Minister for Trade in the Department of Trade and Industry and we wanted real specialists. Nor was it my experience when I was Minister for Climate Change and the Environment in DEFRA, where, again, the role of specialists in policy making was fully recognised. As I mentioned, DEFRA's science advisory council plays an important role and works very well.

The hon. Member for Oxford, West and Abingdon talked about the nature of scientific inquiry and evidence, and the dangers of pseudo-science. I agree with what he had to say on those subjects. He raised the issue of double counting and referred to the fact that scientists, by their very nature, sometimes express degrees of caution, whereas other people responding to consultations perhaps do not feel quite so constrained. It is the role of Government to make mature judgments based on the evidence that we receive in consultation exercises. We have to weigh the various elements in the balance, looking at the scientific evidence and public opinion.

The hon. Gentleman also raised the issue of freedom of information and whether the Data Protection Act might prevent us from publishing full details of the evidence behind policy decisions. As Minister with responsibility for science, I intend to ensure that I

publish in full the reasoning behind all key decisions and publish as much information as possible, without infringing people's rights or the legislation. There should be a general presumption of openness and transparency in all that we do. The hon. Gentleman also raised the issue of the precautionary principle, which I agree is often misunderstood by many people. I want to come back to that, and perhaps we will want to discuss it in more detail on another occasion.

The hon. Member for Leominster (Bill Wiggin) is to be congratulated on his change of role. I look forward to continuing to joust with him, just as we jousted with each other from time to time across the Chamber when he was the Opposition spokesman on DEFRA. He summarised a number of contributions that were made during the debate. I take full account of what he has to say about science, the fishing industry and the importance of evidence-based policy making. Again, getting the right balance between the science—where there is some uncertainty and a level of dispute, as he well knows, in the fisheries industry—and mature policy judgments is what it is all about.

The hon. Gentleman made a number of comments about Lord Sainsbury. I want to make it absolutely clear to the House that David Sainsbury completely absented himself from all policy decisions in Government on the issue of GM. Indeed, I shall go further and say that Lord Sainsbury is widely recognised by all who know him as having been an excellent science Minister. He played a leading role in the development of the 10-year science and innovation framework for the United Kingdom and was instrumental in ensuring that the science budget grew massively over the past 10 years. I do not believe that anyone who has met him or talked to him would ever think that he would be influenced by ulterior motives.

When the Science and Technology Committee published its report "Scientific Advice, Risk and Evidence Based Policy Making" in November 2006, it included 69 recommendations. At the time, the Government welcomed its conclusions and recommendations, and that remains the case today. There is still more to be done. We are not complacent and we want to do more to ensure that science is managed and used to best effect by Government. We have made a great deal of progress over the past 10 years, and we have made further progress since the Committee published its report last year. We are determined to continue making progress. As a Government we remain firmly committed to continuing to improve our use of scientific advice, our management of risk and our use of evidence to support policy. I look forward to the continuing scrutiny of how we do that by hon. Members.

Question deferred, pursuant to Standing Order No. 54(4) (Consideration of estimates).

Department for Environment, Food and Rural Affairs

[Relevant documents: Third Report from the Environment, Food and Rural Affairs Committee, Session 2006-07, HC 107, on the Rural Payments Agency and the implementation of the Single Payment Scheme; and Fourth Report from the Environment, Food and Rural Affairs Committee, Session 2006-07, HC 546, on the UK Government's "Vision for the Common Agricultural Policy".]

This Estimate is to be considered in so far as it relates to the Rural Payments Agency, the implementation of the Single Payment Scheme and the UK Government's "Vision for the Common Agricultural Policy" (Resolution of 2 July).

Motion made, and Question proposed,

That, for the year ending with 31st March 2008, for expenditure by the Department for Environment, Food and Rural Affairs—

(1) further resources, not exceeding £3,201,338,000, be authorised for use as set out in HC 438,

(2) a further sum, not exceeding £2,731,293,000, be granted to Her Majesty out of the Consolidated Fund to meet the costs as so set out, and

(3) limits as so set out be set on appropriations in aid.—*[Mr David.]*

7.17 pm

Mr. Michael Jack (Fylde) (Con): May I say how delighted I am that at last, following on from December 2002, the House has an opportunity to debate matters connected with agriculture? I want to say at the outset how pleased I was that the Liaison Committee saw fit to recommend two of the reports by the Environment, Food and Rural Affairs Committee—the report on the Government's document "A Vision for the Common Agricultural Policy" and the report on the Rural Payments Agency and the problems that it faced—as subjects for this part of the estimates day debate.

In the light of the publication in December 2005 of a seminal document looking to the future of the common agricultural policy, my only regret is that the Government have not seen fit to hold any kind of debate on a document that was billed as singularly important, particularly during the remaining weeks of the British presidency, which is when it was produced. Given the fact that some 40 per cent. of European Union expenditure is still on agriculture—it is a major part of the EU budget—it was something of a surprise to me and to the Committee that the Government did not choose to debate that report. If nothing else, it would have given the House, and those who represent agricultural constituencies, an opportunity to make a contribution to the development of the ideas for reform of the CAP. I shall try to highlight some of the points that the Committee drew out as it looked into that subject.

I am delighted to see on the Front Bench the Under-Secretary of State for Environment, Food and Rural Affairs, the hon. Member for Chatham and Aylesford (Jonathan Shaw), and I welcome him to his challenging role. Before the debate started, I noticed that he was thumbing through the "vision" document. It might have been the first time that he touched it, and if it was I hope that he enjoyed his brief read of it and that he will go back to it after the debate. It will be very

[Mr. Michael Jack]

important indeed, particularly as we move towards 2008, when the European Union will take stock and give the common agricultural policy a health check. In particular, the EU will consider the major reforms that were introduced by the previous Commissioner in 2002, and thinking will begin to turn towards the reform programme that is scheduled to be introduced in 2013, when, effectively, the current CAP will come to an end. It all sounds a long time away, but as we all know, given the way in which the wheels of Europe turn, we will arrive at that point rather quickly. If we have not done our homework, we will not be prepared to lead and take part in the debate about shaping not only the future of Europe's agriculture but its rural policy. Our report touches on that point.

Kelvin Hopkins (Luton, North) (Lab): Does the right hon. Gentleman accept that, even in a purely urban constituency such as mine, constituents must pay for the CAP through their taxes and through high food prices? The issue affects my constituents, as well as his.

Mr. Jack: In his normal perceptive way, the hon. Gentleman picks up on a number of themes of the report that I shall discuss in a moment. The question whether Europe's current expenditure on agriculture and, to a degree, its rural policy is value for money is a central issue for discussion. As agricultural policy moves from being a question of subsidising production to a question of paying for environmental goods and the development of a rural policy for new and existing member states, challenging new subjects of debate arise.

One point that the report touches on is on what exactly the money should be spent. For example, in the context of environmental goods, what exactly do the public want purchased in their name? In our report on the CAP and in previous reports, the Environment, Food and Rural Affairs Committee touched on that very point and asked the Government to try to evaluate and have a debate on the matter, to make certain that the use of public moneys is properly targeted. That goes back to the point raised by the hon. Member for Luton, North (Kelvin Hopkins): the public who are effectively paying for such schemes through their taxes must feel that they are getting some value for money. Without doubt, the public enjoy the countryside and good quality food, but at the moment they do not have much of a say about the use to which public funds are put.

David Taylor (North-West Leicestershire) (Lab/Co-op): I thank my right hon. Friend—as I will call him—the Chair of our Select Committee for giving way. May I develop the point made by my hon. Friend the Member for Luton, North (Kelvin Hopkins)? Is it not the case that the environmental goods to which my right hon. Friend refers are extensively used and appreciated by people in rural areas? There is a great deal of evidence that people in urban and metropolitan areas do not make sufficient use of the goods for which their taxes pay. Those in rural areas and landowners can provide access to the countryside; they need to reach out and promote access to the settings which so many people who live in rural areas enjoy.

Mr. Jack: I concur entirely with everything that my hon. Friend has said. I will call him my hon. Friend, because we are friends on the Committee and we work closely together. In his normal perceptive way, he has put his finger on an important point. Next year, it is food and farming year, which in a way will try to bring town and country closer together. Some of the issues that he has referred to will then be the subject of more intense dialogue as farming reaches out to the urban population.

In preparation for this debate, I made a list—I do not claim for a moment that it is the definitive list—of some of the challenges that UK agriculture faces. I did so because the other challenge of this debate is how to bring together two reports that deal with items that are different but none the less related. I listed the following points. Our, and indeed Europe's, agricultural industry faces challenges in relation to food security in a world where the distance that food travels is an issue, and where the transmission of disease can threaten the supply chain. We must also consider biodiversity, environmental responsibilities, animal welfare, bio fuels, genetically modified crops, global competitiveness, powerful supermarkets, the survival of the rural economy, the reform of the common agricultural policy, which we are discussing, and the restructuring of rural policy. That is just my list and I am sure that other right hon. and hon. Members who are taking part in the debate will have their own list.

The only problem with my list is that the "vision" document effectively sidestepped many of those issues. It went down the road of developing and extending existing thinking and there was very little that was novel in it. Where there was novelty—and this is a further item to add to my list—was on the question of how farmers should be paid. We have moved to an era of the single farm payment, but previously there were some 38 different commodity regimes, each with their own individual payment scheme and different rules for farmers. The simplified method of the single farm payment scheme introduced a one-off system under which farmers were paid. Initially, that related to historic payments. Subsequently, we moved to payments relating to the area that they farm. That method brought into being a process whereby farmers had some of their subventions top-sliced to help to pay for a system of modulation for the development of rural policy.

Our report on the single farm payment and what went wrong raises not only a series of practical observations on the execution of Government policy but some fundamental points of principle. Before I go into detail on that point, I would like to put on the record my appreciation of the work of the staff of the Select Committee. It is all right for the Chair to stand up and make a speech in a debate, but we could not do so if we did not have reports to discuss, information to dissect and analyse, and results put to us. We could not do so if we did not have talented people as our Clerks. Matthew Hamlyn began the investigation into the single farm payment for us and his successor Chris Stanton came into post at the end of the inquiry; he had to assimilate all the facts, and helped to draft the report. I should also mention our former second Clerk Jenny McCullough. Those three people played a crucial role, as did Jonathan Little, our agricultural specialist,

who has moved on to new work with Natural England. Without those people, we would not have produced the two reports. I put on record my sincere appreciation of all that they did to bring them about.

The report on the Rural Payments Agency can be summarised as a classic piece of Select Committee work. We were dogged in our determination to get to the bottom of what went wrong. We took our time, but we finally got our man—as the Mounties say—when we got hold of the former chief executive of the RPA, Johnston McNeill. In our discussions with him, we were able to get to the heart of what went wrong. However, we had already made our own initial foray into the subject; in its previous work, the Committee warned the Government that change to the way in which the RPA operated would be fraught if the agency did not have the right IT and computer systems expertise. Despite those warnings, given in 2003, there has been a debacle concerning a core responsibility of the Department for Environment, Food and Rural Affairs. That is why our report goes beyond the mechanics of what went wrong and explores fundamental issues to do with accountability in government.

One of the core responsibilities of DEFRA is to ensure that farmers are paid a just price, and on time. That is about not just ensuring the survival of farming businesses, but making certain that the rural economy's cash flow is not disrupted, and that a central function of DEFRA is carried out effectively and efficiently. In the case of the Rural Payments Agency and the delivery of the single farm payment, that was not the case.

The problem began in 2001, with the RPA change programme, and it came home to roost when the European Union agreed decoupling for the single farm payment on 26 June 2003. A year later, on 17 June 2004, Mr. Andy Lebrecht, a senior civil servant in DEFRA, told the Department's management board that payments under the new arrangements would be made by 1 December 2005. The die was cast, the expectations in farming were there and preparations had begun. By 19 January 2005, however, the Rural Payments Agency announced a delay.

The ministerial response from the right hon. Member for Derby, South (Margaret Beckett), the former Secretary of State, was to appear at the National Farmers Union conference and say that she was "bloody livid" about the situation. Although that was perhaps not the response that should have come from the Secretary of State, she should have been fully engaged in the decision-making processes that led to the problems that the RPA faced. She was the Secretary of State when the policies were designed and when the implications were considered, and she ultimately carried the responsibility for what happened in her Department—*[Interruption.]* Perhaps she is listening to the debate, and we may have an unusual intervention by telephone—perhaps not.

The way in which DEFRA went about introducing the programme was too much change, too soon. That is clear from what the Department has said in its as-yet-to-be-published report and from the information that the Department gave the Committee, which is why we singled out certain named individuals who gave evidence to us. We believed that they bore a responsibility for what had occurred, and I do not resile for one moment from the fact that the Committee's report put down some strong words about who was responsible. One should bear in mind the billions of pounds that were not delivered to England's farmers and the rural economy, as well as the losses to the farming industry—calculated at £20 million—which will have an incalculable effect on the cash flow of the rural economy.

There are also the cost overruns to the Department. To look at the facts, the NAO said that DEFRA would realise only £7.5 million of the £164 million-worth of savings from the introduction of the single farm payment scheme. When it looked at the RPA operating business plan in late 2006, the NAO said that the RPA's running costs would be £197.1 million, with an additional £46 million on top of that, which consisted of a further £27 million in extra running costs and £19 million for new software developments, against an original budget of £190 million.

If that degree of financial mismanagement had occurred in a public limited company, the board would have been out, never mind the chief executive. That is why our report had some strong things to say about named officials, as it was quite clear not only from our analysis but from the work done by the National Audit Office, which has now been vindicated by the Public Accounts Committee, that we had to probe who was responsible for DEFRA's failure to carry out one of its central activities. Those failures to deliver have led DEFRA to face for the first tranche of failed payments a disallowance from the European Union of £131 million. In addition, there is a contingent liability on DEFRA's books of £305 million. Not all of it is directly related to the RPA, but that is an indictment of failure, and that is why our report was couched in strong terms.

Mr. Mark Todd (South Derbyshire) (Lab): One of the largest failures—probably the fundamental failure in this project—was that of risk analysis and risk management. Would it surprise the right hon. Gentleman that the former permanent secretary, who is one of the named officials in the report, chairs the body looking at risk management on behalf of the Treasury for the civil service?

Mr. Jack: That person will certainly understand about risk, but I am not so certain about management. The hon. Gentleman's point worries me very considerably indeed. At the heart of this matter are the mechanisms that the Government put in place when they introduce complex IT projects. Indeed, when the hon. Gentleman was a member of the Select Committee he highlighted that very point about the need to look at issues in detail and have the right expertise to guide us forward. What was clear, however, was the flawed relationship between DEFRA and its IT provider, Accenture, which was taken on to make changes in the Rural Payments Agency. Then, however, there had to be a second and subsequent discussion about how the single payment scheme would be introduced. DEFRA decided that it would remove some of its staff in pursuit of its Gershon savings, only to find that it then had to recruit another 900 temporary people in the Rural Payments Agency to make the scheme work. The very people who had experience of dealing with farmers were removed as part of the change programme, only to be replaced by less than expert people. The Department had a rural information system—a

[Mr. Jack]

computerised system that was supposed to cope with the mapping and to provide those running the single payment scheme with information—but it singularly failed. I could go on through the litany of failure.

On the question of risks, it beggars belief that the Office of Government Commerce did not put the brakes on what was happening. Yes, it produced some reports and red traffic lights, but despite the mounting risks of failure that were pointed out to DEFRA, which had a finger in the pie and an interest in the running of the Rural Payments Agency, and despite a great deal of investigation—I do not know whether the Department was blinded by events or by ministerial assurance that it would all be all right on the night—the wheel fell off big time. When, at the beginning of 2006, Ministers were promising payments first in February and then in March, the Committee produced an interim report warning of what was happening and talking about the need for interim payments, but we were rubbished by Lord Bach. I remember him talking on the "Today" programme about the Select Committee being chaired by a "very strong person, that Michael Jack—he's a Conservative." I resented the fact that he tried to politicise my work as the Chair to highlight the failures and danger points and what was going to happen with the Rural Payments Agency. In fairness to Lord Bach, he retracted some of those remarks when he gave evidence before us. When the wheel fell off, however, DEFRA had not heeded the warnings, and we now know what happened to the rural economy.

As for who was responsible and who should have accepted responsibility, the head that rolled was Mr. Johnston McNeill's—it was the agency's former chief executive who was fired. Sir Brian Bender, the former permanent secretary at the Department, whose name was on the documents about the Rural Payments Agency, the DEFRA change programme and the agreement on the path forward, and Mr. Andy Lebrecht, one of the most senior civil servants in the Department—he sat on the management boards of the Rural Payments Agency and, indeed, on DEFRA's own boards and should have been the link—were the people who effectively signed off what happened. Rachel Lomax, who was supposed to be an expert, was brought into the Department to provide advice. Despite all that, there was still failure, but only one person has paid for it with their job. The then Secretary of State went on to become the Foreign Secretary—

Mr. Anthony Steen (Totnes) (Con): Promotion.

Mr. Jack: She got promotion, while the farming industry lost £20 million and DEFRA's costs overran, with all the problems that have resulted for British Waterways and the Environment Agency.

Sir Peter Soulsby (Leicester, South) (Lab): The Government's response to the Select Committee's report on the Rural Payments Agency has not yet been reported to the House, so we cannot refer to it in detail. Were the Government in that response to seek to hide behind the argument that Select Committees ought not to act as disciplinary tribunals on matters relating to officials, or if the Government were to hide behind the ministerial code when Select Committees criticise the behaviour of Secretaries of State, does the right hon. Gentleman agree that that would be a grossly inadequate response to the very serious issues, both particular and general, that the Committee raised about accountability in this case, and more generally, with reference to the responsibilities of permanent secretaries and Secretaries of State?

Mr. Jack: Again, I agree with the hon. Gentleman's analysis. That is why the importance of the report goes well beyond its examination of the mechanics of what went wrong in the Rural Payments Agency. There is a wider question that the House should debate: when a Department fails to deliver on a core activity, who should pay the price? I go back to what I said before about a public limited company. If a plc had failed its shareholders in the way that the Rural Payments Agency has failed the farming community, not just the chairman and the chief executive but the board would be out. Why? Because they would know in simple terms that they had not done what they were employed to do.

I do not want to go beyond the boundaries of the debate, save to observe that if we look at many areas of Government—the Home Office and the Department of Health, to name but two—failed IT projects litter what those Departments have not done. Where did the responsibility lie? Now that we have a different Prime Minister, perhaps he will look at that point.

When we examine the RPA's latest published business plan, the failure is summed up succinctly in a sentence or two. It states:

> "The ambitions to implement a major change programme and simultaneously deliver a flagship new scheme (the Single Payment Scheme) proved not to be achievable in the timeframe foreseen".

It goes on to say that the document covers the early stages of recovery for the RPA and outlines its strategy and business plan for 2007-08

> "to meet the challenges we face to become an effective Paying Agency that meets its targets, responds to change and efficiently serves the needs of its customers."

The process could go on until 2012, and as the Government's reply to our report already indicates, it will cost another £55 million.

Mr. Todd: I thank the right hon. Gentleman for giving way again. Does he share my view on the subsequent episode? I was greatly reassured when Lord Rooker was appointed to continue the work of recovering the disasters of the programme, and he deserves to be complimented on much of the pragmatic activity that he as a Minister has led in that task.

Mr. Jack: I agree with the hon. Gentleman. I recall, however, that Lord Rooker was careful not to go too far. At a meeting I attended, he came along and said, "I've come here to make sure you know absolutely nothing about what's going to happen in the future until I'm clear what the detail is." So I learned from that that we had a new form of pragmatism in the Department.

David Taylor: Does the House agree that it is a great pity that *Hansard* will not be able to reflect fully the right hon. Gentleman's mastery of regional accents in this land, with which he regales us from time to time in Committee?

Mr. Jack: I am most grateful for the hon. Gentleman's comments.

I am sure we will continue to get candour, which is what is required. I observe in objective 5 of the business plan for 2007-08, on training, that the Rural Payments Agency hopes the outcome will be that

"Staff are clear about the Agency's objectives, their role in achieving them and motivated for success".

Some of those staff worked very hard indeed, but they were badly let down by the management.

Mr. Steen: My right hon. Friend may be aware that part of my constituency is Dartmoor national park. The hill farmers there have faced very difficult times. Will he comment on the problems that will arise if the single payment scheme continues not to differentiate hill farmers and lowland farmers? As I understand it, if that were the case, the hill farmers would give up hill farming, and the ramblers would have to wrestle through 6 ft of grass to get through to the Dartmoor national park, which was set up in the 1940s after the war to give recreation and leisure to urban dwellers. They will have to be extremely fit, they will need scythes and they will need military dress to get through the powerful obstacles that will prevent them from enjoying the pleasure and solitude of the Dartmoor national park.

Mr. Jack: I am grateful for my hon. Friend's observations, but one of the problems that the single payment scheme had to cope with was exactly the differentiation that he mentioned between the upland areas and the lowland areas. It did so, and in differentiating as my hon. Friend suggests, it created further complexity in relation to the already complex use in England of the so-called dynamic hybrid model. I contrast the problems that we had in England in dealing with 121,000 farmers with the situation in Germany, where there were three times as many farmers, four different computer systems and 19 Länder as the paying agents, and the task was completed on time.

The Parliamentary Under-Secretary of State for Environment, Food and Rural Affairs (Jonathan Shaw): It is fair to say that originally there were two areas, but there was a request from the industry to add a third area—moorlands.

Mr. Jack: Indeed, and there was also a request from the farming industry that horticultural land, for example, should be included. Part of the problem with the volume of work that overwhelmed the agency was the lack of appreciation by Ministers of what all that extra complexity, new land and everything else that they were introducing into payment for the first time would mean in reality. I will not labour the point further.

I draw my remarks to a conclusion on the single farm payment. We have raised the important issues of accountability, bad planning by the Department, and failure to heed warnings by a Select Committee, particularly in relation to IT. It may well take until 2012 to fix the RPA and another £55 million will have to be spent.

Mr. Steen: I am grateful to my right hon. Friend for giving way again. Will he accept from me that there is another warning that needs to be sent to those responsible for single farm payments? Unless they get the upland payments right, national parks will be places that people cannot enter.

Mr. Jack: My hon. Friend tempts me into a debate on hill farming and upland activity, which I will resist. I hope that in his enthusiasm, the new Minister will be able to persuade the powers that be that the House should still, even now, have a proper chance to debate agricultural issues in a way that would allow my hon. Friend's point about hill farming to be discussed. There may yet be a chance when we turn to the second of our reports, which considered common agricultural policy reform.

In summary, the Government missed the opportunity to put forward some genuinely visionary opportunities for the CAP against the background of the health check in 2008 and the fundamental reforms that will take place in 2013. The change of French President from Chirac to Sarkozy offers a new dynamic, but there is a problem—in countries such as Germany and France which traditionally drive the CAP debate, there is a difference between the agriculture ministries and the finance ministries. The agriculture ministries are traditional. They are not minded to change. They stick to 2013 as the date, and the only date, when the CAP could reform itself. They wish to postpone the removal of the dairy regime and the abolition of set-aside land. However, if one goes to the finance ministries, as we did in Germany and France, one will find that our new Prime Minister is their pin-up because he is advocating an abolition of pillar one and a reduction in expenditure, as they see it, in terms of the vision document. In his role as Chancellor of the Exchequer, he was their No. 1 trailblazer for reform. However, in France and Germany the finance ministries play second fiddle to the agriculture ministries.

That is important, because when the Government introduced their vision document at the close of 2005 as a contribution to the debate on the budget of the European Union, and in an attempt to reduce the CAP budget, they failed to introduce it to other member states. In fact, judging by what we heard when we went to subsequent agricultural meetings of fellow European parliamentarians dealing with these matters, it did damage. If the Government want to resurrect their chances of influencing the direction of the CAP in future, they will have to spend a lot more time going out and explaining the UK position to our fellow Europeans, against a background of the feeling among the new member states that unless they are offered the same deal as the old member states they will not parley on any kind of change that will lead to a reduction in overall expenditure on the agricultural budget and a redistribution of moneys to the rural economy.

That is why our report calls for the development of a rural policy for Europe. As we have heard, the public are concerned about what this money is being used for. Farming has some major responsibilities in terms of the environment and biodiversity, and of change—of turning the rural economy into a place where farming is not the only activity. As the vision document correctly identifies, only about 1 per cent. of employment directly involves farming. Much else can be done in rural England, as in rural Europe, to develop new forms of economic activity, but the document is light on all those aspects.

We have recently been considering the new European Union treaty. The terminology of article 33, which deals with agriculture, is interesting. It says that the objectives of the CAP are

"to increase agricultural productivity…to ensure a fair standard of living for the agricultural community…to stabilise

[Mr. Jack]

markets...to assure the availability of supplies...to ensure that supplies reach consumers at reasonable prices."

There is nothing about the environmental and biodiversity dimensions which now typify European concerns about animal welfare, disease or the competitive world in which agriculture operates. The discussion of the treaty has been a lost opportunity to redefine the scope and purpose of what agriculture is about. With our far more reform-minded view, that is something that we could yet still deal with. Our report lays out the challenges that remain in relation to Europe's discussion of the future of its rural economy. There is a need to conduct a hearts and minds operation in relation to Europe. Reform is in the air as regards agriculture, and the competitive pressures are there. Questions of food security must be dealt with—there are no two ways about it.

The rural economy is something special, from the physical point of view and from the biodiversity point of view. It represents the lungs—the point of relaxation—for so many of the people whom we represent in urban Britain. The winds of change are blowing. Mrs. Fischer Boel has some interesting ideas on reforming the vegetable regime, and she has established common market organisations for all such regimes. There is discussion about removing the whole question of a dairy regime, which would set Britain's efficient dairy farmers free. The reform opportunities are there to make Europe's agriculture far more competitive and environmentally aware and to develop a vibrant rural economy. However, if the Government want to lead that debate, they will have to do far better than the vision document. That was a poor first step, but it may be the precursor to a bigger debate.

7.54 pm

David Taylor (North-West Leicestershire) (Lab/Co-op): I rise with some relief, having been contacted three or four hours ago by the Clerks of the Committee to be told that the Chairman of the Committee was stuck on the tarmac at the airport in Florence and might not be able to make the start of the debate. Had I delivered on my offer to open the debate if he could not, the House would not have been regaled with the forensic performance that we always appreciate from the right hon. Member for Fylde (Mr. Jack), or his entertaining tour d'horizon of some of the main participants in the Rural Payments Agency saga, in particular.

Together with my hon. Friend—as I shall call him—the Member for Brecon and Radnorshire (Mr. Williams), I was involved relatively early in the process, in late 2005, when we both visited the Reading office of the RPA in our roles as rapporteurs, when we did some of the early fact-finding work on what appeared to be going wrong with the single farm payment system. I am happy to make one or two salient observations from my own experience, having spent, before coming into this place in May 1997, three decades in medium to large-scale public sector information and communications technology projects. I have always taken a keen interest in the problems that Governments—successive Governments, to be fair—have had in delivering on large-scale systems of that kind.

At the start of his comments on the RPA, the Chairman of the Committee said that our report was shot through with concern and alarm that accountability had not been at work in the events that followed the problems with the single payment system. He said that only one person had been sacked for his role in this affair—Johnston McNeill, the chief executive of the RPA. However, given that the former Minister in the House of Lords was removed shortly after the saga started to bubble up, it could reasonably be inferred that there was a firm link between his sacking and the RPA system. It is odd that so few people paid the ultimate penalty. For example, the senior civil servant—the permanent secretary—escaped any blame, condemnation or criticism. Not only that, but while many people were being taken off on their career tumbrils to some far-off car park and summarily disposed of, he was slipping out of a side door and being promoted elsewhere in the Government bureaucracy. New terms could be created as a result of this process. When, in sport, people play a virtuoso sparkling role in any particular game, they are said to have "played a blinder". The civil service equivalent is to bound up the career ladder from disaster to disaster, hereinafter to be known as "playing a Bender". It is sad that that phrase could get into the English language in that way.

Mr. James Paice (South-East Cambridgeshire) (Con): The hon. Gentleman might like to bring out the point that in his Committee's report the then permanent secretary praises Mr. McNeill as being by far the best of the applicants for the job, and refers to his leadership of the Meat Hygiene Service. If he deemed that a success, that, if nothing else, brings his judgment into serious question.

David Taylor: In my sad experience, people in the upper echelons of the civil service, and to an extent in local government, and politicians who are elected to those various organisations, tend to have a less than complete appreciation of the potential and detail of the world of ICT. In such an environment, in the land of the blind the one-eyed man is king. The "king" who is often chosen to be a consultant or to be directly responsible for a complex large-scale project can disappoint in many ways, because people do not know what they are looking for. They grasp at straws. They are susceptible to the blandishments of the snake-oil salesmen who populate the large-scale software package market. That is a pity. The hon. Gentleman's own Government were equally guilty of that before 1997, and during the past 10 years we have shown that we are not immune to the same problems.

Mr. David Drew (Stroud) (Lab/Co-op): I know that we cannot refer in any detail to the Government's response to the Committee's report, which has taken a long time to come. Given my hon. Friend's criticism, there does not seem to be much evidence that the Government's response has taken any notice, in any detail, of the criticisms that we advanced. What are his comments on that?

David Taylor: My hon. Friend is right. We cannot refer to the response in any detail, but I shall come to a criticism of the Government's probable response in a

moment. The Department for Environment, Food and Rural Affairs continues to reiterate that the responsibility for delivering the scheme and advising Ministers on the ability to meet the timetable rested solely with the chief executive. To me, that sounds like a post hoc rationalisation, and as such, it is absolutely unacceptable.

One of our main concerns was that no lessons had been learnt—here I come to the point raised by my hon. Friend the Member for Stroud (Mr. Drew). I think that we shall find out that in the Government's response, they will say something like, "Many of the lessons learnt have been fed into the Department's wider review of its governance of delivery." There is precious little evidence that that is true, and I am dubious about it. Perhaps I am an old pessimist, but I can foresee, in similar circumstances, a repeat of the problems that we saw with the RPA and other major systems, and I think that this Department, and other Departments, will not learn from the lessons that can be learned.

We had two serious concerns, which lay at the heart of the RPA saga. The Chairman of the Committee referred to one a moment or two ago.

Mr. James Gray (North Wiltshire) (Con): Before the hon. Gentleman leaves the question of accountability, which I think he is about to, I ask him to suppose that the Government's response to our extensive, trenchant and highly public criticisms of Ministers in the report were to be something along the lines of, "The accountability and responsibility of Ministers are set out clearly in the ministerial code. The Government does not believe that there is any need for further guidance." If the response were as short as that, would he agree that that was a disgraceful failure to address the trenchant, important criticisms made by a Select Committee, and would bring the Government into some disrepute?

David Taylor: I would be surprised if the Government's response were along the lines the hon. Gentleman suggests. If it were, I am sure that when we discussed the response in the days to come, we would want to go back to the Department, and perhaps the Minister who is here today, for clarification, because it would seem to stand at odds with some of the new principles espoused by the new Prime Minister a few days ago. I hope that our Committee would do just that.

Any response along the lines of, "Many of the lessons learned have been fed into the Department's wider review of this Government's delivery," would be surprising. If the Government then went on to say that their arrangements should be fit for purpose, we would all give a weary sigh at such a cliché. The phrase "fit for purpose" is a substitute for analysis and thought, and a poor one at that. Let us hope that the response does not say that.

I was moving on to refer to the first of two of our core concerns at the heart of this saga. DEFRA Ministers selected the dynamic hybrid model in the knowledge that it was inherently more complex and risky, and one of our recommendations dealt with that. A related concern was that the amendment of the original dynamic hybrid model so soon after it was announced, by adding a third region, reinforced our conclusion that the wider implications of the dynamic hybrid model had not been thought through. I expected the Government to respond in some detail to either or both of those key concerns. In fact, however, they have not. Answer is there none. There is no observation, no comment, no response, no rationale, no apology, no justification, or even objection, to the points made. I found that rather disappointing.

In the general sense, the Government say that policy development of the dynamic hybrid was "inclusive and fluid". I think that that is a new phrase that will enter the parliamentary lexicon: "inclusive", meaning that all God's children are consulted, and "fluid", meaning that none of them are listened to. What emerges—the fluidity—is a shapeless form that cannot be recognised or measured, and does not perform.

In relation to our final concern, we asserted to various witnesses that it should have been obvious at the start that the dynamic hybrid model was impossible to deliver in the time scales flagged up by Mr. Andy Lebrecht. The date escapes me, but I think that the Chairman referred to it a moment or two ago. The RPA's record until 2006 raised questions about its ability to deliver. According to what rumours suggest about the Government's reaction to our report, they will say that it is clear with hindsight that the RPA's ability to deliver was overstretched.

Mr. Paice: On a point of order, Mr. Deputy Speaker. I think that I am in a small minority, in that I cannot refer even obscurely to the Government's response to this report. It is quite obvious that most hon. Members have it. I know that it is for the Committee to publish it, but it seems to me that the hon. Gentleman is obscuring only slightly the source of everything that he is saying. I suggest to you that it is putting a number of us at a great disadvantage.

Mr. Deputy Speaker (Sir Michael Lord): I am afraid that it is not for the Chair to decide on these matters. I understand that a report has not yet been produced for the House, but as always in this kind of debate, it is important that any documents necessary for the debate ought to be before the House.

Mr. Paice: Further to that point of order, Mr. Deputy Speaker. Am I not right in saying that a Government response belongs to the Committee, and that until the Committee publishes it, it cannot be made available to hon. Members who are not in that Committee? In such circumstances, is it right for a member of the Committee to refer to it in debate when it cannot be accessible for those of us who also wish to participate?

Mr. Deputy Speaker: The hon. Gentleman has stated the position as far as the Committee and its report are concerned precisely and absolutely correctly, and it really is for the hon. Member for North-West Leicestershire (David Taylor), who is addressing the House, to decide how much he should use what is available to him.

David Taylor: I am grateful to you, Mr. Deputy Speaker, and in reaction to that point, I shall move on.

Sir Peter Soulsby: Does my hon. Friend agree that it is most unfortunate that the Government's response to this important report and the criticism within it was not made available to the Committee in good time? The Committee was not, therefore, able to report it to the House so that it could inform the debate.

David Taylor: That is indeed unfortunate. I have just looked at the date on the report: 21 March 2007. A quick calculation suggests that that is some 16 or 17 weeks ago, and I would have thought that an adequate time in which to respond. However, in deference to the point made by the hon. Member for South-East Cambridgeshire (Mr. Paice), which is fair, I shall move on.

My final, core concern in the report relates to our observations about Accenture, the IT supplier of choice, and those observations are in the public domain. In the published report, which is available to the House, we said:

"Accenture witnesses appeared to have been well schooled in not venturing comment on matters which they deemed were beyond their contractual observations."

That is a masterpiece of understatement, although accurate in its own right. It could be said that Accenture designed the brakes and steering system for the SPS bus that careered over the ravine, but has been exculpated merely by saying that it designed the bus to be unresponsive to the brakes and the steering wheel because that is what the customer wanted. It therefore asks how it could be held responsible for the design, given that it was delivering to the specification.

Sir Peter Soulsby: I am sure that my hon. Friend recalls that Accenture's contract was worth something in the region of £54 million, and that when it gave evidence to the Committee, despite having been paid such a large sum and apparently being at the heart of the project, it tried to absolve itself of responsibility for the system's lack of delivery. I will not refer to the response that the House has not yet received—but does he agree that the attempt by Accenture to abdicate from responsibility requires a full response from the Government?

David Taylor: I agree. Accenture's role in the matter has been underestimated, and it should be held responsible in a more substantial way than it has been so far.

In our report, we examined the Hunter review, which began with a study by Corven Consulting at a cost of more than £500,000. Paragraph 143 criticised that. The example is emblematic of the use of consultants. The contract was almost open-ended, the objectives were unclear and the potential for making substantial profits for delivering little was there throughout the process of using Corven Consulting. We need to get a grip on that in phase 2 of the Labour Government as they enter their next 10 or 12 years in office.

The Hunter review stated that no structural changes should be made to the RPA that would jeopardise the target of achieving a stable SPS by the 2008 scheme year. It urged the RPA to focus on that target. I hope that that will happen. The process was to take seven years, with only 10 per cent. linked to the flat rate in the first year. It was always possible for that first year—2005—to have a 0 per cent. flat rate and to move to a 100 per cent. flat rate over a five-year period, thus leading to full implementation of the system by 2010 rather than 2012. If that had happened, disaster would not have been visited on the rural community.

The Hunter review said that in the slightly longer term, beyond 2008, the RPA should commit itself to making the SPS application process by e-channel—effectively online—and that it would not be credible to make a commitment until the SPS was stable. We must expect delay until we have stability.

Let us be a bit more positive. The RPA is in recovery mode. The National Farmers Union has supplied detailed and regular briefings on the topic, which are balanced, fair and helpful. It says that there is a long way to go but that performance in 2006 has been much better than in 2005. A flood of money was distributed in February and March this year, and the target of making 96 per cent. of payments by the end of June was met.

Mr. Jack: However, there are still 20,000 farmers with 2005 payments who do not know whether they received the right money.

David Taylor: That is true. One of the costs of giving priority to the 2006 claims process was leaving 20,000 farmers in limbo, with payments uncorrected, and in some cases unmade. We will not know the effect on those individual claims for some months.

The NFU acknowledges that the RPA is much improved and that better systems and reporting are in place. There is a greater customer focus—thank goodness for that—because one of the main themes that came through from witness after witness to our inquiry was that under the previous arrangements, at least they could talk to someone—a stable, experienced career civil servant or agricultural specialist in a DEFRA regional office—who knew something about the system.

Mr. Gray: I hope that the hon. Gentleman is right in saying that the system is much more customer focused and that there is a greater readiness to listen to farmers. However, I was dismayed by a visit to the House of Commons today by my constituents Mr. and Mrs. Young of Pound farm in Purton, because they are among the 2 per cent. who have not been paid at all for last year. They have been missed out completely. They ring the RPA every day—sometimes twice a day—yet they say that they are unable to discover why they have not been paid and what they now have to do. They do not believe that the RPA is customer focused at all.

David Taylor: That is true for a minority of the 120,000 or so claims. I was citing the NFU reaction, which is recognition of a greater customer focus. The NFU represents those making the 120,000 claims, although that includes a small number of people in the position that the hon. Gentleman describes.

Jonathan Shaw: I should like to inform hon. Members that my noble Friend Lord Rooker holds his weekly surgery tomorrow in W3 at 1 o'clock. Any Member can go along with specific cases. He would be pleased to hear about cases such as the one that the hon. Member for North Wiltshire (Mr. Gray) has cited.

David Taylor: One of the most useful initiatives taken when my noble Friend took over as Minister with responsibility for farmers has been his surgeries. Many hon. Members have used them; they are an effective innovation, on which we congratulate him. Some problems continue: the RPA is still working with

poor-quality data, there are genuine quality control problems at the processing end, and there is a lack of technical knowledge in the RPA of how the SPS works.

The Government must ensure that the RPA is adequately resourced. We have experienced doing things down to a price, not up to a standard. My hon. Friend the Member for Brecon and Radnorshire—as I shall continue to call him—knows that one of the early impressions that we gained from what we saw at Reading was that the place was full of contractors and outsourced staff, who were low-paid and poorly trained. The people who knew about the processes were demoralised by the large-scale redundancies that they had to endure. Even though the RPA would cost even more in the short term, money spent on that would be money well spent in the medium and long term. Of course, 20,000 or so 2005 claims need reviewing as soon as possible.

My heart sank when I realised the RPA was to carry out an across-the-board update of its rural land register. Given all the problems that it experienced in the early months of mapping, and the appalling delivery of RLR maps in 2004, I am not certain that all that will not be repeated if the SPS system does not reach a stable state. The remapping must be done with great caution, but I advise, from a technical point of view, that it should be delayed into the medium term, until the SPS system, which it underpins, is significantly more stable.

I hope that everything will be done in the short term for the 2007 scheme payments. Lord Rooker said that the objective was to pay 75 per cent. by the end of March 2008. We should go further and faster. I believe—and the NFU agrees—that we should pay at least 80 per cent. of the claims by the end of the year. That is a reasonable target. The system is becoming more effective and the staff are becoming more familiar with it. Let us not allow change to disrupt that. We should accelerate the payments so that the 120,000 farmers and their families throughout the country do not have to endure again what happened from early 2006 to mid 2007.

8.18 pm

Mr. Roger Williams (Brecon and Radnorshire) (LD): As the right hon. Member for Fylde (Mr. Jack) said, it is a great pleasure to debate agriculture on the Floor of the House. The Government and the Opposition appear reluctant to use the time available for that. The production of good, safe and secure food, the protection of the environment and opportunities for the public to enjoy the countryside are important for the nation.

I congratulate the Under-Seeretary on his appointment. I am sure that he will enjoy participating in a fast-moving sector of industry. Many changes have taken place in the recent past, and more and rapid changes will happen in the near future. I would also like to place on record my declarations of my farming interests that appear in the register.

In preparing for this debate, I thought that it would be interesting to consider the farming industry through the eyes of the younger person. It is impossible for me to do that, given the stage of my career in the industry, so I spent some time talking to young farmers at the royal show, at NFU conferences and in other locations. The average person who would be expected to go into the agricultural industry looks at it in a despondent and unhappy frame of mind. Young people look at the returns and at the commitment necessary to do the job properly, and they see that the two just do not add up. When they see their friends and acquaintances going into other professions, they are discouraged from going into farming. Indeed, at a time when farming is being encouraged to be more business-like, to prepare business plans and to set out cash flows, young people were doubly disappointed that DEFRA could not deliver the single payment when it was expected. They do not want to do business with an organisation that cannot pay on time.

The right hon. Member for Fylde went through a number of the conclusions of our inquiry, but it is impossible to set out the scale of DEFRA's failure in this matter: one only has to consider the other countries in the European Union and the devolved Administrations in the United Kingdom to see how they delivered. They adopted different approaches to the single farm payment, as the regulations permitted. Some adopted the dynamic hybrid, some adopted an area payment straight away and some adopted an historic payment. However, almost without exception, other countries managed to deliver the majority of the payments early in the payment window, which extends from 1 November to 30 June. Most countries were able to deliver within the first two months of that window. The purpose of the window is not to spread the payments; it is to deal with the difficult applications that every scheme will throw up from time to time.

No one would criticise any organisation or country delivering the scheme for being cautious about disbursing public money if there was a doubt about an application. There is no advantage to any country in holding on to the money. No interest accrues to the Treasury of a country, because the money is drawn down from the European Union as the claims are disbursed. There is, in fact, every encouragement for the money and the claims to be dealt with quickly, because that releases staff to prepare the next round of payments. DEFRA fell apart between the 2005 and 2006 applications.

When we took evidence, it quickly became clear to me that the real problem was that DEFRA had decided to adopt a dynamic hybrid at the same time as the change agenda was being taken forward in the Rural Payments Agency. I can understand why DEFRA wanted to go for an area payment scheme, rather than the historic payment scheme, which would more securely decouple support from production. I have no criticism about the extent of that ambition. However, if DEFRA had conducted a risk analysis of the difficulties of delivering not just an area payment scheme or an historic scheme but the dynamic hybrid, that would surely have sent waves of caution through the organisation.

At the same time as DEFRA decided to take forward a dynamic hybrid, change was taking place in the RPA. That change programme, if successful, was going to lead to a reorganisation and substantial savings in public expenditure. The two processes coming together was, I believe, the cause of the problem in delivering the scheme. Indeed, I would not be surprised if the Government said something along those lines in their response to our inquiry.

[Mr. Roger Williams]

I visited the RPA in Reading with my hon. Friend the Member for North-West Leicestershire (David Taylor), as I call him. It was clear that it had been necessary to compensate for the reduction of staff there by employing temporary operatives. The training period necessary for them to become conversant with the system was such that some left before they were fully trained. It was clear to us that the mapping system was a cause of the problems, and one that it would be difficult to overcome.

The relationship between DEFRA, the RPA and Accenture should be re-examined and lessons learned for future IT programmes, because the necessary engagement to make the most of the available talent and resources seemed to be lacking. Indeed, the lack of direct meetings between the RPA chief executive and the then Secretary of State was one of the things that seemed to contribute to failure. At a time when the project was in such trouble, that direct contact was lacking.

Mr. Philip Dunne (Ludlow) (Con): Does the hon. Gentleman agree that it is little short of astonishing that the chief executive of the Rural Payments Agency had only two meetings with the Secretary of State, one of which was on the day before he was suspended, when the whole debacle came to an end? What accountability is there when, essentially, the Secretary of State washes her hands of the whole business?

Mr. Williams: I agree with the hon. Gentleman. With failure on the horizon and the farming community in desperation about when it would receive the payments, it seems beyond belief that the Secretary of State could not manage to meet the chief executive of the organisation that was attempting to deliver them.

Mr. Richard Bacon (South Norfolk) (Con): My hon. Friend the Member for Ludlow (Mr. Dunne) and I have just listened to the former chief executive of the Rural Payments Agency, Johnston McNeill, giving evidence to the Public Accounts Committee, which is one of the reasons we were unable to attend the debate earlier. On the question of where the Secretary of State was, I am pretty sure that she was steering well clear. On the hon. Gentleman's earlier point about the relationships between DEFRA, the agency and Accenture, does he not find it strange, as I do, that there were two senior responsible owners, against the advice of the RPA, when the whole idea of having a senior responsible owner for a project is that there should be one person who is specifically accountable? It was as though the Department had tried to drive a coach and horses through the notion of having a senior responsible owner by having one for policy and one for implementation, thereby almost creating part of the problem.

Mr. Williams: I agree with the hon. Gentleman. There seemed to be a lack of accountability and clarity about who was responsible for carrying the project forward.

This has been a tragic event for the farming community. The farming business has lost about £20 million but, more importantly, it has lost what little confidence it had in DEFRA. If agriculture is to be successful in future, the Department responsible for it and the business itself must find a better way to combine and work together.

I want to ask the Minister a question along the same lines as that posed by my hon. Friend the Member for North-West Leicestershire. Does he have any plans to bring forward the payments during the payment window? If not, English farmers will simply look at other countries and the other devolved nations in the United Kingdom and see themselves as second best, because they do not get the same service as others do.

I would also like to ask the Minister a question about inspections. In the implementation of the single payment scheme, inspections are important in ensuring that cross-compliance is observed by the applicants, but they are often not well planned. There is frequent duplication, and they place huge regulatory burdens on farming businesses. Will the Minister impress upon DEFRA, the Rural Payments Agency and the Environment Agency the need to co-ordinate their inspection plans more closely, to ensure that, when two inspections can be carried out at the same time, that happens, so that duplication does not occur and farmers feel that the inspections are being carried out with a light but sound touch?

The Government's report, "Vision for the Common Agricultural Policy", was brought out in what seemed to be rather a rush during the UK's presidency of the European Union. In order to achieve a budget agreement, people were talking in fairly strong terms about reform of the CAP, but when the Prime Minister went to look in the cupboard, there was no work on the shelf and there was no report. This document has the hallmark of work that has been done fairly rapidly and without the necessary research.

The common agricultural policy has evolved over the years from the time of the treaty of Rome, when it was built on intervention, through the MacSharry reforms that brought in quotas for breeding animals and for payments for particular crops. I am sure that most right hon. and hon. Members here today will agree that in 2003, under the cloak of a mid-term review, we saw the fundamental implementation of the single farm payment, along with the decoupling. During that period, there have also been reductions in the export subsidies that do so much to distort world trade and such great harm to third-world countries. Export subsidies should be eliminated by 2013. It was the agreement between France and Germany that the common agricultural budget should be maintained to 2013 that led to the agreement on the single farm payment.

The document produced by DEFRA and the Treasury lacks the political nous that should have been present for it to be taken through the European Union. As the right hon. Member for Fylde said, it seems extremely difficult to get this kind of reform through the agriculture Ministries in France and Germany. Perhaps President Sarkozy will have a different frame of mind from that of President Chirac. I think President Chirac was the only one who understood the European agricultural policy, and that was probably because he wrote it.

The movement of funds from pillar one to pillar two is broadly agreed by all hon. Members.

Mr. Jack: The hon. Gentleman refers to the effectiveness of the document, but the only measurable effect was a reduction in the money going to pillar two. Was that a good result?

Mr. Williams: The right hon. Gentleman makes a good point. There was indeed a reduction in pillar two expenditure in that budget. Given that the Prime Minister of this country believed in reducing pillar two expenditure, it seemed a strange result.

The document is not explicit about the effect on the structure of British agriculture or the sustainability of UK businesses. With a huge reduction in pillar one expenditure, I sometimes wonder whether any agricultural businesses will be present to deliver the pillar two objectives of conservation and recreation. The hon. Member for Totnes (Mr. Steen), who is no longer in his place, made a point about the difficulty of conserving upland areas using pastoral management methods of the past. He wondered how the people who enjoy those areas could continue to enjoy them if there were no farmers in the area. The "Vision" document certainly does not address that issue in any way.

The document also fails to address the issue of food security, which it seems to imply is not a major issue to be taken into consideration. Given that the world population is about 6 billion, with 600 million either under-nourished or underfed, and that by 2050 it will have increased to 9 billion, food security is clearly a big issue—not just for this country, but for the world. We should ensure that all areas of agricultural land, here and throughout the world, are put to their fullest use in order to ensure that 9 billion people are well fed and well nourished in 2050. There are real threats to that, including climate change, political instability and the demand for energy crops. A new organisation known as the commercial farmers association has produced a pamphlet promoting food security for the future. It does not argue for supporting British farming through protectionism. Rather, it argues that farming in this country should be supported by research promoting a good balance between output and conservation.

I believe that the "Vision" document was short-sighted and does not merit support. It failed to look to the future of farming either in this country or the wider world.

8.38 pm

Mr. David Drew (Stroud) (Lab/Co-op): I am delighted to follow my fellow members of the Select Committee, who are clearly dominating the debate so far. That is understandable, in as much as we have not had many opportunities to debate agriculture in recent times. It is interesting to note that two reports are coming along at the same time. I cannot do justice to both reports, which are detailed and critical, but I hope that the Government will reflect on them carefully. If they do not respond in print, I hope that they will do so in other ways and thereby try to point us in the right direction. I do not want to go over the same ground as my colleagues, so I shall try to keep my remarks brief and slightly different from those previously expressed in our interesting discussion. I hope that there will be plenty of time for reflection on the debate itself and on subsequent developments.

I would like to start with the report on the Rural Payments Agency. The words "disaster", "debacle" or even worse could be applied. I believe that the fundamental mistake was trying to bolt together the dynamic hybrid. Discussing the scheme with my hon. Friend the Member for North-West Leicestershire (David Taylor), I described it as a camel sent into the desert with no sign of an oasis. It was a difficult concept and, notwithstanding all that has been said by those on the official side, no one has yet identified its genesis to my satisfaction. There was no consultation on it and certainly no consensus behind it, and not surprisingly it bombed. It is of course possible that in due course it will be seen to possess some logic, and that other nations will follow us. In fact the Germans did adopt a similar route, but as was pointed out by the Chairman of the Committee, the right hon. Member for Fylde (Mr. Jack), they were better able to deal with the practicalities than we were, and we failed to learn from their example.

It was a mistake to move to an area-based payment system while also trying, for a number of years, to retain an historic system. It was inevitable that that would raise questions about what could be described as the wedding-cake principle. If more people demanded slices from the wedding cake, the slices were bound to be thinner, and some would not be given even a crumb of comfort.

That returns me to the fundamental criticism that I have advanced throughout our debates in the Chamber and the Select Committee. I believe that it should have been established at the outset which people were farmers and would be entitled to participate in the single payment scheme. That was never clearly spelled out, and the Government appeared somewhat taken aback when 50 per cent. more people than they had accounted for claimed entitlement. Five per cent., 10 per cent. or even 20 per cent. would have been understandable.

I still begrudge, and will continue to begrudge, the money that should be going to farmers and is going to others who are not farmers, do not need it, but are able to draw it because of the crackpot way in which we introduced the system. That has made the position even more complex and has prevented genuine farmers from receiving money, which is unacceptable. I hope that the Government will consider a de minimis, because the very small sums that have been received have snarled up the system.

I will not say much about the management of the agency and the IT systems, because Members on both sides of the House have already made plain that both were deficient. However, as the right hon. Member for Fylde pointed out, it would have been helpful if the Government had listened to the points that we made during the run-up to the agency's establishment. They were not criticisms at that stage—they were useful points—but they were ignored, and the Government paid the price. Many of us spent a great deal of time trying to bring about a sensible, positive understanding of what was happening, but Ministers pushed our suggestions aside and pooh-poohed our competence to make them.

Sir Peter Soulsby: My hon. Friend made a telling point about the failure to predict the number of applications, but does he not agree that by the time the Committee

[Sir Peter Soulsby]

was issuing warnings the number was known, and that even at that stage the Government did not listen to the alarm bells that we were ringing?

Mr. Drew: Once it became clear that the number of eligible people had been drastically under-calculated, we quickly pointed out what some of the repercussions would be. Even at that stage, Ministers, if not officials, were to a certain extent living in denial. Our criticism should have been dwelled on rather than pushed away, which, sadly, is what happened.

Mr. Dunne: Was not one of the Committee's warnings to do with the mapping system and the fact that many mapping errors arose as a result of using a two-dimensional mapping system rather than a three-dimensional one? In many areas, particularly along the Welsh marches which are well known for having three-dimensional fields, that has given rise to many foreseeable errors.

Mr. Drew: I am not sure that I can answer that in practical terms, but it seemed to me that the system was sometimes fifth dimensional, as there were so many errors. It was particularly galling that when it got things right, it subsequently returned to them and got them wrong. There was no consistency in the information; it was a case of garbage in, garbage out. Sadly, even when the information was initially right, it was subsequently screwed up, which was completely unacceptable and led to people having no confidence in what was done. I could go into considerable detail on that matter; in fact, we did so, and the people who briefed us explained what the problems were—but, sadly, the solutions were more difficult to identify.

There was not much vision in the other document even though it was called "Vision for the Common Agricultural Policy". We swiftly identified that it appeared to have been produced not by the Department for Environment, Food and Rural Affairs, but by the Treasury. Therefore, it was strong on economics but weak on societal and cultural aspirations, which should be central in moving from a common agricultural system to, we hope, a common rural policy. It was, at best, a fudge.

It was interesting that the Government again said that they had listened to, and reflected on, the views of many in the farming community. We attended the Royal show last year. It must have been better than this year's Royal show as we had sunshine; I am thankful that we did not visit it this year as we would have had to have worn our Wellington boots. We took evidence from ordinary farmers, and that was interesting as they expressed thoughtful opinions on what should be our future agricultural policy.

We addressed in the report whether it was possible to have a common agricultural policy. I have doubts about whether a common policy can exist, and certainly about whether it can do so in a European Union of its current size—although I cannot complain about that as I supported enlargement. We addressed points of analysis and dissection, rather than of underlying philosophy. I am sure that my hon. Friend the Member for Luton, North (Kelvin Hopkins) has trenchant criticisms to make of the whole concept of the common agricultural policy, and I share them. However, the Committee looked at how we might move to a different system—how we might move from pillar one to pillar two.

A key problem was that we led that charge alone. Although other nations might speak the language of wanting to move away from production subsidies, when push comes to shove and their politicians are faced with the question of whether to defend the important franchise of the farming community—it is less important in our country than in some others—many of them fall back on defending the production subsidy system. Sadly, too many other nations take that position, and until they change their underlying opinions the common agricultural policy will be a dead duck, and the sooner we fry it the better.

The document was short on vision and did not say where the Government wanted to go, even though—to be fair to them—they had gone much further than other countries, as I have already said. The document did not make us feel as if we knew where we were going. As the hon. Member for Brecon and Radnorshire (Mr. Williams) said, it would have been good to have looked in much more detail at food security issues. As it is a historic document, things have moved on and we now have to face up to non-food crops and the implications they have for the rural economy. There were various issues that needed to be embraced and the weakness of the document was that it did not look to the future. It looked to the immediate problems that British farming faces, but we wanted to stretch out from that so that we could provide leadership to the rest of the EU. That was lacking, and therefore we missed a real opportunity.

8.51 pm

Mr. Mark Todd (South Derbyshire) (Lab): I shall concentrate on the first of the two reports, partly because my period of service on the Committee coincided with the start of the change programme that is commented on. I can recall both the interview of Johnston McNeill by the Committee and the discussion of the initial stages of the change programme. Indeed, the Chairman of the Committee recalled some of my expressions of scepticism about what was being attempted and whether that particular gentleman was the right choice to lead such a programme.

The episode under consideration was undoubtedly one of the most woeful episodes in both business change and system development of the last decade. It has a lot of competitors, unfortunately, but it is certainly in the top two or three, if not actually top. Some hon. Members may not know this, but before I became a Member of Parliament I was an IT director, so in the words of my hon. Friend the Member for North-West Leicestershire (David Taylor) I am the person with one eye among those who are blind on some of these topics. My experience is out of date, because we are 10 years on, but I do have some broad knowledge of leading large system and business change programmes. Occasionally, I try to share that with the House, although not always with a great deal of effect.

What I learned about this programme was a shocking level of risk analysis, which permitted a complex and extremely challenging change programme for the administration of any rural payments scheme. At the start of the process, in 2001-02, we did not know what lay ahead, but we started on a process of major change in the way in which payments of any kind would be made to the farming community, and we combined that with the introduction of wholly new

methodologies for payment. Even the most primitive of analyses would have highlighted the hazards. I shall list only those that struck me from looking at the issue. They included locational change, substantial down-sizing of personnel and layers of system development. Probably from the start in 2001-02 through to the end, there must have been at least three system development programmes of various kinds to build systems that worked in delivering payments to farmers. Change was laid on change; when a decision was made on the process, there were further changes.

There was also an extraordinary programme of inclusion, which my hon. Friend the Member for Stroud (Mr. Drew) mentioned. One landowner did not make a claim; I own five acres of Derbyshire and was told by my farming friends that I should make a claim under the system. I am delighted to say that I did not; that was one claim that did not clog up the system, but it illustrates how ridiculous the design was. I hold five acres, which I occasionally graze—I make a mess of it generally—and it has a footpath through it. Why in heaven's name should I expect a few hundred quid from DEFRA towards it? Yet that invitation was sent to everyone and I am afraid that not everyone was as self-denying as me. Not surprisingly, the system was clogged with tiny claims that must have cost far more to process than the sum paid out.

Jonathan Shaw: I understand my hon. Friend's frustration. He has saved the Department some money by not claiming. However, I am advised that the EU definition of a farmer includes simply keeping land in good agricultural and environmental condition.

Mr. Todd: Indeed so, and all member states grappled with the dilemma of how to deal with rather small holdings of an inactive nature. They did not attempt to handle those claims in exactly the same way. As I recall, there was a de minimis approach, which would have made it possible—*[Interruption.]* I am seeing lots of nods, including, I think, from the Minister himself. That would have simplified the process and I would have commended that. It might not have prevented people from making a claim, but it would have made it much simpler to deal with them.

Faced will all those layers of risk, the most obvious strategy was a simplification of what was to be attempted. We have just touched on one example. One would not have chosen one of the most complex models for payments—that of combining two different forms of data and then shifting it over a period of time. Clearly that would require a far more difficult design than a number of the alternatives. The hon. Member for Brecon and Radnorshire (Mr. Williams), rather kindly, did not go into detail about the rather simpler approach that he must have enjoyed in his native country, which led to successful payments on time and without hassle. One might have thought that that would have occurred to people in designing the system. Instead of idealising where we might be going, a pragmatic approach of designing something of lower risk should have been dominant in the minds of the ministerial and departmental teams.

Mr. Jack: Does this not raise a serious question as to the advice that was given to Ministers when the policy was being negotiated and the seeming lack of any advice that said, "These are the implications of what you are agreeing to"?

Mr. Todd: One might indeed say that. One can only speculate as to what advice was given on the implications of making this already difficult process of business change more complicated still.

Mr. Roger Williams: Does the hon. Gentleman agree that even if DEFRA had wanted to go down the dynamic hybrid route, it could have postponed that move for a year and simply used the existing, well-established schemes?

Mr. Todd: The hon. Gentleman is right. There were many opportunities to make the process simpler, even in some of the idealistic choices that were being made.

I add a further layer: even after the choice to have a more complex model was made, that choice was not stuck to. Instead, there were several flexes and changes, albeit for perfectly good reasons—people said, "What about this or that?", and changes were made. If choosing the dynamic model was almost suicidal, to permit wilful change after that point was actually suicidal and would have doomed the project to failure in any professional eye, although I cannot imagine which professional eyes were looking at it, because it is startling that the level of risk was not thought through and shouted from the rooftops for all to hear.

I attended an Adjournment debate on the fiasco in the spring of last year—I think that the right hon. Member for Fylde (Mr. Jack) was there—in which the responding Minister, who had taken over responsibility for the task in the Commons, read out a number of the changes that had been made to simplify the process of handling individual claims. I remember intervening to point out that surely many of those steps could have been taken right from the start. One issue was the obsessive pursuit of tiny, trivial errors within a claim, relating to the precise area of the claim and other such matters. Those steps were not demanded by EU law; we had imposed them, in our usual, determined attempt to set a platinum standard for our administration of a system in this country. It was good of the Minister to be so candid about the changes that were being made to make it simpler to pay farmers, but it did lead one to wonder why anyone would design a system containing that kind of obsession, which would again accentuate the cost of the process and the risk of failure.

The National Audit Office report is useful in cataloguing the review board's reports on risk and the gateway reviews of the Office of Government Commerce. I do not know what that showed observers within the Department, but outside the Department, it painted an alarming picture of repetitive emphasis on risk and the difficulty of maintaining the project to deliver payments to farmers on course and on budget. No one with even a cursory knowledge of the reporting mechanisms for the project would have found it surprising that it was running into desperate difficulty and crisis. One can only wonder what those who received the documents ever did with them—a point to which I shall return briefly.

The OGC may not be above criticism, and the Select Committee correctly highlighted some possible areas where it went wrong, to which I add one from a more technical perspective. I do not think that the OGC looked properly at the balance between business change—the human process side of getting people to

[Mr. Todd]

do something in a particular way—and the system development element, which would allow those people to do those tasks more readily. In business change, those two elements are a seamless activity; to treat them in a discrete way, as the OGC does, to some extent, by saying, "This is a systems project," risks the possibility of grave management error. The OGC analysis does not highlight firmly enough some of the failures regarding how human beings were expected to do certain tasks.

So what are we going to do about this? What do we learn? First, it should be clear that reports that show such a risk should not merely be owned within the Department to which they are written. It is quite obvious that Departments have widely varying competences for managing major projects, and this Department had a very low competence. I have had some unkind exchanges with the Department's former permanent secretary about his apparent lack of knowledge in this area. I did not think it was a good sign when he was first interviewed on information systems issues, and I do not think that he was well equipped to be a challenging leader of a Department going through such a process of technology-enabled change. So this should have been shared more widely.

Secondly, we need to be constantly aware that these are not systems projects: this is a business change programme, starting way, way back. There is a long history, and it needs to be seen as a totality. We develop systems to help people to do a job better—they are not there for their own purposes—and we need to understand the process of managing the human beings far more in some ways than we need to be obsessed with the details of the technologies being used.

David Taylor: I am grateful to my hon. Friend and near neighbour for giving way. He has been talking about the human impact of the changes that were taking place. Does he recall the figures? Of the 3,500 staff in the Rural Payments Agency, it was planned that 1,600—almost half—were to lose their jobs during the change programme process. That is likely to have a seriously deleterious effect on morale, is it not?

Mr. Todd: Indeed so. I accept that entirely.

There are other areas to focus on, the first of which I have touched on. When people define what they are doing, the project management must be robust in resisting change. To permit constant adjustment in a major project builds risk every time that it happens, and I see that mistake repeated endlessly in such systems and process change projects.

The final point I want to make is that change management is a skill, and when we appoint people to lead programmes of major change, we must be aware of the challenges and the tasks that they face. I cannot believe that enough thought was given to the capabilities of the individuals who were asked to lead this project when they were appointed. These are not trivial tasks of normal, ongoing senior management; they require a level of human leadership, technology awareness and project management that very few people have, and those mistakes were innate to the project right from the beginning.

9.8 pm

Kelvin Hopkins (Luton, North) (Lab): I congratulate my hon. Friend the Minister on his appointment, and I look forward to many future debates with him on these and other matters.

I want to address the broad issue of the CAP, and the Select Committee's fourth report refers to the "Vision for the Common Agricultural Policy". I have spoken several times in the Chamber about the CAP and have made many of the same points before, and I think that they are still valid: the CAP is nonsense and should have been abandoned a long time ago. I hope that it will be abandoned and replaced with a much more sensible agriculture policy. That is the broad thrust of the second relevant document. It may have been written in the Treasury, but perhaps the Treasury has got it right. It talks about the vision for the CAP, but perhaps "CAP emerging from the darkness" or some such title would have been more appropriate; vision sounds rather too exciting.

To go back in time to 1980, when I wrote my first policy paper on the CAP, I suggested at that time that it ought to be abolished. I have not changed my view in all that time, and I have written many further papers. I recall, among other things, a substantial report by the National Consumer Council in the 1980s, which said how bad and damaging the CAP was, particularly for British consumers. Since then, I have participated in debates in the Chamber and I have made the point many times in European Standing Committees. More recently, I have made it in the European Scrutiny Committee, where we recently interviewed the former Foreign Secretary.

If one repeats a message that has some common sense at its heart, eventually it is taken notice of, but it takes a long time and many voices. Mine is just one voice. In the recent debates about international trade, the righteous anger of the poorer nations, which have been so savagely affected by the developed nations' protectionist policies in agriculture, is starting to have some effect. Abolition of the CAP is the way forward.

Bob Spink (Castle Point) (Con): The hon. Gentleman is generous to give way, considering that I have just come into the Chamber. While he is reminiscing, does he recall that the Government's policy on the EU budget was three-pronged? First, they wanted to limit its size as far as possible; secondly, they wanted fundamental reform of the CAP; and thirdly, they wanted to retain the rebate. Is he sad that there has been abject failure on all three counts?

Kelvin Hopkins: I shall come on to some of those points. I will make at least one of them quite strongly later, but I do not have much time, so if Members will forgive me I will plough onwards.

The first sentence in the summary of the report states:

> "The objectives of the Common Agricultural Policy…have remained unchanged for…50 years and are now an anachronism."

They were an anachronism even quite a long time ago, and they certainly are now. That is an understatement. The fact is that the effect that the CAP has had both on the British people and on the rest of the world has been

a disgrace. The Government's "Vision" paper says that they look towards an agricultural industry that does not rely on subsidies or protection. That is almost the opposite of the CAP. I would not go quite that far, because it is legitimate for nation states—member states of the European Union—to subsidise agriculture selectively where appropriate for all sorts of social reasons, and to ensure security of supply for our own food. There are reasons to subsidise and sometimes to protect, but that should be done at national level, because the agricultural systems in every country in the European Union are quite different. We are one of the least agricultural countries in terms of the size of the industry, but our industry is still important.

Mr. Roger Williams: If we had different forms of support in different countries, how could we have a common market and free trade between the countries?

Kelvin Hopkins: By definition, if one has some degree of protection, that is not quite free trade. We have absolutely no free trade in agriculture at the moment. I am not suggesting that we should have free trade in agriculture or that we should take away all subsidies and all controls. It is a fundamental industry, and there are all sorts of strategic reasons, as well as social reasons, for wanting to sustain it.

We had the Doha round, following which there was very little change, and the UK presidency last year, when again there was an attempt to get some sort of change after President Chirac attacked Britain over our rebate, following his failure to win his referendum. He wanted to lash out at somebody, so he lashed out at us. I suggested in the Chamber—I think that I was the first—that the Prime Minister ought to say, "Okay, quid pro quo: you get rid of the CAP and we'll forget about our rebate." We would not need a rebate if there was no CAP. Of course, that did not happen. At the end of the day, the Prime Minister agreed to a settlement with almost no change in the CAP and a substantial increase in our net contribution to the European budget for the future. It was such a poor settlement that even *The Economist* was moved to say that no settlement would have been better than that settlement.

The argument was that we should help eastern Europe. I am happy to help poorer nations, and if we have to have fiscal transfers from the richer nations to the poorer nations, that is fine, but they should be open and above board so that we know what we are doing. What we have through the CAP is, sometimes, fiscal transfers from rich countries to richer countries, such as Denmark. That is not right. If we are going to give assistance to the poorer nations of the EU, we should do so on a simple basis so that contributions and receipts are proportionate to the relative prosperity of different nations. That would be a fair system, and I have suggested it many times in debates. Indeed, about a year ago, I noticed in the small print of one European document that was debated in the Chamber that that proposal was specifically rejected. I do not know whether it was just my suggestion that had been rejected, whether the message had been picked up, or whether other people, too, were articulating what, to me, was a sensible proposal.

The cost of the CAP to the UK is enormous. As a result of the settlement last year, our net contribution will go up from £4.7 billion in 2007 to between £6 billion and £7 billion in 2013. We can still subsidise our own agriculture, and we will be much better off in Exchequer contributions. Without the rebate, we would pay £12 billion this year, increasing to £20 billion by 2013, so the rebate still makes a difference. At the same time, however, we are making a substantial net contribution simply because of the cost of the CAP. Food prices are important, too. I speak as a representative of a purely urban constituency—I have no rural interests at all—but my constituents have a strong interest in the CAP, because they pay vast sums of money in higher food prices every year. It is estimated that the CAP costs £15 billion a year extra in food prices to consumers in Britain—£250 per person, or £1,000 for a family of four. For some families in my constituency that is a lot of money. It might not mean so much to more affluent people, but to some people in my constituency it means a great deal. If we want to change the net fiscal transfers, let us do so on a much fairer basis.

The Select Committee report says the Government should

> "direct the debate towards scrapping the existing CAP and replacing it with a 'Rural Policy for the European Union'."

Fine; we have made progress, if the Select Committee is urging the Government to proceed in that direction. I absolutely agree. The rural policy has not been specifically defined, but the repatriation of agricultural policy could give us a very good rural policy and save us vast sums of money in the process. It would be fairer, too, to the developing world, which produces food much more cheaply than we can. We could import food from developing countries, rather than having to choose more expensively produced food from the EU.

We have a problem, because the UK is constantly talking about reform, but other countries in the EU are constantly resisting it. Perhaps that is partly because they benefit a great deal from the CAP—it is a disbenefit for us—but they appreciate, too, the fact that it is part of the glue that holds the European Union in its current tight arrangement. I would like to see—I have said so many times, and many Members agree—a much looser arrangement in the EU of independent member states co-operating on a voluntary basis for mutual benefit, instead of something governed by bureaucracy from the centre, and by a budget over which we have very little control.

May I read a final quotation from the report to show the problem? On page 8, the report cites continental politicians who have commented on Britain, and says that a

> "German farm leader accused the UK government of 'poisoning the political atmosphere' in 2005 with its constant attacks on the CAP."

If that is the tone, even raising the issue is "Don't mention the war" stuff. Unfortunately, the softly-softly approach advocated by the hon. Member for Brecon and Radnorshire (Mr. Williams) will not work.

We are the country most likely to launch reform, so we must drive it through. We must set a date by which we expect the CAP to be abandoned and replaced by a more sensible approach to agricultural policy in Europe—and, indeed, in the rest of the world. No other country will take the lead; we have to take it, and we are best placed to do so, because we suffer discrimination and disbenefit as a result of the CAP. It is therefore our job to do it.

9.19 pm

Mr. James Paice (South-East Cambridgeshire) (Con): I declare my interest, which is set out in the Register of Members' Interests, minuscule though it is. I confess that I did not have the willpower of the hon. Member for South Derbyshire (Mr. Todd)—

Mr. Todd: You own a bit more!

Mr. Paice: Not a lot more.

May I welcome the Under-Secretary of State for Environment, Food and Rural Affairs, the hon. Member for Chatham and Aylesford (Jonathan Shaw), to his first Front-Bench post? I know that he has been a Whip, but this is his first ministerial position. If this is his first outing as Lord Rooker's spokesman on Earth, we look forward to further discussions.

I congratulate the Environment, Food and Rural Affairs Committee on producing two excellent reports. As the hon. Member for Leicester, South (Sir Peter Soulsby) said, it is a great shame that the Government's responses, which I understand have been forwarded to the Committee, were not produced in time for the Committee to publish them. As a result, the House cannot consider the responses tonight. It would be wrong of me to seek to repeat all the points made by the many hon. Members of all parties who have spoken. It is fascinating that all the Government Back Benchers who spoke on the report on the Rural Payments Agency totally endorsed the report's criticism. As has been said, that criticism is extremely trenchant. When a Select Committee, acting unanimously, uses adjectives of the sort found in the report, it demonstrates how serious the situation is.

The hon. Member for South Derbyshire, using his professional knowledge, explained to the House where many things went wrong in the management of the change, and the management of the delivery of the single payment system. The problems with the SPS started with the mid-term review. I want to make it clear that the Opposition supported the principles behind the changes, and the principle of decoupling support from production. Our only criticism is that the changes did not go far enough. I will return to that point when I move on to discuss the second report.

We also supported the later decision to adopt a dynamic hybrid. Some of the reasons that the Government gave for the decision were right: it is difficult to justify paying people in 2012 for what they did 10 years earlier, and it will be easier to move to whatever happens post-2012 if such a change is made. However, as the report rightly says, the dynamic hybrid was apparently adopted in year 1, after the Government made the decision to start the process. As several Members have said, many of the problems could have been alleviated if we had delayed the start. I am convinced that that is where the main problems began.

As we have heard, the programme involved the extension of the scheme to massive areas of land and to many more farmers, but there was no recognition of the impact. That resulted in 48,000 extra holdings, and 360,000 extra parcels of land having to be registered. It is an odd way of weaning an industry off subsidy suddenly to give the subsidy to people who did not have it before, but that seems to be the policy that was adopted. As we have heard, the Government did not adopt the de minimis figure of €100, although that would have taken out 14,000 claimants. Indeed, I would have supported a much higher de minimis figure. As we heard, two months later, it was decided—albeit as a result of pressure—that a third region would be added. That came on top of everything else.

Many issues remained unresolved. Those of us who were watching events or were involved at the time were conscious of discussions on what comprised an orchard, and on fruit, vegetable and potato permits and to whom they belonged. All those problems continued while the RPA was allegedly trying to set up the necessary systems. As my right hon. Friend the Member for Fylde (Mr. Jack) said, on 19 January 2005, the RPA announced that payments would be delayed. It is interesting to note that the then Secretary of State, the right hon. Member for Derby, South (Margaret Beckett), said a year later that

> "In 2004–05, the RPA met all its key performance targets".—[*Official Report*, 2 February 2006; Vol. 442, c. 452.]

As that covered the period when the RPA said that payments would be delayed, it raises the question what performance targets it had apparently met.

During 2005 it became increasingly clear what the problems were—the wrong maps sent to the wrong farms. Sometimes even maps from the wrong counties were sent to farmers. As others have said, fields were added to a farm that had been missed off one set of maps, and other fields were missing from the next set of maps. There was chaos, yet according to the public face of Government everything was going well. Ministers, as we have heard, especially Lord Bach, constantly criticised those of us who said that there were problems. He said that we were causing

> "unfounded alarm and uncertainty in the farming community".

As early as that same day, 19 January 2005, in the House I called for interim payments. Later that year on 9 June the then Secretary of State said that she was not ruling them out. We know the rest. The Government did not make the decision to introduce interim payments until April 2006, nearly five months into the payment window. Clearly, there were serious problems.

I have a number of questions for the Minister about the present, but before I come to those, I want to make one point. The fundamental cause of the problems, aside from the difficulties of managing change, was that no Minister understood the industry that they were dealing with, nor, it seems, did any of the civil servants who were making decisions or giving advice to Ministers. No one seemed to realise the complexity of the dynamic hybrid and that it would take much more time. As the Secretary of State said repeatedly, they underestimated the number of new claims and the amount of land.

Given the definition of a farmer that we heard from the Minister a few minutes ago, one wonders why those in DEFRA did not seem to understand how many thousands of people there were out there who, like the hon. Member for South Derbyshire (Mr. Todd), own a few acres of England and might therefore register and claim. It is not just people who own 5 acres. In my constituency, in the horseracing sector, all the stud farms suddenly became eligible.

When all the problems were reported, no Minister seemed to have the gumption to go out and ask searching questions about why they were getting all those reports, or to go out to farms to look at the forms that farmers were being asked to fill in, and to see the maps that were being sent round and the chaos caused by inaccurate mapping. The Department was full of urban Ministers with no idea of the industry that they were dealing with. The situation was summed up on 2 February 2006 when, in an oral question, I said that the scheme was complicated, and the Secretary of State replied:

"The hon. Gentleman says that it is a complicated scheme, but that is misconceived."—[*Official Report*, 2 February 2006; Vol. 442, c. 454.]

I fear that she did not grasp the complexity of what she was doing.

The final insult to the industry was that that Secretary of State, who was ultimately responsible for the chaos and the shambles, was promoted to Foreign Secretary. As somebody might have said, when she had done her worst, the caravan moved on.

It is worth pointing out, as other hon. Members have, that Germany also adopted a dynamic hybrid scheme and did not face similar problems, which proves that the scheme itself was not the fundamental problem.

In the recent supplementary estimates—this is an estimates debate—the Department has been given £305 million, set aside to cover the costs of the debacle in the form of fines and disallowance from the EU. A recent written answer that I received used the figure of £70 million. In his response, will the Minister give us the Government's latest estimates of fines and disallowances from the EU for the years 2005 and 2006? If it is as high as the £305 million set aside, that would equate to some 8,500 police officers, which the same rural areas would very much value instead of paying fines to the EU.

What is the up-to-date position on claims that are being reviewed? There are 20,000-odd claims for 2005 where we still do not know—and, more importantly, the individuals concerned do not know—whether people are going to get money back or be given any more.

On this year's payments, 75 per cent. by value by the end of March is an improvement on where we have been before, but it is still woefully inadequate for the third year of this scheme. This year, the Government, or the RPA to be more precise, demonstrated that interim payments do not necessarily delay the final payment—one of the excuses given in the past. When we look back, we find that although interim payments were paid for some months this year, once the RPA pressed the button to pay the rest of the money it all went out in about three weeks. I therefore suggest that there is nothing to stop the Government producing interim payments before Christmas this year. The National Farmers Union is calling for 80 per cent., although I believe that EU rules might restrict it to 50 per cent. Certainly, I strongly believe that an interim payment needs to be made before Christmas. That would be proof that this new team of Ministers really wants to make a change for the better.

For 20 or probably 30 years, all political parties in this House have called for reform of the CAP, and I am afraid that much of that historical rhetoric remains when we hear about the cost to the taxpayer and increased food prices. Indeed, we heard a little of it from the hon. Member for Luton, North (Kelvin Hopkins). Much of that rhetoric ignores the dramatic change of 2003—the biggest change to UK agriculture policy since the introduction of guaranteed prices in 1947. That was the end of the state fixing, in one way or another, the price that farmers receive. There was a widespread belief, which was obvious in the remarks of the hon. Member for Luton, North, that cutting market support would cut food prices. It is ironic that for two of the major world commodities—grains and milk powder, where there is now little market support—there have been dramatic increases in world prices over the past 12 months, not because of market support but because good old traditional laws of supply and demand. It is odd, given the "Vision" document, that in 2003 the Government praised the mid-term review, but then said in 2005 that it needed much more reform.

We need to understand that the CAP is as much a social policy as an economic policy. Those who founded it before we joined what was then the Common Market did so for social reasons. In negotiating the changes that we still believe are necessary, it is important that we understand where the others are coming from. The "Vision" document clearly failed to do that in substance and in process. Its publication, without any consultation, just two weeks before the budget summit, demonstrated a complete failure to understand the real intricacies of the CAP. I share many of the Committee's views. It was an ill-thought-out document, it was based on many out-of-date facts, it did not fully recognise the changes that had been made, and the Government had no idea how to make it work. Then there was the incredible hypocrisy of cutting the pillar two rural development money by some €400 million, while at the same time, as we understand from discussions in Brussels, losing the opportunity for a rebasing of the mechanism for spending that money.

The Opposition's view is that the original reform is not sustainable. The budget pressures, including the transition arrangements for the new member states, mean that there will be a reduction in the single payment system by 2012. From the farming industry's perspective, it is vital that the industry can, sooner or later, hold its head up and stop for ever apologising for and justifying the need to have public money. It needs the ability to plan in the long term—it cannot just turn on the tap and produce more widgets or whatever. Keeping cattle, for example, requires three or four years between an animal being born and it going into production.

We need long-term stability, and it has to be based not just on money, which seems to be the guiding factor in the "Vision" document. Much more fundamentally, it is a question of what we want from our land. On that point, I agree with the hon. Member for Luton, North: it is a matter for not just rural people, but everybody in this country. More than 70 per cent. of the land in this country is farmland, and what we do with it makes a difference to everybody. There have been great changes since the 2003 review, such as the development of biofuels and the argument about food versus fuel. There has been a drought in Australia, which was the partial cause of the shortages I referred to earlier.

[Mr. Paice]

Rising demand from India and China, as they become more prosperous, has led to a reduction in world grain stocks, which are now at their lowest level for many decades.

Of course, there has also been increasing recognition of the importance of climate change and its many implications. It is a question of not just agriculture's contribution to climate change, but the effects of that change on agriculture. Of all the crop land in the world, 70 per cent. is at or close to sea level, and is, therefore, very susceptible to the impact of rising sea levels due to climate change. In the UK, 57 per cent. of our grade 1 land is less that 5 m above sea level. We cannot ignore that.

The fundamental problem with the "Vision" document, therefore, is where it states that

"domestic production is neither a necessary nor sufficient condition for food security."

That statement should not be a surprise. At the Royal Show in 2003, DEFRA put out a statement saying

"National food security is neither necessary nor desirable".

That approach sits ill with the Government's view on energy, about which they are rightly much more concerned, but it also ignores the changes in world supply and demand to which I referred. It ignores the issue of the carbon footprint of food, which is distinct from the issue of food miles. It ignores the environmental degradation taking place in other countries in the world in order to produce cheap food for Britain and elsewhere in Europe.

By the phrase "food security", we mean not self-sufficiency in the old-fashioned way but the capacity to produce a significant proportion of our food. That means retaining the necessary infrastructure and investment so that if the market demonstrates a shortage through the market signal of a rising price, as it is with grain and milk powder, what matters is that we have an industry to respond to such signals—if such an industry is left. That "if" is the Government's responsibility.

Land has other roles apart from food production. It plays a role in producing our energy, it is the location of many of our leisure pursuits and it plays a major role in water management through flood prevention, and the retention of water in our wetlands by getting it into aquifers rather than letting it run off to sea. It plays a role in relation to the environment and biodiversity. We need a holistic approach to land management and land policies.

Kelvin Hopkins: Will the hon. Gentleman give way?

Mr. Paice: I am sorry; I really do not have time.

Next year, we have the health check of the CAP. The first priority must be total decoupling throughout all countries, and in relation to all commodities. There is also no need for production controls, so we wish to see an end to set-aside; we strongly support the National Farmers Union's call that it should be reduced to zero next year. The phasing out of export subsidies needs to begin, we need to see the end of ridiculous regimes, such as the one dealing with tobacco, and we want an increase in compulsory modulation. Beyond 2012, we need to move on and ensure that support for public goods comes through the pillars that allow that to happen. That means "pillar two" in today's jargon of the CAP and the ability to make direct payments. If there is to be enough money in pillar two, we must increase compulsory modulation, matched by a decrease in voluntary modulation. After 2012, we believe that there is increasing justification for co-financing, which would go some way towards tackling the budget and the rebate—they rightly worry the hon. Member for Luton, North.

A common theme has run through the two reports that we discussed tonight. It is clear that the Government have no natural feel for or understanding of land, farming or the uses of our countryside. The Committee has done the House a great service in bringing the issues to our attention.

9.40 pm

The Parliamentary Under-Secretary of State for Environment, Food and Rural Affairs (Jonathan Shaw): I thank hon. Members for their kind words of welcome to me in my new post. It is a privilege to have it, and I approach it enthusiastically. I look forward to the challenges ahead.

The hon. Member for South-East Cambridgeshire (Mr. Paice) said that I was Lord Rooker's spokesman on earth, but given the impression that we heard from the Chairman of the Select Committee, perhaps he was trying to be my noble Friend's spokesman on earth. It was a good impression and those of us who know my noble Friend well realise that he would have enjoyed it.

First, let me deal with the report on the Rural Payments Agency and the implementation of the single payment scheme. Sadly, I need to begin by apologising for the delay in responding to the Select Committee's report. The Government's response was sent on Friday, but although Committee members may have had a chance to read it, I appreciate that other hon. Members will not. Of course, it has not been published yet. The problem, given the issues that the Committee's report outlined and that were discussed extensively this evening, is that they simply were not departmental matters, as the Chairman said. It was necessary to secure advice from elsewhere in Whitehall. Although that is not an excuse for breaching the normal convention of responding in two months, I hope that hon. Members appreciate that recent ministerial and machinery of government changes have diverted the attention of those responsible for the past couple of months.

However, let me consider the substance of the report. I have come fresh to its contents and it is clear that it is a thorough piece of work—I genuinely thank Committee members for their evident efforts in producing it. It reflects the feeling of the farming and rural community about the failures of the Rural Payments Agency and the single payment scheme and the effect on farmers throughout the land.

I cannot pretend that the report made pleasant reading. Along with the National Audit Office report, which I read in preparation for the debate, it makes clear the scale and nature of the problems that the delays in implementing the scheme caused to individual farmers and the rural community generally. I am grateful to the NFU president, Peter Kendall, who arranged for me to speak to some farmers who were

affected by the scheme. I understood from them exactly what those delays meant, especially the cash flow problems that they caused. I therefore add my apologies to those of other Ministers involved for the distress that has been caused by that failure.

Clearly, lessons need to be learned. My hon. Friend the Member for North-West Leicestershire (David Taylor) did not want me to say that, but I must say that it is true. We set out in the Government response some of the lessons, which a wider review of DEFRA's governance structures and its delivery bodies has taken up. The agency has taken others forward in the way in which it processes claims and communicates with its customers. In particular, the change from task working to whole-case working means that a claimant now has a named official who is responsible for their claim. A number of hon. Members raised that issue. A farmer could make a claim that could be dealt with by any number of people and in any number of the five different offices. That was simply unacceptable and a recipe for chaos.

Mr. Eric Martlew (Carlisle) (Lab): I congratulate my hon. Friend on his promotion, which is well deserved. He knows Carlisle well and is aware that we have a large Rural Payments Agency office there. I am sure that he would not attribute any of the blame for what has gone wrong to the people who have been making the calculations. I wonder whether he would visit the Carlisle office next time he is in the area to see how hard-working the staff are.

Jonathan Shaw: I am grateful for my hon. Friend's words. He is right. What he have heard this evening is that a complicated system was introduced at the same time as a radical change. I have read through the evidence from former Ministers and, as has been said, had they thought more clearly about the issue and had the foresight, it would perhaps have been clear that introducing such a scheme was not the right thing to do. The consequence has been the difficulties that we have seen. I pay tribute to the hard work of the staff of the Rural Payments Agency and in particular to that of Tony Cooper, the interim chief executive, who has turned the organisation around and is making a real difference to staff morale. He makes visits regularly, has welcomed the challenge and deserves our support and thanks, as do the rest of the staff.

David Taylor: We need to underline the fact that on each and every occasion, from the first visit of the rapporteurs to the signing off of the report, members of the Committee did not attribute any blame to the tattered and bloody remnants of the 3,500 staff with whom the whole process had started or to the losses that they endured. We attributed the blame to the generals who had led them into that unwinnable struggle.

Jonathan Shaw: My hon. Friend makes his point in his characteristic way.

Senior DEFRA officials worked closely with the RPA chief executive and his team in pursuit of the objective that the Government had set out. However, responsibility for delivering the scheme and for advising Ministers on the RPA's ability to meet the timetable rested solely with the chief executive. There have been criticisms, which are highlighted in the report, about the alleged fact that there were two people at the helm and about whether that would lead to additional problems. We recognise that and we must accept those criticisms.

Looking forward, I am afraid that there will be no quick fixes to the issues faced by the agency. However, we are seeing improvements. As my right hon. Friend the Secretary of State reported on 2 July, it is pleasing that the agency has succeeded both in making the majority of payments earlier than last year, thereby boosting farmers' cash flow, and in meeting its formal target of making 96.14 per cent. of payments by 30 June. I reiterate my thanks to RPA staff, who have worked long and hard to make that happen.

However, it is also clear that there needs to be further improvement in the RPA's performance before it can be said that it is again providing an acceptable level of service. The next step in achieving that will be to complete the work on the 20,000 cases from 2005, which have been referred to, where entitlement values have been identified for review and possible adjustment, upwards or downwards, to 2005 and 2006 payments. RPA resources are now being switched to that work. We look forward to seeing real progress on those cases in the coming months and we shall of course keep the House informed.

Mr. Jack: The Minister is aware that his Department is planning for level cash as its income in the next comprehensive spending review round. He is also aware that a further £55 million will have to be found over the next three financial years to carry out some of the improvements to which he has adverted. Could he therefore explain to the House where that money will come from within the DEFRA budget and what the policy and reality implications are of spending more on the RPA and, by definition, less elsewhere?

Jonathan Shaw: The right hon. Gentleman should wait for the outcome. He has levelled some detailed questions at me. I have many questions to answer, and I will do my best to do so this evening.

The RPA has already begun to process the 106,000 or so claims that have been submitted under the 2007 single payment system. The agency's targets for 2007-08 were set out in a statement by my hon. Friend the Member for Brent, North (Barry Gardiner) on 26 June, and they include a target to pay 75 per cent. by value of valid 2007 SPS claims by 31 March 2008, and 90 per cent. by value of valid 2007 SPS claims by 31 May. That target represents a greater degree of challenge for the agency in the coming year, while reflecting the fact that it is still in a recovery period.

I understand those who have called for a commitment to make partial payments in December this year. That might look like a simple matter, but there are real issues around the legal basis for such payments, the division of resources entailed in making them and the potential disallowance risks involved. As my hon. Friend the Member for Brent, North said in his statement, this is an issue, and we will return to it in the autumn, alongside the progress that we are making in processing those claims. I look forward to having further exchanges on that matter.

[Jonathan Shaw]

I turn now to the "Vision for the Common Agricultural Policy" report. The evaluation of the CAP has taken major steps in the right direction since 2003. We believe that it still lacks a clear and justifiable long-term goal, however, and our "Vision" paper was designed to underpin a European farming industry that is profitable, competitive in its own right and more sustainable, and one that is rewarded for delivering genuine public good and benefits that give the developing world a chance, as my hon. Friend the Member for Luton, North (Kelvin Hopkins) said.

Tim Farron (Westmorland and Lonsdale) (LD): Will the Minister give way?

Jonathan Shaw: I do not have very long; I will not give way, if the hon. Gentleman does not mind.

To achieve such a farming industry, the report advocates a manageable period over 10 to 15 years. Important protections should be progressively aligned with the much lower level prevailing in the rest of the economy, in relation to export subsidies. Pillar one domestic support should be phased out, leaving the CAP as a framework for safeguarding a fair regulatory trading framework. Public spending should be based solely on pillar two-type public benefits such as the environmental schemes that hon. Members have mentioned.

I am pleased that the Committee's report supports those goals. There can be no doubt that our vision represents a radical transformation of the CAP. Such changes would free farming from the heavy market control, bureaucracy and regulation of the CAP so that it could make the most of the new opportunities provided by growing global demand. In that regard, there is a good story to tell.

There are now 28,000 environmental stewardship agreements in place, covering nearly 4 million hectares of the country. The new rural development programme for England provides £3.9 billion over a seven-year period—more than double the budget for the previous programme—and £3.3 billion of that will be devoted to the schemes that enhance and protect the environment. That includes transferring or modulating up to 14 per cent. of the budget from pillar one of the CAP to help to fund environmental land management schemes and providing more than £700 million of national co-financing to accompany those modulated funds.

Our vision involves moving the farming sector forward yet further in that direction. It also has the potential to bring real savings for consumers and taxpayers, and economic benefits for society. According to the Organisation for Economic Co-operation and Development, the CAP currently costs €1,000 a year for a family of four, and will leave the EU economy €100 billion poorer over the period from 2007 to 2013—*[Interruption.]*

That is what we have set out in our vision. More widely, it would have significant benefits for the developing countries. Agriculture is extremely important to developing countries, accounting for 60 per cent. of employment and 25 per cent. of gross domestic product—even more for some of the poorest countries. Agricultural protection of the sort needed to support the CAP seriously distorts world markets and effectively excludes exports from many developing countries. Net welfare benefits to the developing countries from CAP reform are estimated to range between $24 billion and $43 billion annually. The Government have promoted those objectives for several years, which is in line with our ambition for farming, the environment, trade and development.

Let me deal with some of the issues raised—*[Interruption.]* It is a fly; the environment is bad. *[Interruption.]* I have never been heckled by a fly before, but there we are. The right hon. Member for Fylde (Mr. Jack) said that we had sidestepped issues and that our "Vision" was not visionary. Well, we were the first Government anywhere in Europe to set out a future for the common agricultural policy—no Government had ever done it before—and it has succeeded in generating debate. Previously, we had been going from one step to the next, but we were the first Government to set out a programme of radical reform. It was designed not to be a road map but to stimulate debate—and that is exactly what it has done both here and in the rest of Europe. Criticism was made of the publication date. Yes, it was a risk—a calculated risk—in order to generate debate. Criticism was also made of the research, but we used OECD statistics and we were commended by the OECD for using its data.

During the debate on the Rural Payments Agency and the single payment scheme criticism was levelled at personalities—both Ministers and officials. In our response to the Select Committee, we will make it clear that we were disappointed that new territory was entered into by naming officials in that way. I understand the feelings and anger expressed on behalf of the rural community, but that was a departure from usual practice and the same rules should apply to this Government as to other Governments.

My hon. Friend the Member for North-West Leicestershire expressed concern about remapping and its impact on the 2008 scheme. It will not impact on that scheme. When we remap, we will involve all stakeholders to ensure that it is timely and that it does not cause further difficulties. We understand the concerns and we are anxious to ensure that this does not happen again.

The hon. Member for Brecon and Radnorshire (Mr. Williams) asked whether agriculture would survive. We think that farming has a bright future. Enormous change is happening across the world. America, for example, is developing bioethanol plants at a rate of one per week, which will have a significant impact on the amount of grain exported. Where we see the economies of China and India rising and developing, it will mean further opportunities for Britain.

In our "Vision" document we set out our plans to move Britain from subsidising production to providing subsidies for environmental good. We want farming to seize the opportunities that the global world offers and we want to ensure that developing countries are able to access the markets. That is our vision for the future.

Where I have been unable to respond to right hon. and hon. Members' points, I will write to them. I am thinking particularly of the hon. Member for South-East Cambridgeshire, who speaks for the official Opposition. I apologise for being unable to respond to all his points, but I will correspond with him.

We are clear about where we want to go in the future. If in five, 10 or 15 years' time a future Labour Government can look back on this Labour Government's achievements and say, "We set out that vision and it was realised"—meaning the vision of a European farming policy in line with what the Select Committee proposed—we will both be pleased.

It being Ten o'clock, MR. SPEAKER *proceeded to put forthwith the Questions relating to Estimates which he was directed to put at that hour, pursuant to Standing Order No. 54(1) and (4) (Questions on voting on estimates, etc.).*

DEPARTMENT OF TRADE AND INDUSTRY

Resolved,

That, for the year ending with 31st March 2008, for expenditure by the Department of Trade and Industry—

(1) further resources, not exceeding £4,098,506,000, be authorised for use as set out in HC 438,

(2) a further sum, not exceeding £3,294,715,000, be granted to Her Majesty out of the Consolidated Fund to meet the costs as so set out, and

(3) limits as so set out be set on appropriations in aid.

DEPARTMENT FOR ENVIRONMENT, FOOD AND RURAL AFFAIRS

Resolved,

That, for the year ending with 31st March 2008, for expenditure by the Department for Environment, Food and Rural Affairs—

(1) further resources, not exceeding £3,201,338,000, be authorised for use as set out in HC 438,

(2) a further sum, not exceeding £2,731,293,000, be granted to Her Majesty out of the Consolidated Fund to meet the costs as so set out, and

(3) limits as so set out be set on appropriations in aid.

ESTIMATES 2007-08

Resolved,

That, for the year ending with 31st March 2008—

(1) further resources, not exceeding £241,430,352,000, be authorised for use for defence and civil services as set out in HC 438, HC 440, HC 441 and HC 448,

(2) a further sum, not exceeding £216,596,983,000, be granted to Her Majesty out of the Consolidated Fund to meet the costs of defence and civil services as so set out, and

(3) limits as set out in HC 438, HC 440 and HC 441 be set on appropriations in aid.

Ordered,

That a Bill be brought in upon the foregoing Resolution: And that the Chairman of Ways and Means, Mr. Chancellor of the Exchequer, Andy Burnham, Angela Eagle, Kitty Ussher and Jane Kennedy to prepare and bring it in.

CONSOLIDATED FUND (APPROPRIATION) (NO. 2) BILL

Jane Kennedy accordingly presented a Bill to authorise the use of resources for the service of the year ending with 31st March 2008; to appropriate the supply authorised in this Session of Parliament for the service of the year ending with 31st March 2008; and to repeal certain Consolidated Fund and Appropriation Acts; And the same was read the First time; and ordered to be read a Second time tomorrow, and to be printed [Bill 141].

COMMITTEES

ADMINISTRATION

Ordered,

That Mr Bob Ainsworth and Mr Andrew Robathan be discharged from the Administration Committee and Mr Nicholas Brown and Mr John Randall be added.

TRANSPORT

Ordered,

That Mr Jeffrey M. Donaldson be discharged from the Transport Committee and David Simpson be added.

ENVIRONMENTAL AUDIT

Ordered,

That Tim Farron and David Howarth be discharged from the Environmental Audit Committee and Jo Swinson and Martin Horwood be added.—*[Rosemary McKenna, on behalf of the Committee of Selection]*

Coastal Access (England)

Motion made, and Question proposed, That this House do now adjourn.—*[Mark Tami.]*

10.2 pm

Mr. Ian Liddell-Grainger (Bridgwater) (Con): I am extremely grateful for the chance to debate this matter, albeit briefly. I see that the hon. Member for Brent, North (Barry Gardiner)—who, as the former Under-Secretary of State for Environment, Food and Rural Affairs, is responsible for much of the legislation to which I shall refer—is now leaving the Chamber.

I represent a constituency with a stunning coastline. We have rocks, cliff faces, secluded coves, sandy beaches and a whole lot of history. There are breathtaking views and wildlife galore. On the coastline of Bridgwater and west Somerset, it is possible to marvel at all the greater wonders of nature. It is no accident that Samuel Taylor Coleridge chose the little port of Watchet in west Somerset from which to gaze out at the wider reaches of the Bristol channel and compose these famous lines: "I must go down to the sea again, to the lonely sea and the sky, And all I need is a tall ship and a star to steer her by." But if poor old Coleridge were alive today he might have found it a little more difficult, with the whole effort riddled with mindless political correctness. The result would also have been rather harder to scan: "And all I need is a five-year strategy, a report from Natural England, and a huge consultation document to steer her by." I am afraid that that does not have quite the same ring to it.

Coleridge, as a great man, did not have all this trouble with coastal access. In truth, very few people do. It is not an issue that exercises the hearts and minds of my constituents—it never has—and I doubt that the Minister's postbag is crammed with letters about it either. Yes, there are probably a handful of super-keen explorers who want to leg it up every cliff and sniff every bit of fresh air, but the fact is that there is no overwhelming demand for unrestricted coastal access. That is because there is already plenty of access, as the Minister is well aware: 70 per cent. of the coastline of Great Britain is open, with unrestricted access owing to some form of legal right or formal agreement. Of the remainder, 10 per cent. is owned by the Ministry of Defence, which likes to let off rather large rockets and test things that go bang. I suggest that only masochists of a certain kind would want to have access to an MOD site—as someone who used to be in the MOD, I certainly would not want to walk on the wrong end of such a rocket. Therefore, discussions about extending coastline access would concern only a small proportion of coastal land.

We must not ignore the views of the people who want complete access to everything—access to everywhere at all times. If they hold that view, that is fine. However, my argument is that we must examine and take into account the genuine extent of the pressure for change. How much real demand is there for coastal access? The available evidence suggests that there is no great demand. The Government asked Natural England to examine the case in detail, and it commissioned in-depth independent research. The Minister knows that we have been in this situation before in respect of the original proposals. The Government rightly withdrew them and proposed that there should be a consultation period, and I accept that. Most people questioned believed that there were automatic rights to coastal access. Interestingly, most people did not therefore regard access as an issue because there was thought to be such an automatic right.

The Country Land and Business Association ordered research of its own, and 74 per cent. of those interviewed thought that there was already enough access to the coastline. I suspect that that is a lower proportion than it should be, but I am prepared to take that up with the association. However, it is a fact that trips to the English seaside have declined by almost a half within a few years, partly because of the delights of easyJet and cheap flights overseas. My point is not partisan; it is that the nature of democracy is that public pressure—the voice of the people—helps to dictate change. There is a big coastline in my constituency, and I am unconvinced that the clamour for change in this case is sufficiently loud.

There was a small pledge in the Labour manifesto to give

"early priority to take action to improve access to the coast".

I do not intend to disrespect anyone, but apart from anoraks, who reads our party manifestos? That was not much of a commitment in any case; it was carefully worded and it did not promise specific legislation—it was an aspiration. It did not say that a Labour Government would fix things fast—and credit is due to the Government as that has not been done quickly—and it did not say how and when it would be fixed. The former Prime Minister and right hon. Member for Sedgefield did not go around the nation crying, "Coastal access, coastal access, coastal access." So how did this situation come about?

Seven years ago, the Countryside and Rights of Way Act 2000 was passed under the guidance of the current Minister for the South West, the hon. Member for Exeter (Mr. Bradshaw). It was a political minefield at the time, and the Government recognised that dealing with the coast would probably prove to be particularly difficult because of vested interests. The organisations involved would include the MOD and nuclear power stations.

When someone does not know what to do, they ask someone else to tell them. The Government asked Natural England to examine the arguments and make recommendations. The beauty of asking someone else to look at such a situation first is that the person who asks can say that they have done exactly what they said they would do without actually doing anything—it kicks the issue into the long grass for a long time.

Natural England eventually concluded that coastal access was a complicated matter that might require another chunk—horrible word—of law. A problem therefore arises. Does DEFRA want a new slice of legislation on its plate? I would like to think not, and I will explain why. Where should the law fit?

A maritime Bill has also been proposed. That is great; I have no problems with that. Presumably, that would deal with the beaches, mudflats and estuaries. Or would it? I would be fascinated to hear the Minister's opinion on that because it is an area that will impinge on our approach to the issue. I suspect that we should

all be very cautious. It is a perfect approach to a political problem: if Ministers do not like the solution provided by the very people they asked to find one in the first place, the classic method of delay is to put the whole thing out for consultation again. That is what has been done. I am not saying that that is wrong, but that is what has happened.

One produces, hey presto, a huge consultation document and seeks the opinions of the world and his wife. That is exactly what has happened in the past month. Right now, we are in the middle of an exhaustive programme of consultation and people have until 11 September to say what they think. The chances are that the world and his wife probably will not get involved for the reasons that I have already described. Most people do not describe coastal access as an issue. They think about it if it is put to them, but they do not think of it as a problem.

However, the Minister will not be short of opinions because the consultation process deliberately included every Tom, Dick and Harry that could be thought of. I dread to think what this rather large and woolly-minded piece of buck-passing will cost us. I also have some concerns about the vast list of organisations that have been consulted by DEFRA as part of the consultation. I see that the Minister smiles wryly—I certainly did when I read the list. Why, for example, does the Bracknell district branch of Friends of the Earth get a mention? My geography is fairly bad—I failed it at A- level—but I was under the impression that Bracknell in Berkshire is landlocked. Why have all the London councils been specifically consulted? No doubt Comrade Ken likes to dangle his left toe in the sea at Southend from time to time, but so what? Why does the Minister want to hear from the National Council for Metal Detecting or the Kaolin and Ball Clay Association? Perhaps the kaolin and morphine association, if it existed, would have been more appropriate. No doubt the Outdoor Writers and Photographers Guild has a valid point of view, although I doubt that it devotes very much time to debating coastal access. Nor does the Kennel Club, yet it too is on the list of 3,000 official consultees. It is woofers to me!

I have no desire to labour the point, but my two district councils of Somerset and Sedgemore do not get an individual mention in the list, but the Gay Outdoor Club has been consulted. I am not saying that there is anything wrong with that, but why is it so? The Cruising Association has also been consulted—I trust that the two are not connected.

Consultation is a wonderful idea, but it is pointless if we go out of our way to ask every single pressure group for its input. It may generate lots of summer reading for hundreds of DEFRA civil servants, but they should have better things to do, such as sorting out the Rural Payments Agency, which we have just debated. It will certainly involve the destruction of forests of trees to produce the paper on which the submissions are made.

Most of all, I question whether the consultation is relevant. It could become, in my humble opinion, a cop-out. Governments get elected to make decisions. This is a potential decision that has not been demanded by a vast groundswell of public opinion. In fact and in truth, the contrary is probably true. After the battles of the Countryside and Rights of Way Act 2000, does it make sense to have legislation for a national scheme when the best answer is sensible local agreements?

I see that my hon. Friend the Member for Gravesham (Mr. Holloway) is in his place. Dare I say that he may be another member of the Cruising Association?

I have been discussing these matters with responsible Ministers since 2001. I have been impressed by assurances that ministerial minds are not set on new law just for the sake of it, so I want to underline a few real local concerns that affect my bit of coastline. My coastline is open, except for one or two points, but who will maintain the paths when they have been built? Who will maintain the fences and the gates? Who will be responsible should a walker's dog leave the path and kill a sheep? If it happens at present, there is a set procedure; but if there is new legislation, I presume that it will be the responsibility of the Government.

There is a beautiful site of special scientific interest—or SSSI—in my constituency called Steart point, and I commend a visit to the Minister; I know that many of his predecessors visited. But it would be in the middle of a coastal access point, and that debate has been had with Natural England. There is no clear way around that. Somebody needs to make a decision.

I have a nuclear power station at Hinckley Point. The Government are debating building perhaps one or two new power stations there. It is slap-bang on the coast, for obvious reasons, and nobody—especially in these days of terrorist threats—wants to provide unrestricted access. We cannot and must not do it. There have to be exceptions, and the best thing is to let the locals make the decisions.

There is a steep hill by Minehead called North hill. It is not cordoned off; there is no barbed wire. West Somerset district council does not actively encourage people to go climbing. But with unrestricted access, the council might have to fence off a special walkway and then would become legally liable for every tiny tumble. It is a long drop to the beach, hundreds of feet. I do not want Minehead to turn into Beachy head, thank you very much. I do not want accidents, incidents or stupid decisions.

What do we do about estuaries? The Minister will know that I have a strangely named river that runs through Bridgwater in the heart of my constituency, the Parrett; nothing to do with "Monty Python". But if the Government allow access, one will be able to walk from Steer point into Bridgwater; it is an estuary, tidal and open. But that is not the way to have coastal access. We would have to demand access to areas that, at the moment, are flood defences, or part of a canal system, or part of a dock system, or have industrial sites on both sides.

Unrestricted access looks good on paper. A law covering the whole coastline may seem like a simple solution, but the moment we centralise the process and put it on the statute book, we lose the one thing we need: the common sense to make decisions locally. Common sense must surely dictate the exceptions to coastal access.

We cannot have well-meaning ramblers—I am talking about ramblers in the loosest sense—clambering right next to power stations, especially nuclear ones. We do not want people drowning themselves in dangerous tidal estuaries; I have the second-highest tidal flow in the world. We need to keep people and vulnerable birds or wildlife apart; they do not always mix. We should not disrupt the delicate cycle of agriculture either, especially after what we have heard in the previous debate.

[Mr. Ian Liddell-Grainger]

The answer to all these problems lies not in new law, but in sensible local agreements, brokered and managed preferably by responsible district councils or unitaries. I hope that the Minister has listened with care to my speech. I welcome him to his post and I will listen carefully to his response.

10.17 pm

The Parliamentary Under-Secretary of State for Environment, Food and Rural Affairs (Jonathan Shaw): The hon. Member for Bridgwater (Mr. Liddell-Grainger) presents his arguments in his usual way, with grace and unique humour. It is nice to see my neighbour, the hon. Member for Gravesham (Mr. Holloway) here. I do not know whether he is cruising behind the hon. Member for Bridgwater or woofing behind him—but I am sure that he is just supporting him.

I would like to answer some of the important points that the hon. Gentleman has made, which are particularly relevant to his part of the world. It is quite right for him to present his arguments as he does. He has been consistent on this subject, and has tabled many parliamentary questions of which I have had sight.

Estuaries are very important. Natural England's report noted that estuaries within the English coast range in size from the Severn, the Humber and the Thames down to small tidal rivers only a few metres wide. People in counties with a lot of estuary environment, such as Suffolk, regard them as an integral part of the coastal experience. Under Natural England's recommendations, access probably would extend to the first permanent crossing point on foot, which is taken to include bridges and year-round ferries, as the most appropriate place to define the extent of the estuary.

I recognise that estuaries throw up particular challenges, and the hon. Gentleman raised some earlier. They include the importance of wildlife habitats and nature conservation. We shall welcome views about estuaries as part of our consultation exercise.

The hon. Gentleman asked who would maintain access structures, such as gates and fences. Natural England will provide funding to maintain structures required for access. He also asked why the Kennel Club, the Cruising Association and all sorts of other people, including my friend the esteemed Mayor of London, were consulted. The answer is that we were following the rules: Cabinet Office guidance was that the consultation information should be sent to those who asked to be included. I hope that that answer is satisfactory to the hon. Gentleman: "It's the rules, sir."

I appreciate the hon. Gentleman's concerns about the coastal access proposals. I know that he has seen the recommendations, so I hope that his earlier concerns have been allayed. He knows of the importance of the south-west coast path, especially the recently opened west Somerset coast path, for his constituents and the local community in terms of recreation and business. He described the wonderful views from the path. I am sure they are indeed wonderful, and I thank him for his generous invitation to visit his part of the world. I hope that I can manage to do so. Research in 2005 indicated that the path generated about £307 million a year—an enormous sum, which is important for the regional economy.

Before I talk about coastal access, I shall look back at the major successes of the Countryside and Rights of Way Act 2000, which are relevant to the debate. The Act gave a right of access to 750,000 hectares of mountain, moor, heath, down and registered common land that had not previously been open to the public. The Government are proud of that achievement.

The proposals were in our manifesto. It is not just anoraks who read about access to the countryside and to our coastal paths. Ramblers and non-governmental organisations constantly scrutinise the manifestos that Governments have to implement when elected. Access to the countryside is in the very marrow of my being as a member of the Labour party: a Labour Government created the national parks, and I am honoured to be the Minister for them. We wear anoraks when we go into the countryside in inclement weather, but we are not anoraks in the sense that the hon. Gentleman describes. I realise that he was joking, but I wanted to make the point that we had achieved an important piece of social legislation, which ensures that more of the country's most beautiful landscapes can now be enjoyed by the many rather than remaining the preserve of the few.

The Act balances the interests of users and landowners while ensuring that wildlife and the environment are protected. When we introduced the Bill, there were of course all manner of dire prophecies about how life as we knew it would come to an end. As Private Fraser of "Dad's Army" would have said, "We're all doomed." I was reminded of those prophets of doom when I read an article in *The Independent*, which noted that in another place the Act was called an "attack on property and rights of ownership".—[*Official Report, House of Lords*, 26 June 2000; Vol. 614, c. 724.]

There were warnings that it would increase drug parties, devil worship and supermarket trolleys in the wild parts of Britain—the hon. Gentleman will note that I am adding to the colour and flavour of his speech.

Happily, and not surprisingly, none of those fears was realised. In fact, access has worked out rather well on the ground. People want to access the countryside, secure in the knowledge that they have a clear right to use those areas. They have shown that they can exercise those rights responsibly. Landowners have had to resort to formal restrictions in far fewer cases than expected, and have simply relied on informal management techniques.

The desire to create clear public rights over land has been a strong political and social theme in the past century, as is shown in my party's belief in access to the countryside. The recent successful celebrations of the 75th anniversary of the Kinder Scout trespass indicate that access is wanted and can be introduced for the benefit of all. So to those, such as the hon. Gentleman, who approach this debate about coastal access with questions such as, "Where's the public demand for it?" or, "How can it be right to impose public rights over people's land?", I suggest politely that that is missing the point: it is not unreasonable for an island race to have access to its own coastline.

The coast is enormously popular—for beach activities and wider forms of recreation, for enjoying

nature or scenery and for walking. In 2005 there were 72 million trips to the undeveloped coast and 174 million to seaside towns. Natural England has estimated that 30 per cent. of the English coast lacks any secure access rights for the public, and a further 20 per cent. has a jumble of different access rights that fail to join up properly. That can create an unpleasant, and indeed unsafe, experience. There are places that are physically unsuitable because of erosion, slumping ground or a lack of infrastructure, such as bridges or steps.

People do not have the right to go along the whole coast. We must change that; we made a manifesto commitment to do so, and it is something that we will tackle. The Government have already set out a vision of a coastal environment where rights to walk along the length of the English coast lie within a wildlife and landscape corridor that offers enjoyment, an understanding of the natural environment and a high-quality experience managed sustainably in the context of a changing coastline.

We want to secure three complementary outcomes: first, secure access along the length of the English coastline, accepting that that might be subject to some exceptions, a point that I hope that the hon. Gentleman will welcome; secondly, a more accessible coastline, by creating physical routes to access the coast from inland and by encouraging more people to enjoy the coast; and thirdly, improvements for coastal wildlife and the landscape, as well as encouraging people to enjoy and understand that environment.

In 2005, the Government asked the Countryside Agency, together with English Nature and the Rural Development Service, to consider how best to improve access to the English coast. In October 2006, those bodies came together to form Natural England, and at the end of February this year, Natural England provided advice to the Government.

Natural England has undertaken a thorough programme of research and investigation into the situation on the coast. That has included the collection and analysis of coastal data, and an investigation into coastal land types and the way to deliver access. It has investigated access in four different study areas, one of which included the hon. Gentleman's constituency.

Natural England initially considered three options, but as we know, it has moved to a fourth legislative option. It has recommended that the Government introduce such legislation, and we shall consider that as we go forward. Natural England's detailed recommendations are set out in its report and reproduced again in our consultation paper. If they were adopted, what would that mean? Local authorities would be fully involved in the process of identifying coastal access land. Local circumstances would be a key consideration, and local interests, including land managers and the local access forums, would be involved.

It would be Natural England's intention to concentrate its efforts on fixing what is broken. Where existing access is secure and works well, with appropriate spreading room along the way, there would be nothing to fix. The whole process would be conducted in accordance with a statutory methodology approved for the purpose by the Secretary of State. The methodology would set out in more detail the approach to be taken in identifying access land around the coast.

Where particular sections of access corridor are prone to erosion, it is proposed that the legislation would enable the rights to be rolled back automatically with any erosion that occurred in the future. Through consultation, it would be possible to provide appropriate detours to avoid obstacles such as coastal developments and to ensure that there is no adverse impact on key nature sites—another issue that the hon. Gentleman raised. I am confident that the needs of wildlife can be fully taken into account within the process.

We have said that we are particularly interested in Natural England's recommendation about creating in new legislation a coastal access corridor. We are having a detailed look at how that option might work, but we are interested in views on all the options before us. It is vital that we get the right approach to coastal access—one that balances the interests of users and landowners in the same way as the right of access to open countryside, and one that protects the rich and unique landscape and wildlife of our beautiful coastline, but allows people to get involved. If people share their expertise with us, it will help us to shape the way forward. The English coast provides an ideal place for people to engage with the natural world and the marvels and wonders of the marine environment, in the colourful way that the hon. Gentleman described in the context of his constituency. That is true the length and breadth of England. We have a commitment to improve access and a vision of how we wish to achieve that—and we intend to meet those aims.

Question put and agreed to.

Adjourned accordingly at half-past Ten o'clock.

House of Commons

Tuesday 10 July 2007

The House met at half-past Two o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

PRIVATE BUSINESS

LONDON LOCAL AUTHORITIES BILL *[LORDS]*
Considered; to be read the Third time.

Oral Answers to Questions

SCOTLAND

The Secretary of State was asked—

Memorandum of Understanding

1. **Mr. Andrew Pelling** (Croydon, Central) (Con): Whether he intends to review the memorandum of understanding governing relations between the UK Government and the Scottish Executive. [147620]

The Secretary of State for Scotland (Des Browne): I do not intend to review the memorandum of understanding between the Government and the devolved Administrations. It is the responsibility of my right hon. Friend the Secretary of State for Justice and Lord Chancellor.

Mr. Pelling: It is clear that Strathclyde police and the Met worked very closely and effectively over the incident at Glasgow airport. Will the Secretary of State clarify whether counter-terrorism should be regarded as a devolved matter and, bearing in mind the seriousness of the threat posed to the United Kingdom, whether indeed it should be?

Des Browne: I suspect that the hon. Gentleman knows the answer to that question. Counter-terrorism is a reserved matter. Our experience of the police investigations over the past week or so suggests that it is probably fixed as a reserved matter. In fact, devolution fits quite comfortably into that, even where policing is devolved, as it is in Scotland, where Strathclyde police, as he rightly points out, played a blinder, to coin a phrase, in the work that they did in co-operation across the UK.

Mr. Adam Ingram (East Kilbride, Strathaven and Lesmahagow) (Lab): I understand that my right hon. Friend does not need to review the memorandum of understanding, but will he, in his discussions with the Scottish Executive, take the opportunity to raise the recent announcement that could result in the loss of 900 jobs in my constituency if the Freescale closure goes ahead? Will he impress upon the new Scottish Executive that it is much more important to fight for jobs in Scotland than to talk about separation from the United Kingdom, which would put investment in Scotland at risk?

Des Browne: I understand the concern that my right hon. Friend, as the constituency Member for East Kilbride, shares with the 900 people who might lose their jobs if Freescale closes. He will know that the Scottish Executive gave significant support—about £1.9 million of regional selective assistance—to the company when it was known as Motorola. These matters are, and have been, the responsibility of the Scottish Executive, and they should not take their eye off the ball in meeting their responsibility to ensure that they create and sustain jobs for the benefit of people in Scotland—a record that we were rightly proud of having achieved when we ran the Executive.

Dr. Gavin Strang (Edinburgh, East) (Lab): Does my right hon. Friend agree that the attack on Glasgow airport makes it more important than ever that we improve public transport access to our Scottish airports? That means investment in heavy rail into Glasgow airport and Edinburgh airport, as well as the new tram line to Edinburgh airport. Will he ask our new Transport Secretary, my right hon. Friend the Member for Bolton, West (Ruth Kelly), to make it clear to the Scottish Executive that they should accept the democratic decision of the Scottish Parliament, let us get on with investing in trams and public transport and work with the British Government?

Des Browne: My right hon. Friend has a certain expertise in relation to transport. However, without that expertise, but as one who regularly uses both airports, I know how important it is that we build the infrastructure. It is important for not only security, as we saw from the attack on the airport building in Glasgow, but the sustainability of these drivers of the economy. I echo what he says. The will of the Scottish people in relation to these transport links is clear and democratically expressed, and we in the UK Government, particularly in the Department for Transport, stand ready to be of any assistance that we can in achieving that will.

Angus Robertson (Moray) (SNP): The arrangements between the UK Government and the Scottish Government have worked particularly well in the past few weeks since the terrorist—

Mr. Speaker: Order. Hon. Members must allow the hon. Gentleman to express himself. He is in order and it is important that others allow him to speak.

Angus Robertson: For those who could not hear me the first time, the arrangements between the Scottish Government and the UK Government have been working particularly well since the terrorist attack on Glasgow airport. Will the Secretary of State take the opportunity to praise all those involved in countering the challenge of terrorism in Glasgow and elsewhere?

Des Browne: That is probably the easiest question that anyone has ever asked me at the Dispatch Box, and I thank the hon. Gentleman for it. I have absolutely no difficulty in repeating what I have said consistently since the incident: all those involved in responding to the immediate circumstances—those present at the scene, members of the public, those who provided services, members of the uniformed services who showed extraordinary bravery in difficult circumstances and those involved in investigating and responding to events—have worked very well and they are a credit to their services, themselves, Scotland and the United Kingdom. This is a fine example of those in the United Kingdom working collectively, and good evidence for why we should keep that Union.

Dr. Julian Lewis (New Forest, East) (Con): It is almost as great a pleasure to question the right hon. Gentleman on Scotland from the Back Benches as it is to question him on defence from the Front Bench.

Should there be, as is widely feared, a proposal to close one of our three naval bases, and the right hon. Gentleman receives representations from the Scottish Executive that it should not be Faslane, but gets suggestions, while wearing his Ministry of Defence hat, that it should be, how will he resolve such a conflict of interest?

Des Browne: The hon. Gentleman asks not only a speculative question, which he knows I will not answer, but a complicated, speculative question. I think that I can respond to what underlies the question. I pride myself on the fact that every decision I made as Secretary of State for Defence, and in every other ministerial portfolio I have held, was made in the interests of the responsibilities I had in the job. I will continue to make decisions on defence in the interests of the defence of the United Kingdom, so there will be no conflict of interest.

Mr. Brian H. Donohoe (Central Ayrshire) (Lab): As a fellow Ayrshire Member of Parliament, will my right hon. Friend extend to Glasgow Prestwick the congratulations and willingness to give support shown to Glasgow Abbotsinch? Prestwick was able to take diverted flights that day and the next without a single loss to the time-scheduled business of the airlines.

Des Browne: Everyone who played their part in ensuring a response throughout Scotland's transport infrastructure that Saturday afternoon and into the Sunday, to ensure the safety of passengers and the public, deserves praise. Indeed, those at Glasgow Prestwick airport, which is just at the edge of my constituency, but unfortunately not in it, although it is in that of my hon. Friend, are entitled to credit for what they did to respond. That added to the safety of the people of Scotland, but also to their ability, given that many wanted to go on holiday that day, to do so with the minimum of disruption.

Mr. Alistair Carmichael (Orkney and Shetland) (LD): I welcome the Secretary of State to his new position, and I congratulate him, and the Minister of State on a well-deserved promotion.

The initial answer of the Secretary of State notwithstanding, does he not accept that the division of responsibilities between this place and the Parliament at Holyrood is now a topic that is ripe for review, as Jack McConnell, Wendy Alexander and others have argued? If he were to join me in leading the call for reform of the constitutional convention, he could put his Department at the fulcrum of that debate.

Des Browne: Like the right hon. and learned Member for North-East Fife (Sir Menzies Campbell), who leads the hon. Gentleman's party, I am wary of invitations to join anyone, lest the doors open in a fashion that one does not expect. I welcome the hon. Gentleman to his position. I understand that, like me, he has dual responsibilities and I congratulate him on his promotion to both those challenging jobs. I look forward to working for him—sorry, with him. *[Laughter.]* It was bound to happen. I look forward to working for him as a citizen of Scotland.

The hon. Gentleman, like me, was around in Scotland when a lot of the work was done, and he knows fine well that the devolution settlement, which was intended for the long term, took a long time to agree.

Mr. Angus MacNeil (Na h-Eileanan an Iar) (SNP): It was a process.

Des Browne: The hon. Gentleman says it was a process; we need to check the quotation that the right hon. Member for Banff and Buchan (Mr. Salmond) constantly uses, because I think that he has it the wrong way round. In any event, to get back to the question, the settlement took some time.

The hon. Member for Orkney and Shetland (Mr. Carmichael) and the members of his party never gave up their ambition of federalism. I understand that—they are entitled to come to the Chamber and ask questions that are designed to mask that federalist ambition. My view is that the settlement, which was cast for the long term, has not yet lasted that long term. It is still robust enough in its current form to serve the people of Scotland. He knows that the Scotland Act 1998 has a pragmatic mechanism for adjusting the settlement, if necessary, by orders in the House. I believe that there were 18 last year. The solution is perfectly pragmatic and can be adjusted. We need to spend less time arguing about the constitutional issues to do with the settlement and more time making it work for the people of Scotland.

David Mundell (Dumfriesshire, Clydesdale and Tweeddale) (Con): May I associate Conservative Members with the Secretary of State's remarks about the emergency services and members of the public who showed such bravery in the face of the incident at Glasgow airport?

I welcome the right hon. Gentleman to the Scotland Office and wish him well in his endeavours. I also welcome the new Minister of State. Given that we are all three staunch Unionists who are committed to making the devolution settlement work, I hope that we will make much common cause in the months ahead.

I do not want to begin by telling the Secretary of State how to do his job. However, I encourage him to eschew the complacency of his immediate predecessors and take a direct interest in the evolving mechanisms to allow full, frank and effective working relationships between London and Edinburgh. If it is not his job to review the memorandum of understanding, will he point out to the Secretary of State for Justice and Lord Chancellor that it states that,

"this document will be reviewed by representatives of the administrations at a meeting of the Joint Ministerial Committee, at least annually and updated as necessary."?

Des Browne: Like devolution, the memorandum of understanding is a pragmatic document. It was intended to serve not the processes but the people of Scotland. It has served the people of Scotland, in that methods of working in the spirit, if not necessarily the letter, of the memorandum have been found to benefit them. Does the hon. Gentleman suggest that we should have meetings for the purpose of meetings?

David Mundell: The Secretary of State has already made it clear that he understands that some Members of the Scottish Parliament interpreted the Government's actions in recent times as compromising the spirit, if not the letter, of the memorandum. What can he say to the House today to reassure Members of the Scottish Parliament that arrangements between London and Edinburgh will be based on mutual respect? What steps will he take to ensure that all branches of the UK Government, including the Prime Minister's office, are fully engaged on that basis, regardless of the opportunities that arise to highlight political differences?

Des Browne: I assure the hon. Gentleman that I have no interest in playing politics with my role of representing Scotland in the Cabinet or being the Minister who is responsible for ensuring that the devolution settlement works for the people of Scotland. I know from my conversations with him before I took the job that he has no interest in playing politics, either.

We should all act against the words that we sometimes use, and I will live up to that. I intend to work co-operatively—I have done it, both across the Chamber and beyond the Chamber with other Governments, in every ministerial post that I have had. I am therefore certain sure that I can co-operate with other Scots politicians.

Digital Switchover

2. **Mr. Alan Reid** (Argyll and Bute) (LD): What recent discussions he has had with the chief executive of Digital UK on digital switchover in Scotland. [147621]

The Minister of State, Scotland Office (David Cairns): I have met Mr. Ennals on various occasions and I look forward to meeting the recently appointed national manager for Scotland, Paul Hughes, in the near future.

Mr. Reid: I congratulate the Minister on his promotion.

It is important to ensure that, when we convert to digital, the area that the terrestrial signal covers improves. Will the Minister commit the Government to ensuring that at least every household that currently receives a terrestrial analogue signal can get a reliable digital signal after the switchover without having to pay a minimum of £150 for satellite?

David Cairns: The hon. Gentleman makes an important point. Not every household can get an analogue signal currently, although 98.5 per cent. of the population can. I have reminded the House on a number of occasions that that affects many of my constituents in Inverkip, who cannot get an analogue signal. About the same number—98.5 per cent.—will get a digital signal, so the vast majority of people who can get one signal will get the other one. I understand that, because of engineering and geographical constraints, it is not possible to say that every single person will get a digital signal, but 98.5 per cent. of people get analogue and the target is for 98.5 per cent. or above to get digital.

John Robertson (Glasgow, North-West) (Lab): My hon. Friend will be aware that there are many elderly people in communities in Scotland who regard television not just as a little bit of joy in the corner, but as a necessity of life. Will he assure me that such people will be taken care of and be given the free boxes where they are entitled to them? Will he also ensure that companies that try to move the goalposts and to make money out of the situation will not be able to do so?

David Cairns: My hon. Friend makes a valid and important point. The Government have ensured that around £600 million is available as part of the BBC licence fee settlement, to ensure that vulnerable people—not just pensioners, but others—will receive the help and support that they need. We understand that for large numbers of people in society television is not just a source of entertainment but a vital source of information and companionship. As we move into the digital era, with more and more of the spectrum available, the range of services that people will be able to access through television will be much broader. It is vital that nobody is excluded from that because they do not have the financial means. The Government are committed to ensuring that that does not happen.

Plenary Joint Ministerial Committee

3. **Pete Wishart** (Perth and North Perthshire) (SNP): When he next expects the plenary joint ministerial committee to meet. [147623]

The Secretary of State for Scotland (Des Browne): The Government are aware of calls for a meeting of the joint ministerial committee and will consider this proposal.

Pete Wishart: May I thank the Secretary of State for that helpful response? May I also commend him for the constructive and positive way in which he has engaged with the new Scottish Government? That contrasts sharply with his Back Benchers and with some of his still-in-denial colleagues in Edinburgh. It is five years since the plenary committee and most of the other joint ministerial committees met. Whereas that was perhaps excusable when Labour ruled the roost in all the devolved Administrations, it is unacceptable when we have a dynamic new SNP Government in Scotland

and a Plaid Cymru Deputy First Minister in Wales. Does the Secretary of State accept that the joint ministerial committees have a vital role to play in improving dialogue, and will he ensure that they meet as early as possible?

Des Browne: The hon. Gentleman will forgive me if I have not noticed the dynamism of which he speaks. I have noticed a number of announcements that appeared to be comparatively easy hits, but the real business of government is yet to challenge the Scottish Executive. When it does, we will see just how dynamic they really are.

That said, I have ministerial responsibilities and I will carry them out appropriately. I will work co-operatively with those who work in the best interests of the Scottish people. That also means not creating another level of process through meetings, if those meetings are unnecessary. The hon. Gentleman has pointed out that the MOU talks about the joint ministerial committee, but it also says that most contact

"should be carried out on a bilateral or multi-lateral basis, between departments which deal on a day-to-day basis with the issues at stake."

That is how things work now, and they work well.

Malcolm Bruce (Gordon) (LD): If the plenary committee is to meet, does the Secretary of State agree that it will require the kind of approach to which he says he is committed, which is to recognise that devolution is a continuing and developing process that needs constructive engagement? On the other hand, Scottish Ministers from the Scottish Parliament need to recognise that they do not have a mandate for independence.

Des Browne: I am sure that the Executive in the Scottish Parliament know fine well that they do not have a mandate, because they can count. They know that about two thirds of the people in Scotland voted for parties that seek to maintain the Union, and for obvious reasons—because the Union serves the people of Scotland well and has done for some considerable time. I should point out, however, that the right hon. Gentleman slightly misrepresents my position. I am a devolver, but I am not an evolving devolver. I will ensure that the settlement, which I think is the right settlement, works properly for the people of Scotland, but let us test it.

Ministerial Responsibilities

4. **Mr. Peter Bone** (Wellingborough) (Con): Who will undertake his ministerial responsibilities in his absence on other official duties; and if he will make a statement. [147626]

The Secretary of State for Scotland (Des Browne): As Secretary of State for Scotland, I work closely with the Minister of State, my hon. Friend the Member for Inverclyde (David Cairns). As is normal practice, he will undertake duties on my behalf if I am absent on other official duties.

Mr. Bone: How does the Secretary of State find enough hours in the day to fulfil his roles as Secretary of State for Scotland and Secretary of State for Defence—or is he Superman?

Des Browne: I am often tempted to give a one-word answer to certain questions at the Dispatch Box, but I will resist that temptation today. I would put myself forward either as Superman or as a time lord. I would also say to the hon. Gentleman that, in considering whether to take on these responsibilities, I thought long and hard about whether both jobs could be done. Given the level of ministerial support that I was being offered, and the knowledge that I had of the responsibilities involved at the Ministry of Defence, I took the view that both could be done. Time will tell whether I was right. I suspect that we should stop speculating about how this appears and just see whether there are issues in either Department that are not being dealt with properly.

Mr. Ben Wallace (Lancaster and Wyre) (Con): In response to my hon. Friend the Member for New Forest, East (Dr. Lewis), the Secretary of State said that he prided himself on always doing his jobs to the fullest. When it comes to the £50 billion of defence contracts due to be awarded over the next few years, which job will he be doing to the fullest in order to avoid any conflict of interest? Will he be lobbying for Scotland and the local defence industry, or for the Ministry of Defence and the armed forces? He cannot do both.

Des Browne: I welcome the hon. Gentleman to the Front Bench. Like me, he brings with him experience of defence issues, and I look forward to his questions both here and at Defence questions. I will give him the same answer that I give to this question every time: the decisions that I make as Secretary of State for Defence will be made in the best interests of the defence of the United Kingdom. I guarantee to do that, so there will be no conflict of interest between this and any other job that I have, whether it be as a constituency MP in Scotland, which I have been since I was elected, or as the Secretary of State for Scotland.

Employment Trends

5. **Mr. Jim Devine** (Livingston) (Lab): What recent assessment he has made of employment trends in Scotland. [147627]

The Minister of State, Scotland Office (David Cairns): Over the past five years, the labour market in Scotland has performed very strongly. The most recent figure, 2.53 million, marks a record high in the number of people employed.

Mr. Devine: I am grateful to my hon. Friend for that answer. Unemployment in my constituency stands at 2.4 per cent., but it will rise substantially as a result of the actions of members of the Scottish National party and Tory-controlled West Lothian council, who are scurrying about my constituency as we speak issuing redundancy notices to hundreds of their own members of staff who, this time last year, were working for the best-performing council in Britain. Will my hon. Friend join me in condemning the actions of the SNP and that Tory-controlled council, and tell the latter that it should go back to the negotiating table?

David Cairns: I am concerned at my hon. Friend's news. It will be of some comfort to his constituents to know that employment levels in his constituency are at record highs. However, it will be of little comfort to

them or to people throughout the rest of Scotland to know that, if the plan goes ahead to replace the council tax with a local income tax capped at 3p in the pound, it will leave a black hole in local government finances of nearly £1 billion—

Angus Robertson (Moray) (SNP): Jackanory!

David Cairns: The hon. Gentleman says "Jackanory", but it was actually the Institution for Fiscal Studies that demonstrated that. The only ways to plug that gap will be either to impose tax hikes on the hard-working families of Scotland or to implement massive cuts in local government services, which will mean hundreds more redundancies of the kind that my hon. Friend the Member for Livingston (Mr. Devine) has described. It is incumbent on those who advocate this policy to explain how they will fill that £1 billion black hole.

Stewart Hosie (Dundee, East) (SNP): The hon. Member for Livingston (Mr. Devine) suggests that redundancy notices are being sent around West Lothian. Is the Minister aware that the letters that have been sent out implement single status under the delegated powers given to West Lothian's chief executive by the outgoing Labour Administration. The letters make it perfectly clear that not one single redundancy is intended and that not one single redundancy notice has come out—*[Interruption.]* Given the unemployment trends, will the hon. Gentleman have a quiet word with his friends to stop the trend of raising the spectre of redundancy where none exists? Will he recognise that it is the intent of West Lothian council that employment should be maintained for all staff?

David Cairns: The hon. Gentleman had the opportunity to explain exactly how his party promises to plug that £1 billion black hole, but he failed to do so. He spoke about delegated powers to councils and also had the opportunity to explain his party's policy to remove from councils the right to raise local revenue—*[Interruption.]*

Angus Robertson: What has that to do with the Question on the Order Paper?

Mr. Speaker: Order. Let me deal with the proceedings of the House. If the hon. Member for Moray (Angus Robertson) is trying to tell me about chairmanship, he is in the wrong union.

Security

6. **Mr. David Marshall** (Glasgow, East) (Lab): What discussions he has had with the Scottish Executive on security issues in Scotland; and if he will make a statement [1476289]

The Secretary of State for Scotland (Des Browne): The Scotland Office maintains regular contact with the Scottish Executive on security issues, including ministerial contact as required.

Mr. Marshall: From time to time, the media expose gaps in our security systems, especially as far as obtaining security passes is concerned. Bearing it in mind that the terrorists at Glasgow airport appeared to have infiltrated the national health service, will the Secretary of State ensure that all future personnel requiring security clearance are subject to the most thorough background checks before passes are issued? Will he also liaise with the Scottish Executive to ensure that the police and security services carry out these checks where private companies or contractors are involved?

Des Browne: I trust that those who issue security passes in areas where danger to the public is possible—areas it is important to keep secure—recognise and live up to their responsibilities and their duty of care. That duty is shared not just by the UK Government, the Scottish Executive and their agents but by private security companies. I will take every opportunity I can to remind those who have the ability to influence that sort of practice that it is important that they live up to their duties.

COMMUNITIES AND LOCAL GOVERNMENT

The Secretary of State was asked—

Home Information Packs

12. **James Brokenshire** (Hornchurch) (Con): How much her Department and its predecessors have spent on the home information packs programme. [148315]

The Minister for Housing (Yvette Cooper): As we have set out before, over the past three or so years the Government have spent £19.5 million on the development and trials of energy performance certificates and home information packs. Energy certificates could save nearly 1 million tonnes of carbon a year.

James Brokenshire: The figures do not include the considerable sums spent by assessors, inspectors and businesses on qualifications, training and preparing for the introduction of the HIPs regime. Is it not time that the Government apologised to them for the inept way in which they have handled the issue and the consequent impact on those people's livelihoods?

Yvette Cooper: We are concerned about the position in which energy assessors find themselves. It was certainly a problem when the Royal Institution of Chartered Surveyors decided to take a judicial review against energy certificates. However, it applied to energy certificates, not HIPs. We are working with housing associations and local councils to bring forward some early energy certificates in the social rented sector so that we can also help to support some of the energy assessors in advance of 1 August when the programme begins.

Dr. Phyllis Starkey (Milton Keynes, South-West) (Lab): Does the Minister share my astonishment and that of Milton Keynes association of home assessors that Tory MPs are trying to pin the blame for the debacle on the Government rather than on themselves? The Milton Keynes inspectors certainly know where the blame lies and were not surprised that none of the Tory MPs whom they contacted even bothered to meet them.

Yvette Cooper: I am sure that that will have been a disappointment to those involved at Milton Keynes. This issue is about providing useful energy information for people's homes. We already see such information on fridges and washing machines, for example, and it is about time we had it on our homes as well.

Mr. Geoffrey Clifton-Brown (Cotswold) (Con): Will the Minister admit that the introduction of HIPs was too big a step to take in one go and that she should now go back to the drawing board and see how to make energy performance certificates work? I have a suggestion for her. The European directive requires an energy performance certificate only every 10 years, so the Government should look further into that and similarly require such a certificate only once every 10 years—irrespective of how many times a house is sold within that period.

Yvette Cooper: I am slightly surprised at the hon. Gentleman's suggestion, because I think it important for people to have up-to-date information. If we want sellers and buyers to take decisions on the basis of information about their homes, the ability for them to do so if it is 10 years out of date—it could refer to fuel prices that are 10 years out of date—is much more limited. It is disappointing that he has decided to back the Royal Institution of Chartered Surveyors' view on the issue. We think it right that there should be more up-to-date information. We have said that we will consult further, but we are clear about the importance of recent information.

Mr. Clive Betts (Sheffield, Attercliffe) (Lab): I am sure that my hon. Friend will accept that there have been problems with the implementation of HIPs, but I am sure that she will also accept that the principle behind them—namely, that a prospective buyer should have as much information as possible before making an offer—is absolutely right. The major problem with our process of buying and selling houses in this country is the number of offers that are withdrawn because a prospective buyer finds out after making an offer information that they did not know about, but could have known about, before. Will she give a degree of certainty to those involved in the buying and selling process that the Government intend to pursue and go ahead with HIPs based on that principle?

Yvette Cooper: My hon. Friend is right that there is a series of problems with the current way in which homes are bought and sold. In fact, first-time buyers often face the greatest pressures. One of the advantages of the home information packs is that they will provide information for first-time buyers for free that previously they would have had to pay for. We are clear that HIPs and energy performance certificates need to go ahead on 1 August. There are wider issues as well around home buying and selling on which we want to work with a range of stakeholders to improve.

Robert Neill (Bromley and Chislehurst) (Con): May I take this opportunity to congratulate the Minister on her enlarged and elevated position on the Government Front Bench?

Stephen Pound (Ealing, North) (Lab): You can talk!

Robert Neill: She has risen to heights that I am not likely to achieve. That may owe something, of course, to her charm and abilities, but she must concede that it owes nothing to the fact that her Department spent £895,000 in three months marketing a policy, the centrepiece of which has been ditched, in which the latest research by Saga indicates that 50 per cent. of the population has no trust, and which the local authority inspectors who must enforce it say is unenforceable. Will she use her new Cabinet-rank status finally to lay this disaster of a policy to rest?

Yvette Cooper: May I welcome the hon. Gentleman to his new post and congratulate him on his Front-Bench appointment—*[Interruption.]* His elevation, indeed. He should, however, think carefully about the position of his Front-Bench colleagues on this matter. They have said that they support measures to improve the environment, but the gap between the rhetoric and the reality is considerable. It is no good having warm words if they are not prepared to back measures to deliver warm homes.

Mrs. Claire Curtis-Thomas (Crosby) (Lab): It is on days like these that I really regret that there are not more engineers in the House, simply because, as my hon. Friend will know, the measures on the energy performance certificates and HIPs represent the most significant action that we have taken on the domestic market in terms of energy conservation and improving standards. Will she assure me that having started this process we will continue to monitor it and roll it out completely over the housing stock of this country?

Yvette Cooper: My hon. Friend is right to point out the importance and potential benefits of the programme. It could not only save customers and consumers about £300 a year on their fuel bills, but also save a million tonnes of carbon a year. That is important. It is why we have made it clear that it needs to begin on 1 August and then to be rolled out. We will monitor it. We are setting up a new advisory group, working with stakeholders, including estate agents and *Which?*, to ensure that the process is as smooth as possible and properly benefits consumers.

Energy Efficiency

13. **Annette Brooke** (Mid-Dorset and North Poole) (LD): What steps she is taking to promote improvement of the energy efficiency of existing homes. [148316]

The Minister for Housing (Yvette Cooper): We have a range of programmes to support improvements in the energy efficiency of existing homes. As well as the energy performance certificates that are being introduced, we have the decent homes and Warm Front programmes, and are working with energy companies through the energy efficiency commitment. However, we recognise that we need to go further to improve the energy efficiency of existing homes.

Annette Brooke: I am sure the Minister agrees that it is most important to improve energy efficiency in existing housing stock. That would, after all, produce a win-win situation: warmer homes, lower fuel bills, and

the tackling of carbon emissions from a significant source. When will the Government extend the code for sustainable homes to existing houses, as recommended by the Sustainable Development Commission?

Yvette Cooper: The code will apply to new homes. As the hon. Lady knows, we have set an ambitious time scale for all new homes to be zero-carbon within 10 years. As for her important point that we need to do more for existing homes, the energy efficiency of several million homes has already been improved, and the energy performance certificates will not only give people information about energy efficiency but suggest ways of cutting their carbon emissions and fuel bills—improving the lagging in their lofts, perhaps, or installing cavity wall insulation. We want that information to be linked with financial support, for instance through the energy companies.

Mark Lazarowicz (Edinburgh, North and Leith) (Lab/Co-op): Is not one of the most important ways of encouraging householders to undertake energy efficiency measures the provision of reliable local advice? Will my right hon. Friend speak to her colleagues in other Departments about the possibility of extending the support of the Energy Saving Trust to one-stop shops and other ways of promoting such advice?

Yvette Cooper: My hon. Friend is right, but it is not just a question of information. Improving energy efficiency has to be relatively easy: householders who find it a real hassle to obtain quotations or find out how to get work done are much less likely to make the necessary improvements. We are working with the Energy Saving Trust to find ways of making it easier. We also see a potential for the private sector to step in. Some companies are considering "green mortgages", which are linked to advice and suppliers. We will need to go further, however.

Andrew Stunell (Hazel Grove) (LD): I, too, welcome the Minister to her extended role.

I am sure the Minister knows that the 21 million homes in this country are the economy's biggest contributors to carbon dioxide emissions, and that at least 15 million of them will still be here in 2050. Has she decided when she might begin to implement the powers she has had since 2004 to require the upgrading of those homes? That would cut bills, improve comfort levels and tackle climate change. Can the Minister assure us that, in her new role, she will work hard with the Cabinet to persuade it to make progress on this vital aspect of climate change?

Yvette Cooper: It is good to see that the hon. Gentleman is still is his place. I know that he has a long history of strong involvement in this issue, and cares about it very much.

We are considering a range of ways of helping people to improve the energy efficiency of their homes. As I have said, we have already helped several million householders with our existing programmes, and over the next few years the new energy certification programme involving energy companies is expected to help 3 or 4 million people to install cavity wall insulation. Those are substantial improvements.

I think we should concentrate first on the incentives that we can introduce and on cost-effective improvements such as cavity wall and loft insulation, but technological improvements are also needed. We need to find more cost-effective ways of improving solid-wall insulation, for instance, if we are to make a real difference in the future. We hope that the zero-carbon new homes programme will create technological spin-offs that can be applied to existing homes as well.

David Taylor (North-West Leicestershire) (Lab/Co-op): Do we not already have legislation that could be used to implement tougher and bolder minimum standards for energy efficiency? House builders are failing to meet the existing minimum standards on a grand scale. Why does the Minister not give the building inspectorate greater sanctioning powers and resources to enforce the new higher standards?

Yvette Cooper: My hon. Friend makes an important point about enforcement. There were weaknesses in the enforcement of the 2002 building regulation improvements. Since then, we have enhanced the enforcement of the latest improvements in the building regulation standards of 2006 by putting in place a broad programme of training and other steps such as compulsory pressure testing. We need to go further, however, and we will over the next 10 years progressively set higher building regulation standards for energy efficiency in order to cut carbon emissions from homes; we are clear that improved enforcement must be a part of that programme.

Local Government (Cheshire)

14. **Ann Winterton** (Congleton) (Con): What account she plans to take of public opinion in the restructuring of local government in Cheshire. [148317]

The Secretary of State for Communities and Local Government (Hazel Blears): We are now assessing bids for unitary status against the criteria specified in our invitation. We will have regard to all information available, including all forms of public opinion, when measuring against the criterion that any change must have a broad cross-section of support from stakeholders and partners.

Ann Winterton: Why has the Department not consulted local people on plans to restructure local government, except for those representing bodies such as unelected quangos? Is the right hon. Lady aware that a recent Cheshire-wide MORI poll that showed that in the borough of Congleton there was a derisory 16 per cent. support for a single, county unitary authority, only 27 per cent. support for a two unitaries solution, but 55 per cent. support for improved working of the two-tier system? Will she agree to meet me to discuss the only viable solution, which is supported by the majority of my constituents and myself?

Hazel Blears: I am well aware of the hon. Lady's deserved reputation for assiduously ensuring that Ministers know of her constituents' views. We have during this entire process been very clear about the criteria that would be assessed. Local authorities have rightly conducted extensive consultations with their

communities in a variety of ways, such as via telephone polls and face-to-face surveys. One criterion is that there should be support from a range of stakeholders as well as from the public, because if we are to achieve the desired efficiencies and joined-up working through the bids we must ensure that there is broad support.

The hon. Lady asked for a meeting; we will reach decisions on these matters in the near future, and as I must be absolutely scrupulous about the information I receive, it would not be right to enter into lengthy discussions. If the hon. Lady wishes to send in some representations, I am sure that I will be able to receive them, but I must be extremely careful about the process that I adopt in reaching decisions on these issues.

Christine Russell (City of Chester) (Lab): As another Member who represents a constituency in the historic county of Cheshire, may I invite my right hon. Friend to agree that Cheshire's current two-tier structure, where responsibility for planning, transport, housing and social care is split between the town hall and the county hall, is completely confusing to the Cheshire public?

Hazel Blears: I am very conscious of my hon. Friend's tremendous record in ensuring that her constituents' views are made clear to Ministers. She will know that the invitation for bids to restructure resulted in 26 bids, 16 of which are still being considered, and that there are two options for the Cheshire area. Restructuring must be about achieving increased efficiency and better joined-up working and getting results for the local community. I am well aware of the points my hon. Friend makes, but I am sure that she understands that I must consider all the representations from, and views of, the public before reaching final decisions.

Sir Nicholas Winterton (Macclesfield) (Con): This is almost a Cheshire love-in. May I say in support of my hon. Friend the Member for Congleton (Ann Winterton) that a unitary system of local government would result in a democratic deficit? As our new Prime Minister has talked a tremendous amount about trusting the people and localism, should not the views of individuals carry as much weight in this consultation as those of the quangos and stakeholders who appear to be the main people and bodies being consulted by the Government? Does the Secretary of State agree that an improved two-tier system will maintain localism? Let me also say that I wish her well in her new post—bubbly though she is.

Hazel Blears: Again, I am aware of the hon. Gentleman's energy and vigour in representing his constituents. He will know, I hope, of my commitment to ensuring that local people have more of a say over their communities, and the challenge for me is to turn that into a reality, rather than simply warm words, and that is what I will endeavour to do. I am sure that he would accept that it is important that, as well as consulting the public, we are sure that all the partners that have to work with local government broadly support the proposals, because this is about getting better results from bringing people closer together at local level, whether that is the health service, the local police or local government. That is what can have the most impact on improving services for local people.

Mr. Eric Pickles (Brentwood and Ongar) (Con): I had an opportunity yesterday to welcome the right hon. Lady to her post. I assure her that in the last 24 hours nothing has diminished my enthusiasm for her new role, which I say in the spirit of an Essex love-in.

Will she confirm that in a letter to her Department the Chief Secretary to the Treasury described the unitary council bids, including the one from Cheshire, as a "waste of time", warned that costs "may overrun" and said that the Treasury

"simply cannot afford to bear"

the risk? I do not wish to rub the right hon. Lady's nose in it, but given that the Treasury thinks that it will be expensive, her predecessor thought that it was a distraction, and that ballots throughout England have rejected the unitary proposals, will she do the sensible thing and reject that ridiculous reorganisation? Will she also accept the hand of friendship from this side of the House, as we promise to work closely with the Government to achieve better two-tier working and value for money for the electorate?

Hazel Blears: I, too, had the opportunity to welcome the hon. Gentleman to his post yesterday. I am afraid that on this occasion I will have to resist his blandishments and his hand of friendship. He will know that the criteria by which these bids are to be judged clearly include affordability, as well as broad support from stakeholders across the community. We will therefore look very closely at the numbers. I would always expect the Treasury to be very concerned about affordability, as indeed are we, because if these proposals are to go ahead, they need to be practical, realistic and deliver real improvements for local people. I am not interested in simply moving the pieces around the board, but—like, I am sure, the hon. Gentleman—in genuine results, greater efficiency and higher quality services for local people. Those are the criteria by which the bids will be judged.

Planning White Paper

15. **John Robertson** (Glasgow, North-West) (Lab): What recent discussions her Department has had with environmental groups on the planning White Paper. [148318]

The Minister for Local Government (John Healey): Ministers and officials from my Department have met environmental groups a number of times in the preparation of the White Paper and since publication. Other Departments have done the same. That is part of the priority that we are giving across Government to gathering views as part of the current consultation on our proposals.

John Robertson: My hon. Friend will be aware that environmental groups such as Greenpeace and Friends of the Earth have stated that the planning White Paper

"opens the door to nuclear power stations and airports which will take the UK's fight against climate change backwards".

Can my hon. Friend allay the fears of the public and confirm that those are unfounded remarks? Can he also confirm that the proposals will make climate change a priority, ensure security of energy supply in

the future, and put an end to the delaying tactics that have stopped companies investing billions of pounds in this country?

John Healey: I can give my hon. Friend the assurance he seeks. The proposals are designed to reinforce, not reduce, the public's chance to have their say at every stage in the process. The proposals will ensure that the planning system in the future reinforces our efforts to tackle climate change and reduce emissions. It is the case that major projects, especially green and other energy projects, have often taken too long to get through the current planning system, and that is another reason why our reforms are so important.

Mrs. Jacqui Lait (Beckenham) (Con): As this is a day for congratulations, I welcome the hon. Gentleman to the Dispatch Box and hope that he enjoys this particularly difficult portfolio.

The hon. Gentleman may not be aware, because his head was probably in his brief this morning, that the Secretary of State refused to rule out the abolition of green belt protection. Will he be advising the Government's new unelected planning quango to give the green light to green belt destruction? What assessment has he made of the effect of concreting over the green belt on climate change and flooding? Are not the Prime Minister's warm words on listening to communities, which my hon. Friends have mentioned, just empty rhetoric and spin from a controlling, centralising Administration?

John Healey: I am grateful to the hon. Lady at least for her opening comments; I knew that they were too good to last.

Let me be clear: we remain completely committed to the principles of the green belt. The proposals in the White Paper on planning do not change our policy on the green belt.

Mr. Paul Truswell (Pudsey) (Lab): This morning I sponsored an event at which a number of green non-governmental organisations expressed their concern about the future of public involvement, especially in respect of major infrastructure proposals. Does my hon. Friend understand the concern that giving councils too much discretion in how they engage the public will result in many doing the minimum necessary? Do we not need a statement of minimum rights of public involvement? Do we not need to ensure that council statements of community involvement are tested for their fitness?

John Healey: The White Paper proposals are right in looking to local councils to put in place, for the majority of their work, consultation and involvement arrangements that are suitable to the circumstances. On the fears of Friends of the Earth and other green groups about public consultation in relation to the proposed process for major projects, I say again that big projects will entail public consultation and will involve the public at every stage—in the preparation of new national policy statements and project proposals by developers, and with reinforced rights of access to inquiries, which may take place as part of the planning process.

Paul Holmes (Chesterfield) (LD): I attended the meeting of a coalition of 14 environmental groups that has just been mentioned. Those groups do not believe the Minister's reassurances about the intent of the new planning legislation. What will Parliament's role be in deciding the new planning framework? Will there be a free vote, as councillors are legally obliged to have when sitting on planning committees, or a whipped vote?

John Healey: I would recommend that the green groups that somehow have doubts about our intent and the detail read the White Paper more carefully. We have invited comments on all the key proposals, and the Department has published detailed consultations on four other specific areas. I welcome the discussion with those green groups. At the close of the consultation in mid-August, we will come to a view of how to proceed with the proposals and with legislation for the future.

Linda Gilroy (Plymouth, Sutton) (Lab/Co-op): I welcome the way in which the new guidance on planning and climate change associated with the White Paper will put local authorities at the heart of ensuring that new buildings are energy-efficient. Will my hon. Friend consider giving local authorities a similar role in relation to listing old buildings, particularly those from the 1950s and 1960s such as the civic centre in Plymouth, which, incomprehensibly, has been listed without any account being taken of its huge carbon footprint?

John Healey: I congratulate my hon. Friend on managing to use this question to raise that issue. Happily, my hon. Friend the Minister for Housing is sitting on the Front Bench. She will have heard my hon. Friend's comments, and I am sure that she will respond in due course.

Landlords

16. **Mr. Gordon Prentice** (Pendle) (Lab): How many local authorities in England are registering landlords in designated areas. [148319]

The Parliamentary Under-Secretary of State for Communities and Local Government (Mr. Iain Wright): The Department for Communities and Local Government has received and approved applications from four local authorities to establish areas for selective licensing of private rented housing. The applications were from Salford, Middlesbrough, Manchester and Gateshead.

Mr. Prentice: I welcome my friend to his important new post, where I am sure he will do well. Pendle has more than its fair share of rogue landlords, but the local authority inexplicably seems to be dragging its feet on selective licensing. Can we learn anything from the authorities he has just cited about their experience of bringing in selective licensing?

Mr. Wright: I thank my hon. Friend for welcoming me to the Treasury Bench. He has been a strong and doughty champion of selective licensing in the face of a Lib Dem council in Pendle. I suggest that he continue in that strong role, fighting for a decent quality of life

for residents by putting pressure on the local authority to ensure that there is selective licensing in due course.

Arson

17. **Mr. Philip Hollobone** (Kettering) (Con): If the Minister with responsibility for the fire and rescue service will discuss with the Home Department the development of new techniques to preserve forensic evidence of criminal activity at scenes of fire. [148320]

The Parliamentary Under-Secretary of State for Communities and Local Government (Mr. Parmjit Dhanda): The fire and rescue service has a long history of working with the police at the scene of fires where criminal activity is suspected. Recent research commissioned by the Arson Control Forum, a Government-sponsored body, has focused on detection and investigation using forensic evidence. My Department and the Home Office are both represented on the forum and take a full part in its deliberations.

Mr. Hollobone: Will the Minister consider finding time in his diary for a visit to the arson control taskforce based at Kettering fire station, so that he can be fully briefed on the exciting new initiatives to combat arson between the Northamptonshire fire and rescue service and the Northamptonshire police?

Mr. Dhanda: I shall certainly consider the hon. Gentleman's invitation, but I am already well aware of some of the very good work in Northamptonshire, where the fire and rescue service works closely with the police, and through a recent campaign to remove abandoned vehicles, actually reduced the number of car fires by 60 per cent. That is very effective work and those involved locally should be congratulated on it.

Children, Schools and Families

3.32 pm

The Secretary of State for Children, Schools and Families (Ed Balls): The new Department for Children, Schools and Families brings together for the first time ever in one place the responsibility for all policy across Government to promote the well-being of children and young people. With your permission, Mr. Speaker, I start this statement with a proposition on which I believe every Member of the House and every parent and grandparent in our country can agree: every child matters, and we all have a responsibility to ensure that every child has the chance to develop their talents to the full.

After decades of underperformance, we have turned the tide. We have rising standards—more than 58 per cent. of 15-year-olds achieved five or more good GCSEs in 2006, compared to only 45 per cent. in 1997. There is new investment, with 35,000 more teachers, 172,000 new classroom assistants, more than 1,100 new schools and more than 1,300 Sure Start children's centres. Teenage pregnancy rates are at a 20-year low. Re-offending rates among young people are down, and 600,000 children have been lifted out of poverty.

Significant challenges remain, however, which require us to change and to renew. We know that parents want a greater focus on standards. We have far more to do to close the attainment gap between poorer children and their better-off peers. There are still too many young people not staying on in education and training after 16, and 2.8 million children still live in poverty, with many falling behind in learning before they even start school and more likely to end up in trouble as they grow up.

In this statement today, I can announce immediate steps that we can take to reinforce our focus on standards in the classroom and personalised learning; to back teachers and improve discipline in and out of school; and to strengthen school leadership. We take those steps as we begin today a national consultation on how we can put the needs of children at the centre of our policy making, and build a stronger, fairer Britain, breaking down the barriers to opportunity so that every child and young person has the chance to make the most of their talents—not just a privileged few.

First, on standards and personalised learning, a child who cannot read, cannot write or cannot master basic maths will never succeed in education. Our priority must be standards, not structures. So we will renew our focus on the things that really matter to parents and meet their rising aspirations, and that means getting the basics right.

Since 1997, we have raised standards in literacy and numeracy in primary schools. We are now implementing the recommendations of the Rose report into early reading to ensure that all schools and nurseries teach phonics properly. And the "every child a reader" pilot is now helping 5,000 six-year-olds with significant literacy problems to learn to read.

The next step is to raise our game in maths and build on the successful numeracy strategy that we launched nearly 10 years ago. I can tell the House that Sir Peter Williams, the chancellor of Leicester university and chair of the advisory committee on maths education, has agreed to lead a review of the teaching of maths. His review will look at effective methods of teaching and learning in primary schools and nurseries. He will advise us on how to develop pupils' deeper understanding of maths and on the development of our "every child counts" pilots, to help pupils falling behind in primary schools.

Effective teaching is increasingly geared to the distinct needs and progress of individual children, so I want to see a greater focus on personalised learning, with appropriate support and schooling for gifted and talented children, those with special educational needs and those falling behind.

We know that regular testing is essential for monitoring the progress of individual pupils, but there should be scope for schools to make well-informed judgments on when pupils should be tested. While we do not support streaming, which makes a blanket and often arbitrary judgment on children's intelligence and can ignore their individual talents, I strongly support setting for individual subjects, with judgments made by heads and teachers, according to the needs of their school.

I can tell the House that, building on the £1 billion that we have already allocated to personalised learning in 2007-08 and following the recommendation of the Gilbert review, I am allocating £150 million over the next three years to expand the highly successful assessment for learning programme, to help further teachers build expertise in tracking individual pupil progress and in monitoring and mentoring achievement.

Greater personalisation, assessment for learning and our successful social and emotional aspects of learning programme will benefit all children, including high achievers, but they will also help us to tackle underachievement and raise standards among disadvantaged children. As we expand our extended schools programme of out-of-hours provision in sport, music and drama to every school by 2010, we need to ensure that children from disadvantaged backgrounds and their parents do not miss out but have a chance to benefit from extra out-of-school tuition and after-school clubs. I can therefore tell the House that, over the next three years, we will now provide an additional £265 million to enable extended schools to do more to support disadvantaged children and young people. By year three, the funding will enable all schools to offer those children two hours per week of group activities in term time, plus 30 hours of additional activities over the holidays.

To secure our economic future and promote opportunity for all, we must also do more to improve the post-16 staying-on rate. We will legislate over the coming year to raise the education leaving age to 18, but we also need a 14-to-19 curriculum that is relevant and engages young people in learning, offering them the skills that they need for future study and to succeed in the workplace. Details of the first five new 14-to-19 diplomas will be available within the month and be ready to be introduced into schools and colleges in September 2008.

As we drive up standards, we must also do more to back teachers, to free them from unnecessary bureaucracy and promote discipline and let our professionals get on with the job in the classroom. We

[Ed Balls]

are committed to the current work force reform programme, developed with our social partners, to free up teachers' time to teach, and I have asked my Department to examine what more we can do to reduce unnecessary burdens for teachers and heads.

Later this week, when we report on our review of the secondary curriculum for 11 to 16-year-olds, we will ensure a more focused curriculum that teaches the basics, but reduces prescription and puts more power in the hands of individuals schools and teachers. That will enable schools to personalise their teaching to meet the needs of different pupils, enabling us to place trust in the professional judgment of heads and teachers. To give teachers time to prepare for the new curriculum, I can announce that we will allow an extra inset day for all secondary schools in the school year 2007-08.

Our "teach first" scheme is attracting and keeping high-performing graduates working as teachers in some of our most challenging inner-city schools. From September, it will be extended from London and Manchester to the west midlands, and, by 2009, to Liverpool, and Yorkshire and Humber. Building on the "transition to teaching" programme, we will consult on a new "teach next" programme to promote mid-career routes into teaching, especially for people from industry and the sciences.

Teachers cannot teach effectively unless they also have the power to maintain discipline. Teachers now have, for the first time, new statutory powers to tackle disruptive behaviour, including legal rights to restrain violent pupils and confiscate property. Every child has the right to feel safe in school. We should expect good behaviour in all our schools and see it in all our schools. Ofsted has therefore agreed that it will shortly issue strong new guidance to inspectors, which will make it clear that behaviour by pupils that has a negative impact on learning is unacceptable. Repeated low-level disruption, as well as more serious isolated incidents of bad behaviour, should not be tolerated. By making that clear, Ofsted will, in effect, raise the bar for what is satisfactory behaviour and what is not. Ofsted's inspectors will focus on behaviour during inspections and where they find behaviour to be inadequate, they will conduct monitoring visits to make sure that it improves.

As well as driving up standards and promoting discipline, I want us to do more to back strong and innovative school leadership. Specialist schools are driving up standards across the country. Trust schools will cement partnerships between schools, businesses and other local organisations and bring new dynamism and innovation to support strong school leadership. Our academies programme is driving radical transformation in weak and failing schools in disadvantaged communities. All academies now actively collaborate with schools and colleges in their area, just as all schools should co-operate with academies. Currently, all academies replacing local authority schools proceed with local authority endorsement at the feasibility stage, and at the funding agreement stage we already have a duty to consult local authorities and we take their concerns fully into account.

Results in academies are improving faster than they are in other schools. Truancy rates are down. Increasingly, inner-city local authorities such as Hackney, Manchester, Birmingham and Sheffield are putting new academies at the centre of their local school strategies. The test of whether an organisation can be a potential sponsor should not be its bank balance, but whether it can demonstrate leadership, innovation, and commitment to act in the public interest; so, from today, I am abolishing the current requirement for universities and high-performing schools and colleges to provide £2 million before they can sponsor an academy. Many universities are already engaged with academies. I now want every university actively to engage with academies.

At the heart of the innovation in the curriculum that academies make possible is flexibility, which we will maintain for all new academies—built on the platform of the core national curriculum that, as with most existing academies, all new academies will follow in English, maths, science, and information and communications technology. Academies have told me that they make the greatest impact on standards when they are a central part of the local community. They already have a duty to collaborate with all other schools in their area and are inspected by Ofsted against that. In addition, we have now removed their VAT costs on their buildings when their facilities are used by the wider community.

It is my belief that, as we move towards our target of 200 academies by 2010—rising thereafter to 400—we should accelerate the pace of the academies programme over the next few years, with a much greater role for universities. This afternoon, the Minister with responsibility for schools and academies, Lord Adonis, who is making a statement in the other place, is announcing that funding agreements are being signed off for the following new academies: the Brunel academy in Bristol, the John Cabot academy in Gloucestershire, the Shireland collegiate academy in Sandwell, the George Salter collegiate academy in Sandwell, and St. Michael and All Angels Church of England Academy in Southwark. I can also tell the House that on the basis of today's announcement abolishing the £2 million entry fee, the following nine universities have expressed an interest in sponsoring new academies: University college London; Imperial college; the university of Nottingham; the university of Manchester; Queen Mary, university of London; Aston university; the university of Central England; the university of Wolverhampton; and the university of the West of England.

Mr. Ronnie Campbell (Blyth Valley) (Lab): What about the north-east?

Ed Balls: My hon. Friend will have to encourage it.

By backing strong leadership and teachers, we can focus our efforts not on structures, but on standards in the classroom, and on giving every child the best possible education. So that we can build a national consensus, engage universities, the wider public and the private sector, and drive forward our ambitions for children and young people's education, the Prime Minister and I will chair a new National Council for Educational Excellence. The council and its members

will act as advocates and champions, so that we can transform expectations and aspirations for the education system, and mobilise every section of the community to get behind our national mission to become a world leader in education, and particularly our aspiration for every secondary school to have a business and university partner. Sir Michael Barber has agreed to act as senior adviser to the council, which will meet for the first time later this month.

My Department's focus is on raising standards in schools, backing teachers and promoting strong school leadership, but schools cannot be [illegible] the whole burden. All the evidence shows that a child's life chances, and their chance of having a safe and happy childhood, are decisively shaped by their experiences in the first 22 months of life—by early-years education, family income, a supportive family environment, diet, and the opportunity to play and do sport. We need excellent universal services for all children and families, but there will always be some children and families who face additional challenges. We must tackle the causes of child poverty, youth crime, family breakdown and wasted potential, so that we can strengthen our society and deliver security and opportunity for all. We recognise the importance of early intervention and targeted support for children with special educational needs and disabled children. The new Department and the Ministry of Justice will have joint responsibility for youth justice, and it is vital that we spot problems in that area quickly, before they escalate into crises.

We have a complex agenda. We will shortly publish our 10-year youth strategy, our national strategy on safeguarding, and our strategy on teenage parents, but I intend to use the opportunity offered by the new Department, and the remaining months of the spending review, to consult widely on how we can use all the levers at our disposal to promote strong communities and strengthen family life before we set detailed goals and the direction for the Department and children's policy for the next 10 years.

In the coming weeks, we will launch a nationwide consultation to draw up a children's plan for our country. To help us to draw up the plan, over the next four months we will consult teachers, children's professionals, universities, colleges, the voluntary sector, parents, and children and young people. To enable us to do so, Ministers in my Department will co-chair three working groups alongside a leading practitioner. The three groups will consider the range of education and wider services affecting children and young people. There will be one group for nought to seven-year-olds, one on eight to 13-year-olds and another on those aged 14 to 19. The groups will involve experts from schools, colleges, children's services, health partners, the criminal justice system, the wider public, and the voluntary and private sectors. I plan to be able to report the results of that consultation and set out the emerging children's plan in the autumn.

That is a challenging agenda, but getting it right is critical to the future of our country. Every child has talent, and through the measures that I have set out today and the consultation that we will now begin, we will ensure that every child gets the best start in life and the support they need to make the most of their talents. I commend the statement to the House.

Michael Gove (Surrey Heath) (Con): First, may I congratulate the right hon. Gentleman on his appointment? During his brief period on the Back Benches, he campaigned vigorously on child poverty and helped to secure improved respite care for the parents of disabled children. I place on record our admiration for that work, and express the hope that we can continue to work with him on those issues in a constructive, bipartisan way. May I also welcome what I take to be the good intentions that he brings to his office? Specifically, I welcome his commitment to use "all the levers" at his disposal to strengthen family life. Given that earlier today the Minister for the Cabinet Office, the right hon. Member for Doncaster, North (Edward Miliband), said that the Government were indifferent on the family, may I welcome that early U-turn?

I also applaud the Secretary of State's new commitment to excellence, diversity and discipline in our schools, which is another embrace of Conservative policy. However, that prompts the inevitable question why, after 10 years of a Prime Minister who promised a relentless focus on "Education, education, education", is such an ambitious agenda still required?

May I specifically ask how the new strategy on numeracy announced today fits in with the existing strategies on numeracy that have already been announced? When he was Chancellor, the Prime Minister announced a series of maths strategies, starting in 1998 with an intensive numeracy strategy. Next, we had a new national numeracy strategy from the then Chancellor. Then we had "Maths year 2000". In 2002, we had the then Chancellor's response to the Roberts review on maths teaching. In 2005, we had a new strategy that prioritised the small group teaching of maths. In every year in which performance was measured, however, the Government failed to achieve their own targets on improving numeracy. Is not today's announcement just a rehash of policies already announced by the Prime Minister over the past 10 years and already found to be failing? No wonder Alastair Campbell wrote in his diary:

> "Ed Balls—no good on message—all he does is repeat what Gordon Brown has said".

I welcome the general principles behind what the Secretary of State has said about more personalised learning. Ensuring that teaching is tailored to the needs of each child is valuable, but may I ask why, if the Government value giving close attention to individual pupils, class sizes for the youngest are actually increasing? In Labour's last election manifesto, Ministers claimed that they had abolished infant class sizes of more than 30, but that is simply not the case. The latest figures show that the number of pupils aged five, six or seven in classes of more than 30 has risen by 50 per cent. in the past two years and trebled since 2002. What are the Government doing to redeem that broken promise?

Truly personalised learning means teaching individuals according to their needs, stretching the most talented and nurturing the weakest. I agreed with the Secretary of State when he said that setting by ability is central to any successful approach. May I ask why only about 40 per cent. of lessons in secondary schools are set by ability? In 1997, as part of their very first drive for more personalised learning, the

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Government pledged to increase the number of children set by ability, but in 2005 they watered down their commitment to setting by no longer recording which classes were actually set. May I ask why that was allowed to happen? And what steps will be taken now to support and incentivise teaching by ability?

I welcome the emphasis that the Secretary of State has placed on discipline in our schools. New statutory powers are welcome, but many teachers are still asking why the Government refuse to give them all the powers and protection that they need to enforce discipline. Specifically, will he commit to giving heads the final say over exclusions, so that authority is clear in schools and teachers can feel supported in their drive to maintain discipline? Is it not the case that occasions when heads have had their decisions on exclusions overridden has risen by 20 per cent.? How can that be defended?

I also welcome the Secretary of State's commitment to more academies—academies build on the city technology colleges introduced by the last Conservative Government, which enjoy bipartisan support. I particularly welcome his announcement of a relaxation of the barriers to involvement in setting up new academies. That policy were first championed by Conservative Members. May I ask why he has apparently decided to undermine the independence of new academies by placing them increasingly under the influence of local authorities, when the original vision was of liberated new schools championing excellence? Will he reassure us that he is not abandoning the existing cross-party consensus on academies and moving back to the left to appease the reactionaries who want no change in our schools?

In an interview with the *New Statesman* last year, the Secretary of State admitted that he was personally critical of his own Government's handling of the Education Act and their promise of greater freedom for schools. He said that his top priority was

"getting back to clear dividing lines between us and the Conservatives on education policy".

His top priority was neither working for pupils nor championing excellence, but entrenching division for partisan purposes. Will he show that he will rise to the challenge of his new post by demonstrating that he now recognises that what happens in the classroom is too important to be reduced to partisan positioning? He has an historic opportunity with his new Department to get the fundamentals right for children, schools and families, and I hope that he will work with us and others to put pragmatic reform at the heart of his mission.

Ed Balls: May I start by thanking the hon. Gentleman for his kind words and welcoming him to his new brief in the shadow Cabinet? Like him, I am very much looking forward to our debates in the coming weeks and months. I know how much he enjoys debating in this House and I hope that we will be able to have some good debates. Although there will be disagreements, I hope that in some areas critical to our country's future we will be able, together, to shape a consensus on how we can give every child the best start in life, how we can promote good schools and how we can tackle the causes of crime. In that spirit, I welcome what he said about the importance of standards and what he said about personalised learning, and I welcome the support that he has given for the measures that we have taken on discipline.

Let me answer a few of the hon. Gentleman's questions. It is right that we need to make more progress on mathematics. We have benefited from the Rose review on reading, and we want to ensure that we do the same with the maths review. I remind him, however, that in 1997, 62 per cent. of young people reached level 4 in maths, while today that number is 76 per cent. Over 100,000 more young people are now meeting the required standard in maths. We have made progress, but I want to go faster. I welcome his support in making progress.

On reducing school class sizes, it is right to say that some infants are still in class sizes of over 30. That applies to about 1.4 per cent. of all infant classes, compared with 29 per cent. in 1997. However, there is further to go, and I welcome the hon. Gentleman's support in that context too.

The hon. Gentleman asked about the importance of setting. Setting is very important indeed. It has been increasing in core subjects, and I should like it to go up further. I welcome his support for setting, which I hope he supports rather than grammar school streaming. It was interesting, from my point of view, to hear no mention of that in his response.

I should like to follow up the hon. Gentleman's point about academies by reassuring him that we are not going backwards on academies; in fact, today we have announced the largest number of academies in one day that there has ever been, and in one stroke we have more than doubled the number of universities that are supporting academies. It is right to say, however, that I was not the first person to make this proposal. The hon. Member for Havant (Mr. Willetts) is not on the Front Bench, but I should congratulate him on his appointment to a new job as shadow Minister for universities. In fact, when I arrived in my Department his May speech to the CBI was included in my briefing pack, because officials had never seen such a devastating attack on grammar schools and rebuttal of the case for selection. He even convinced the Leader of the Opposition to support him—at least for 48 hours. My advice to the hon. Member for Surrey Heath (Michael Gove) is this: next time the Leader of the Opposition declares a clause IV moment in education, be afraid—very afraid.

I am very keen to debate education policy with the hon. Gentleman. I have been looking back at some of the contributions that he has made in recent years. Let me give one example from *The Times*, where he wrote:

"Every parent in Britain should be given a scholarship for their child, worth broadly the amount currently wasted by the State on their schooling. This scholarship could then be used to buy a place at schools, which would have to compete for parents' money just as vigorously as airlines now compete for their holiday custom."

I want consensus, but there will be no consensus on the Labour Benches on the case for school vouchers. There will be no consensus on a public spending cuts guarantee for schooling, nor on an approach to tax incentives for marriage that would help a few but stigmatise large numbers of children in our society who, through no fault of their own, would be worse off

but also treated as second class because of a death in the family or a break-up of their family. Let us have consensus not on the basis that some children matter but that every child matters. If we want to raise standards, let us do so in all schools by putting resources in place to deliver that. In my view, only this side of the House is prepared to will the means to that end, which is why I commend this statement to the House.

Mr. Barry Sheerman (Huddersfield) (Lab/Co-op): I congratulate my right hon. Friend on this statement. It is not so much a breath of fresh air as a gust of it; he has covered so many topics. He must be congratulated for concentrating on standards, and on assessment—bringing back the skills, which many teachers have left behind, of assessing students in a thorough way. I also congratulate him on his emphasis on a more flexible curriculum and less prescription.

As my right hon. Friend would expect of those of us deeply interested in education, I have found two little quibbles. First, I ask him please not to put too much emphasis on just one form of phonics. The Select Committee on Education and Skills found and recommended that all programmes of teaching people to read actually work. Secondly, we have a wonderful academies programme, and he must be congratulated. Many of us have been working for a long time on the link between universities, businesses and those who care and know about education. That part of his statement will be a milestone, and I congratulate him.

Ed Balls: I am grateful to my hon. Friend for his comments, and for his leadership on these matters over a number of years. I look forward with some trepidation to my first appearance before his Select Committee if, as I hope, he is confirmed in his current position, and I look forward to his advice and guidance in the coming years.

My hon. Friend is right to make sure that we are careful about the way in which we approach the issue of reading. The Rose review provides us with the opportunity to implement this programme, and so does the "every child a reader" scheme. Every child learns in a different way. We need to give teachers the tools to do the job, but also to allow them to ensure that they teach each child, which is what our commitment to personalisation does.

I also say to my hon. Friend that academies have an important role to play as part of our mainstream education policy. Our ambition is that every school should be a specialist school, a trust school or an academy, and I pay tribute to the work that he and many Labour Members have done in recent years to encourage universities to engage in our academies programme. Today, we have more than doubled the number of universities that are sponsoring academies, and over time I hope that we can ensure that every university does so.

Mr. David Laws (Yeovil) (LD): I genuinely welcome the new Secretary of State to his post. He has been an important individual in front of and behind the scenes in this Government for a long time, and we are pleased that the Prime Minister—the former Chancellor—has put him into this job because we assume that that indicates it is a priority for the Government. We also welcome the fact that other elements of children's policy will be part of the Department's responsibilities, and we hope to find common ground on many issues in future.

I want to raise some questions about several points in the statement, starting with funding. The Secretary of State announced a couple of new initiatives on funding, which we will check, if he does not mind me saying so, to ensure that they are genuinely new. I was disappointed, given that the Prime Minister was there to support him today, that he did not mention what is surely one of the Government's flagship policies on education funding, which was announced by his right hon. Friend the Prime Minister in March 2006 and reannounced, as is the practice, in March 2007: bringing the level of state education funding up to the private school level. We later found out that the announcement actually meant that by about 2022, the level of state funding would be up to the private level in 2005—a less impressive pledge. May we have confirmation today of when that objective will be met, and whether it will be as far into the future as most commentators think? Would it not be more sensible to deliver that objective through mechanisms such as a pupil premium, but starting with those children from the most deprived backgrounds, targeting pupils by setting up a premium that follows them through their educational experience?

Secondly, I should like to clarify the position on academies. The Secretary of State put a positive gloss, as we might have expected, on academies policy. I have become accustomed to expecting that reports in the *Financial Times* will be reasonably accurate. We read this morning, presumably through a briefing from the Department, that there will be a huge shift in tone on academies and no more reform for its own sake. We also found out that, under a new regime, councils will have to support proposals for academies at all stages of the process, from the initial expression of interest to the implementation stage, for the Secretary of State to be comfortable. Briefing behind the scenes appears to have occurred, and suggests that he will make it more difficult for academies to be approved. Today's statement did not give that impression. Will he clarify whether there is to be any change in the requirements for local government approval for academies? Lest we are suspicious of the figure of 400 academies, will he tell us the financial provision that the Department's budget has made for academies for the next five or six years?

The Secretary of State said much about personalisation. As a newcomer to the portfolio, I assume that that is the current jargon in education policy, which I imagine many teachers believe that they have been trying to implement in the past 30, 40, 50 or 60 years. Is not there a tension between a personalisation approach, which tries to help individual pupils, and the perception from today's statement that much of the personalisation is being handed down from the centre? That appears to contradict the statement that he made in an interview with Polly Toynbee only a few weeks ago, when he said that the Department cannot direct everything from the centre. What flexibility will there be in the funds that are passed down for personalisation so that schools and teachers can use the money sensibly, and teachers are not treated like children?

Ed Balls: I am grateful to the hon. Gentleman for his questions and for—I think—his support. I hope that, in time, we may be able to forge a rather more progressive consensus, perhaps between the two of us. He should be relaxed—I am not about to offer him a job.

Mr. Laws: I am not about to take one.

Ed Balls: Given that the hon. Gentleman is a man of some means, were he to want to sponsor an academy, I would be happy to take an application. However, unfortunately, he does not qualify as a high performing academic institution, so the £2 million contribution would still apply to him.

Let me answer the hon. Gentleman's questions. It is our commitment, which the Conservative party will not match, to increase state spending per pupil to the current amount of private spending per pupil. Parents would expect and want us to do that. Our spending review provides for making progress towards that goal. It is our ambition to increase spending to that extent, but we cannot do that if we have to cut spending to pay for either a £21 billion tax-cutting package or capital gains tax reforms. It is important to ensure a disciplined approach to spending. The new initiatives that I announced today mean new money from our Department's spending review settlement up to 2011.

The hon. Gentleman made an important point about the pupil's premium. My hon. Friend the Minister for Schools and Learners has already made it clear that, in our funding settlement for schools, we will continue to target deprivation but try to do that in a more sophisticated way using tax credit data, in which the hon. Gentleman will have some interest.

I said that the best teachers practise personalisation. We want to give more teachers the training and resources to do so, but it is up to individual teachers in the classroom and individual schools. Throughout the country, the best schools—those in our "every child a reader" pilot, which have made the fastest progress at primary level—have established school-based, personalised learning and tracking projects. The best trusts are those that share information between schools on the way in which to effect local personalisation. We do not, therefore, have a centralising agenda.

Finally, the hon. Gentleman asked me about my statement on academies. Just to make it absolutely clear, I said that all academies now actively collaborate with schools and colleges. All academies replacing local authorities proceed with local authority endorsement at the feasibility stage now, and there is already a duty to consult local authorities at the funding agreement stage. I have made my announcement to the House first, not the newspapers. The newspapers did not get that right and I am happy to take this opportunity to correct them.

Mr. Ronnie Campbell: I might well ask my right hon. Friend where the universities are in the north-east of England, because he did not answer that point. Will he take a keen look at the situation in Blyth, where we have just approved an academy school, which is not more than a mile away from the brand new Blyth community college, which was built to the tune of £14 million? I have heard that there will be surplus places and redundancies among teachers when the two schools are up and running, so will he ensure that there is parity between pupils at the academy and those at the community college and that they receive the same amount of money per head?

Ed Balls: I know that my hon. Friend has strong views on that issue and that he has already discussed it with the Minister for Schools and Learners in an Adjournment debate. I am happy to visit with him, and I hope that we can reassure my hon. Friend that what is being done is fair, in terms of pupil funding and capital funding, and has the best interests of his constituency at heart, particularly the poor or more disadvantaged members. That is my commitment to him and that is what we shall deliver.

John Bercow (Buckingham) (Con): I warmly congratulate the right hon. Gentleman on his appointment. In view of his long-standing interest in the issue of children with disabilities, I hope very much that good progress can be made in the national interest. Given that local authorities are in a position of virtual omnipotence, as the bodies that assess and decide, and pay for and provide the service that children with special educational needs receive, and given that in a truly compelling report issued in the summer of last year the Select Committee on Education and Skills argued strongly for the separation of assessment on the one hand and provision on the other, will the Secretary of State, as a new broom sweeping clean, look again at the issue? His hon. Friend the Member for Huddersfield (Mr. Sheerman) and the Committee were right; the Government were dismissive, sneering and wrong.

Ed Balls: I welcome the hon. Gentleman's contribution to these debates over many a year. I had the opportunity to work closely with him on our review of services for disabled children. I can reassure him that our Department is not only the "every child matters" Department, but the "every disabled child matters" Department. We shall take seriously the issues of disability and special educational needs, on which he has some expertise. My hon. Friend the Minister for Schools and Learners is planning to meet him shortly to discuss such matters.

The hon. Gentleman's specific point is one that we shall consider as we consult on our children's plan. I want to ensure that schools and children's services departments work closely together. I shall, for the first time, examine the issue that he raised. I do not promise to reconsider the policy, but I promise him that I shall consider the point carefully.

Mr. David Blunkett (Sheffield, Brightside) (Lab): I congratulate my right hon. Friend on his appointment and on his statement, as well as on his emphasis on leadership and standards in the classroom and on his reiteration of the objectives of academies, albeit not those set out by the Conservatives, but those in the Government Green Paper in the spring of 2001. In the plan for children and the three strands, and in the allocation of £265 million for children who are particularly disadvantaged, will he and his Ministers take account of the fact that, in developing standards, it is aspiration from the family and overcoming dysfunctionality in the family that are so crucial? Will

he emphasise family learning and overcoming the biggest obstacle of all to children, which is a family who have no expectation of success in the future?

Ed Balls: My right hon. Friend is quite right. His leadership on the issue has been very important and has meant that we have gone from having a small number of city technology colleges when we came into government to the expanding programme of academies that we have put in place and are strengthening today.

My right hon. Friend is right that we should emphasise the causes of poor standards in schools, one of which is a lack of effective family support. It is part of our extended schools programme and of the Department's wider programme to address these issues. In order to ensure that every child matters, this cannot simply be about children; it must also be about support for parents and grandparents. Supporting the family means supporting all generations of the family. We need to ensure that busy parents are given the support that they need to balance work and family life. For those parents who want parenting classes or whose children get into difficulty, we will provide more targeted support.

Sir Nicholas Winterton (Macclesfield) (Con): I welcome the right hon. Gentleman to his new responsibilities. I have an excellent special school in my constituency, Park Lane school. Further to the comments made by my hon. Friend the Member for Buckingham (John Bercow), will the Secretary of State look at the funding of Cheshire county council in respect of its ability to provide the best and most appropriate education for those with learning difficulties, particularly autistic children? It appears that the authority is no longer prepared to fund places for such children out of county because of the cost, even though those schools provide the best and most appropriate education.

Ed Balls: I am happy to look at that issue. I have a specialist school in my constituency called Kingsland school, which also does a great job in providing support for primary years children with severe learning or physical disabilities. There is a place for specialist schools, as well as for allowing children to have support in mainstream schools, and we need to provide choice for parents. In my view, the authorities have a responsibility to ensure that the funding is in place. I am told by the Minister for Schools and Learners, my hon. Friend the Member for South Dorset (Jim Knight) that funding has been put in place, but if there are difficulties in accessing that funding, I would be happy to discuss that in detail with the hon. Gentleman.

Ms Karen Buck (Regent's Park and Kensington, North) (Lab): Children from less well-off families are simply not able to buy into the music, drama, arts and culture that are so educationally enriching and that are enjoyed by many better-off children. I therefore welcome the additional money that my right hon. Friend has committed to extended schools. May I remind him, however, that the most deprived schools in my constituency receive only £10 per child per year for the full range of such activities? Even the money that he has announced today will probably provide only a three or fourfold increase on that amount. Will he assure me that he will look hard at how to direct resources to the most deprived schools in the most deprived communities, so that those children can receive the kind of wide-ranging cultural support for their education that clearly produces results?

Ed Balls: I know that my hon. Friend has worked hard to champion the interests of the most disadvantaged children in her constituency. Our commitment is clear: we want all schools to be able to offer people—parents and children—extended school facilities, and we need to ensure that the funding is in place to enable that to happen, and to provide the necessary advice and support. Disadvantaged children and their parents should not be prevented from accessing those services because of a problem with resources. That is why I have made announcements today to ensure that there is more money in place to deliver on the commitments that I know my hon. Friend wants for her constituents and that I want for all our constituents in this country.

Mr. Edward Vaizey (Wantage) (Con): I welcome the Secretary of State to his new position. I wonder whether he could help me with one particular point in his statement. Last year, the Government said that they were putting additional money into maths education, yet today he has announced a review into how maths is taught. Is that not the wrong way round?

Ed Balls: I think that I answered that question when it was put to me by the hon. Member for Surrey Heath (Michael Gove). We have been improving our maths teaching over the past decade, and that is reflected in the test results, which have been rising year on year. However, over the past two or three years, we have not seen the same pace of progress that we saw in the earlier years. We want to keep up the momentum. In the consultations that my colleagues and I have had, it has been put to us that there is a case for looking at the way in which we teach mathematics, in a similar way to what happened in the Rose review. The right way to do that is to get experts to come and advise us, and that is what we are doing. When we implement the report, we will again be able to accelerate the pace of the progress that we have been making over the past decade.

Tony Lloyd (Manchester, Central) (Lab): I warmly welcome my right hon. Friend's emphasis on disadvantaged children in our education system. He is right to point out that the most disturbing gap in education is between those who do well, who are generally from affluent family backgrounds, and those who do badly and are from poorer backgrounds. He has announced a couple of initiatives, and the £265 million will be very welcome. Will he guarantee that, as we look at the structure of schools, we will ensure that children and young people from the most disadvantaged families are not crowded out by the often sharper elbows of those from the more advantaged families?

Ed Balls: I understand my hon. Friend's point. That is exactly what the new and fair admissions code is designed to deliver. I would point out that since 1998, primary schools in the areas of highest poverty have

[Ed Balls]

improved at nearly twice the rate of schools in the most affluent areas, so we have made progress. Furthermore, academies admit a higher proportion of pupils with special educational needs and those entitled to receive free school meals than the proportion living in the relevant postcode area. I firmly believe that academies, if done properly—they are being done properly and that will continue—can help support my hon. Friend's agenda. They are there to turn round the education of disadvantaged kids who are falling behind in the toughest areas—and we intend to ensure that they do precisely that.

Angela Watkinson (Upminster) (Con): I have an excellent special school in my constituency—the Ravensbourne, which caters for children on the autistic spectrum, among others. Those children receive a very good education, but the families have a great need for proper and appropriate respite care because every day is a challenge to them. It is important to enable the parents to continue to support their children and any siblings in the family. Just to be able to undertake ordinary everyday activities, the parents need the occasional break. Does the Secretary of State realise that additional funding is needed for appropriate respite care for autistic children?

Ed Balls: The hon. Lady is quite right to point to the particular challenges that autistic children and their families face. Only recently, I visited the Treehouse special school in north London, which caters for autistic children. While there, I witnessed the powerful and intense support that teachers provide to those children during the day. I was marvelling at the fact that the parents then have to do it all on their own from 3.30 in the afternoon until 9 the next morning. The burden placed on those parents is very substantial, and they do it all willingly because they love their children, but we have a responsibility to ensure that they get the short breaks they need, which can often make the difference between coping and crisis. The hon. Lady thus makes a powerful point, which we take very seriously.

Mr. Frank Field (Birkenhead) (Lab): I congratulate the Secretary of State on achieving his new position and on his statement, particularly the part relating to academies. I draw the House's attention to discussions going on between the Department and a number of cathedral choir schools, which wish to transform themselves into academies so that not just a few children, but large numbers of them, receive a brilliant musical education. Those schools can then act as centres of excellence for other state schools in the area. Does my right hon. Friend accept that if he dropped the £2 million entry fee for this group of schools wanting to transfer, it might not be too long before he could announce to the House the very biggest increase of academies ever in this Government's history?

Ed Balls: If I were able to do that, I would be pleased and I would look forward to such a day with great pride. I speak as someone who has never sung in a choir, but who has often attended such services, and I know that the professionalism and discipline of the children is something to behold. If some of the teaching and learning from which they benefit could be spread more widely in the community, it would be a very positive contribution. These are schools that would undoubtedly benefit from any relaxation of the £2 million limit. I look forward to seeing them make representations, perhaps through my right hon. Friend, as soon as possible.

Mrs. Jacqui Lait (Beckenham) (Con): I congratulate the Secretary of State on introducing an education system that sounds remarkably similar to the one I went through in Scotland in the 1950s. May I commend to him the Bromley children's project? It involves parents early on and it is responsible for reducing the number of exclusions per year from 50 to two in just one primary school. Will the right hon. Gentleman look further into the funding of local education authorities that are debt free, but unable to spend the credits that they receive from the Department? How does he reconcile raising the school leaving age to 18 with the ability of the same children to get married at 16?

Ed Balls: I congratulate the hon. Lady on the detail of her questions. On the first two, I offer her a meeting so that I can take up the issues with the Minister for Schools and Learners. If a return to focusing on standards in the classroom is a return to the 1950s, I welcome that. It obviously did the hon. Lady no harm at all and so much the better if we can ensure that such opportunities are spread to more children in our communities.

On the hon. Lady's last point, we are not raising the school leaving age to 18; we are raising the education leaving age to 18. We are hoping that that will be taken up in further education colleges through apprenticeships and by people in work. The important thing is to ensure that no children are leaving school at 16 with no ongoing education and that people in work are trained between 16 and 18. That is what we will legislate to deliver.

Richard Burden (Birmingham, Northfield) (Lab): May I welcome what my right hon. Friend said about extending schools, in particular his recognition of the need to expand provision to allow children from more disadvantaged families to benefit more greatly? When he is thinking about targeting that, will he think specifically about the situation in areas of deprivation that are close to areas of relative affluence—where the proximity of affluent areas can inhibit the building up of the very community infrastructure that is necessary for things such as extended schools to work effectively? Will he discuss with his colleagues, perhaps in the Department for Communities and Local Government, how we can ensure that extra support is targeted on deprivation, not on whether someone who is rather more affluent lives a few streets away?

Ed Balls: I understand my hon. Friend's point. We are looking at that in the resource funding arrangements for schools and in our capital building programme. Our vision is not for schools to be open between 9 in the morning and 3.30 in the afternoon, but for them genuinely to be at the centre of their communities. We need to ensure in our academies

programme, trust schools programme and in "building schools for the future" that we build schools with facilities that can be open in the evenings and at weekends, that we provide exactly the kind of resource infrastructure that can serve the constituency that he mentions, and that that is at the centre of our thinking as we take forward our capital programmes.

Mr. Peter Bone (Wellingborough) (Con): In his statement, the Secretary of State says that we have now turned the tide, with more than 1,100 new schools. That is good news, but can he name any constituency where a secondary school has been demolished and there are now fewer secondary schools than when the Conservatives were in power? To help him out, I can tell him that the constituency begins with W.

Ed Balls: I think that I am grateful for that question. This is the first time in the past year that I have been able to come to the Dispatch Box in a question and answer session with the hon. Gentleman without having to worry about whether I know the youth unemployment figure for his constituency compared with 1997. He will remember the particular exchange, as we all do.

On the hon. Gentleman's particular point, I will need to look at that in more detail. If he wants to have a discussion about it, I shall be very happy to do so.

Several hon. Members *rose—*

Mr. Speaker: Order. I can try to call every hon. Member who is standing, but they must ask the Minister one supplementary question only.

Mrs. Louise Ellman (Liverpool, Riverside) (Lab/Co-op): I welcome my right hon. Friend's support for skills training. Does it mean that all young people in Liverpool who require skills training will be able to receive it? Will he give special attention to those who leave school without education, qualifications and a job?

Ed Balls: I will give special attention to those young people. In my experience—this is why the Department is so important—if we are to focus on the skills needs of young people at 16, 17, 18 and 19, we have to start focusing on their ambitions and those of their parents when they are much younger, at eight, nine, 10, 11 and 12. As we work on our new children's plan, I want to ensure that we take the FE sector and its expertise and apply that to our thinking in primary schools and the early years of secondary schools. If we are to fulfil the ambition that my hon. Friend sets out, we need to start raising the levels of ambition much earlier than we are at the moment.

Mike Penning (Hemel Hempstead) (Con): May I draw the Secretary of State's attention to his comments on legislating in the coming year so that pupils will not be able to leave education until they are 18? What discussion has he had with the Ministry of Defence and his colleagues there, because 35 per cent. of armed forces recruits who join the ranks are under 18? They are a vital part of our armed forces. If this legislation goes through, surely they will not be able to join.

Ed Balls: I think the answer is that the Ministry of Defence, as an employer, will have a responsibility, as it does very well at the moment, to ensure that while in work people have effective training between the ages of 16 and 18. As I said, our commitment is to ensure that young people are either in school or college full-time, or in part-time education while they are at work. That training can happen on the job or in college. My guess is that the Ministry of Defence does it pretty well.

Ann Coffey (Stockport) (Lab): I welcome my right hon. Friend's statement, particularly the news of extra funds for extended schooling and personalised learning, which I think is key to overcoming disadvantage. Will he consider distributing those funds directly to schools on the basis of the deprivation statistics, to ensure that they benefit disadvantaged young people irrespective of the council areas in which they live?

Ed Balls: We will need to look at that in detail, but we intend to give schools and parents power to decide how the money is spent, and to ensure that young people who receive free school meals or qualify on the basis of the deprivation statistics have a personal entitlement to take up extended school opportunities. That is our intention, but we will need to work out the funding arrangements.

Mr. Graham Brady (Altrincham and Sale, West) (Con): I understand that following the reorganisation of the Secretary of State's Department, the Learning and Skills Council will lose responsibility for new school sixth forms. Will it be transferred back to local education authorities, or will it go to the Department?

Ed Balls: Responsibility for the funding of 14-to-19 education, whether in trust schools, specialist schools, academies or grammar schools—which will reassure the hon. Gentleman—will reside with our Department, but will be routed through local authorities rather than the Learning and Skills Council. The new Department will take responsibility for training those over 19.

Mr. Philip Hollobone (Kettering) (Con): Would the Secretary of State be kind enough to examine the funding arrangements for Southfield School for Girls in Kettering? The Department has designated it a specialist sports college, but it is still struggling to fund the provision of a sports hall. Surely there is no point in giving schools specialist status unless such schools are properly funded.

Ed Balls: I do not want to stray too much into the details of the school when I do not have them in front of me, but it strikes me as odd that a specialist sports school should be without a sports hall, and I should be happy to look into the matter in more detail. If the hon. Gentleman writes to me setting out the position, I will find out what advice we can give him.

Helen Jones (Warrington, North) (Lab): I welcome what my right hon. Friend has said today, but may I ask him to look closely, during his review of children's services, at the way in which parents of children with special needs are being treated? Will he ensure that, following assessment, there is a point of access to the health and educational support that they need? As

[Helen Jones]

parents of children suffering from Asperger's syndrome have discovered in my constituency, too often they are bounced from pillar to post and have to undergo assessments again and again.

Ed Balls: My hon. Friend is absolutely right. One of the key findings of our review of disabled children's services was that parents need to find ways of navigating the system. One of the best ways is to establish a lead professional, along with parents' forums, who can act as an advocate. In drawing up our children's plan we will ensure that children's services, schools and health officials are involved at local level, in order to deal effectively with complexity that may at times be inevitable but is still quite distressing for parents.

Mr. Adrian Bailey (West Bromwich, West) (Lab/Co-op): I welcome my right hon. Friend's announcements, particularly the announcement of funding agreements for the two new academies in Sandwell. I am sure that they will enhance educational achievement in the borough. However, may I draw his attention to a body of young people whose needs often go unrecognised? The education of young carers is often impaired by their caring responsibilities for near relatives, which cause them to miss out on the educational opportunities that are available to other pupils. Will my right hon. Friend undertake to help to identify and support those people?

Ed Balls: My hon. Friend is absolutely right. When preparing for my new brief I was shocked to learn of the 150,000 young people in England and Wales, currently under the age of 18, who are caring for a sick or disabled relative, often a parent. Social services departments and education authorities in particular need to ensure that those young people are supported so that they are not excessively burdened, their childhood is not strangled by their responsibilities, and they are given educational priority.

I also congratulate my hon. Friend on the two academies. I recently met the leader of his council—a Labour leader who is a great champion of the academies programme as he knows what it can do for disadvantaged kids in his area.

Ms Angela C. Smith (Sheffield, Hillsborough) (Lab): I welcome my right hon. Friend's recognition of the crucial role parents play in giving their children the best possible start in life, and his commitment to addressing that. Does he agree that every parent matters, regardless of whether they are married, single, divorced or cohabiting?

Ed Balls: I completely agree: every child and every parent matters. The idea that we should stigmatise some children or parents for their circumstances, which are often no fault of their own, is a return to a "back to basics" agenda that we thought was in the past. My hon. Friend will have seen that the Prime Minister was present on the Front Bench but that, unfortunately, the Leader of the Opposition was unable to be present as he was at a press conference explaining the comment of the right hon. Member for Wokingham (Mr. Redwood) that most families—

Mr. Speaker: Order. The Secretary of State will not do that, and when I stand he will sit down. I call Andrew Miller.

Andrew Miller (Ellesmere Port and Neston) (Lab): I welcome the appointment of Sir Peter Williams to undertake the review of how mathematics is taught in the primary and nursery sectors. May I ask that he be invited to examine whether there are any correlations in respect of schools that teach maths as merely being of utility and those that teach it with excitement, flair and drive, which is undoubtedly how to succeed in engaging young people in science and mathematics?

Ed Balls: I thank my hon. Friend for his question, and I also thank you, Mr. Speaker, for your guidance, which I will, of course, take on board. I apologise to you for what I did. Let me say in answer to the question that I will make sure that the Williams review addresses the issue my hon. Friend raises.

Mr. Andy Reed (Loughborough) (Lab/Co-op): I welcome the statement, particularly the part on the personalisation of services, but is my right hon. Friend aware that Leicestershire is still the lowest funded education authority and that we would need increased funding in order to achieve parity with many other authorities? I know from personal experience of my son's school and others in my constituency that although we want to deliver the excellence that my right hon. Friend has talked about, that will become a reality only if there are more changes in how the funding formula works for places such as Leicestershire.

Ed Balls: The F40 group has made good representations on behalf of my hon. Friend's area and councils in a similar position. I will make sure that we look into this matter. My hon. Friend the Minister for Schools and Learners is addressing it, and he will take seriously the issues that have been raised.

Barry Gardiner (Brent, North) (Lab): I was delighted to welcome the Secretary of State when he brought the Prime Minister to Preston Manor high school in my constituency earlier today. Did his officials make him aware beforehand that had he been visiting 11 years ago, he would have found that not only that school but every school in my constituency had a pass rate of less than 50 per cent. for GCSE pupils achieving A* to C grades, and that last year the pass rate for Preston Manor and every other school in my constituency was higher than 74 per cent.? Will he pay tribute to the inspirational leadership of the head teachers and the work of the teaching staff in my constituency for that achievement?

Ed Balls: I am certainly happy to pay tribute to the head teacher I met today and all the staff and pupils of that school, who are clearly engaged with and excited about learning. I also pay tribute to my hon. Friend for his work in championing the interests of all the schools in his borough. As he will know, in 1997 23 schools in London boroughs were achieving a pass rate of less than 46 per cent. for pupils gaining five or more good GCSEs; in 2006, there was only one such school. That has been achieved because of leadership such as that we witnessed at the school we visited today and the championing of such causes by Members.

Fiona Mactaggart (Slough) (Lab): I welcome my right hon. Friend to his new role and the existence of the new Department. I especially welcomed in his statement the recognition that the future of a child's life can be determined in the first 22 months. As well as setting up the three working groups, the first of which will deal with a child's life up to seven, can he look at our investment across each stage and perhaps continue the rebalancing of investment to the earliest years in order to avoid the growth of inequality, which happens even before a child arrives at school?

Ed Balls: I will certainly ensure that I look at that particular issue. One of the key priorities for our Department is to ensure that, as we integrate services for the youngest children and as we make the most of our new network of Sure Start children's centres, those children and parents who most need help are accessing the services in those centres. It is a priority for me to ensure that we use that network of support to target the disadvantaged to whom my hon. Friend refers, so that we can try to address the issues before they become much harder to deal with in later life.

Point of Order

4.40 pm

Mr. Stephen O'Brien (Eddisbury) (Con): On a point of order, Mr. Speaker. On 6 June there was a debate in Opposition time on the Government's failures on the NHS IT programme. In answer to our charges of incompetence, the then Minister of State— now the Minister of State, Department for Work and Pensions, the hon. Member for Don Valley (Caroline Flint)—and the Under-Secretary of State for Health, the hon. Member for Bury, South (Mr. Lewis), both prayed in aid the National Audit Office report on the NHS IT system. They used various quotations and *Hansard* accurately recorded what the Ministers said. It has now been reported that the Ministers have recognised that the words that they used were not contained in the NAO report. Phrases such as "a positive report", "much needed" and "well managed" were not in the report. The Ministers are now apparently seeking to correct the record without coming back to the House, which has a correct record of what was said, to apologise for the inaccuracies and the mistaken utterances that they made to seek to defend their now threadbare position. I seek your guidance as editor of the *Official Report* as well as the person responsible for the conduct of business in this House.

Mr. Speaker: The best thing that I can do is investigate the matter and come back to the hon. Gentleman. I will look into the matter and I thank him for raising it.

Alcohol (Harm Reduction)

4.42 pm

Sandra Gidley (Romsey) (LD): I beg to move,

That leave be given to bring in a Bill to make provision for the regulation of the pricing and labelling of alcohol products; to further restrict alcohol advertising; to make provision in relation to public order and alcohol-related offences; and for connected purposes.

This month a smoking ban has been introduced in England and people have been asking what the next big public health challenge is. I, for one, believe that we urgently need to turn our attention to the growing effect that misuse and abuse of alcohol is having on our society. In many ways, that is a more difficult problem to tackle than smoking. With smoking the message is quite clear. A person's health is affected whatever the level of smoking. Smoking can kill and it affects others. With alcohol, the messages are less clear. People who drink regular small amounts live longer than teetotallers. Red wine is regarded as having some health benefits and the good news for cider drinkers is that it was recently discovered to be high in antioxidants.

I probably need to declare an interest here because I am actually a member of the all-party groups on wine, beer and cider, and at the end of the week I will be visiting one of my local pubs. I fully acknowledge that for many people alcohol is a source of enjoyment rather than being a problem. But it is becoming apparent that there is a growing problem due to the misuse of alcohol.

The facts speak for themselves. In 2005-06, there were more than 19,000 diagnoses of episodes of alcohol-related cirrhosis of the liver in England—an increase of 178 per cent. in the past nine years. As if that were not bad enough the figures show that not only is the incidence of liver disease increasing among the middle aged but younger people are being diagnosed more frequently. There has also been a well documented increase in young women binge drinking—there are more under-18 female hospital admissions than male, and the prevalence shows a strong link to the increase in the rate of binge drinking. Hospital admissions of patients with alcohol poisoning have almost doubled over the past 10 years.

The escalating direct health problems are bad enough, but high alcohol intake is often linked with unprotected teenage sex and hardly a person in the country has escaped the impact of alcohol-related antisocial behaviour. So tackling the alcohol abuse problem will not only improve the health of the nation, but will help reduce levels of antisocial behaviour. Three years ago, the cost to the nation of alcohol misuse was estimated as £20 billion. It is time for action.

Sadly, I am not saying anything new. In 2004, the Prime Minister's strategy unit launched the alcohol harm reduction strategy for England. It was absolutely appropriate that there was top-level attention from the then Prime Minister, who wrote the introduction to the strategy. The strategy has seen disappointingly little progress, so my hope for the future is that the current Prime Minister succeeds and turns warm words into positive action. I do not think that the Minister with responsibility for public health has been announced yet, but we have a clue in that the Minister of State, Department of Health, the right hon. Member for Bristol, South (Dawn Primarolo), is sitting on the Front Bench, and I welcome her to her new job. Simple measures can be implemented that, when taken as a package, will help to tackle the problem.

First, I want to talk about pricing. In a ten-minute Bill, I am not allowed to consider tax-raising powers, but the more general issue of pricing and display of alcohol needs to be tackled. Currently, alcoholic drinks are frequently used by supermarkets as a loss leader, and that practice must stop. There is clear evidence to show that the cheaper beer is, the higher the rate of binge drinking. Many alcoholic drinks are relatively less expensive than they were 10 years ago, which means that children are increasingly able to afford to buy alcohol.

A report from the Academy of Medical Sciences in 2004 reviewed the evidence on the relationship between price and consumption, showing that increased consumption was closely related to the rise in affordability. In particular, heavy drinkers and under-age drinkers are more affected than other drinkers by the price of alcohol. For that reason, it would appear to make sense to place a duty on retailers to prove that they are not selling alcoholic drinks as loss leaders.

I am not a lone voice in that regard. The Royal College of Physicians, in its evidence to the Competition Commission in respect of the groceries market, made one major recommendation:

> "Supermarkets should not sell alcohol below cost price and preventive measures should be introduced if necessary. The result of below-cost selling is likely to be a rise in consumption, leading to more alcohol-related disease, social disorder and other social problems. It is highly irresponsible for supermarkets to sell alcohol below cost or at a deep discount, knowing the likely consequences. If supermarkets wish to make a positive contribution to the health of the nation and be more socially responsible, they could switch to discounting healthy foods."

Alcohol advertising also needs to be tackled. The 2004 strategy called for a review of the code, and Ofcom introduced new restrictions in October 2005, but those are self-regulated. Adverts are now not supposed to link sexual success with a brand. The rules on portrayal of daring, aggressive, irresponsible or antisocial behaviour were tightened, and adverts should not have a strong appeal to those under 18. Things have improved.

A recent analysis of those changes by the advertising industry concluded—surprise, surprise—that the new code of advertising was working. Unsurprisingly, it believes that no further regulation is necessary. That belief appears to be based, however, on an assumption that there are low levels of public concern and that most adults do not think that banning advertising would reduce under-age drinking. No direct assessment has been made of the impact of advertising on young drinkers. The industry also claims that a pre-watershed ban is not necessary because current restrictions mean that alcohol advertisements are not placed in or around programmes watched by a high proportion of under 18s. That misses the point entirely, because while some programmes with high viewing figures may have a higher percentage of adult viewers, their overall viewing figures are so high that the number of under-18s watching and being influenced is also high.

Alcohol Concern reviewed alcohol adverts during a seven-day period in December 2006. It demonstrated that more alcohol adverts were shown before the watershed than after and that the majority of supermarket alcohol-related adverts were shown before the watershed. Evidence from other countries demonstrates a clear link between advertising and alcohol consumption. Manufacturers would not waste their money on advertising if it did not increase sales.

Despite the fact that there is a complete ban on advertising tobacco products, I am not yet convinced that a complete ban on alcohol advertising is necessary. We should commence with the following measures. First, there should be no alcohol advertising before the watershed or in cinemas unless the film has an over-18 rating. Secondly, we need to take a close look at sponsorship of sports events and music festivals to ensure that advertising linked with those events does not glamorise and thereby increase drinking.

Improvements are also needed in education and labelling. In the 2004 strategy, the Government stated that they would completely overhaul the way they presented messages about alcohol and they announced a programme to improve work in schools. The success or failure of that programme is as yet difficult to assess, but it is increasingly apparent that alcohol education programmes in schools do not address the binge-drinking culture. However, when binge-drinking spills over into antisocial behaviour and young drinkers come into contact with the criminal justice system, we have an opportunity to get clear messages across to young people who may be developing problem drinking habits or behaviours. That opportunity is currently being wasted.

I propose that arrest referral schemes be introduced in every borough command unit as there is growing evidence that working with offenders positively and proactively can reduce reoffending owing to alcohol-related offences. The Government have introduced alcohol awareness campaigns, but again it is a little too early to assess their impact. However, the Government have resisted legislating on alcohol labelling, although they have encouraged the alcohol industry in that direction. The Bill addresses that deficit and would set a date by which all alcohol products would be labelled with clear information about the number of units in a drink, a reminder of the different safe limits for men and women and a warning about the use of alcohol in pregnancy. That would help people to make informed choices about which drinks they choose.

Those measures, combined with a hard-hitting advertising and awareness campaign, would go some way towards tackling the alcohol-related problems that blight the lives of many.

Question put and agreed to.

Bill ordered to be brought in by Sandra Gidley, Mr. David Amess, Bob Russell, Norman Lamb, Kelvin Hopkins, Dr. John Pugh, Dr. Doug Naysmith, Lynda Waltho and Chris Bryant.

ALCOHOL (HARM REDUCTION)

Sandra Gidley accordingly presented a Bill to make provision for the regulation of the pricing and labelling of alcohol products; to further restrict alcohol advertising; to make provision in relation to public order and alcohol-related offences; and for connected purposes: And the same was read the First time; and ordered to be read a Second time on Friday 19 October, and to be printed [Bill 142].

Orders of the Day

CONSOLIDATED FUND (APPROPRIATION) (NO. 2) BILL

Order for Second Reading read.

Question, That the Bill be now read a Second time, *put forthwith, pursuant to Standing Order No. 56 (Consolidated Fund Bills), and agreed to.*

Bill accordingly read a Second time.

Question, That the Bill be now read the Third time, *put forthwith, and agreed to.*

Bill accordingly read the Third time, and passed.

Prevention and Suppression of Terrorism

4.53 pm

The Minister of State, Home Department (Mr. Tony McNulty): I beg to move,

That the draft Terrorism Act 2006 (Disapplication of Section 25) Order 2007, which was laid before this House on 11th June, be approved.

I want to make two points at the outset. First, Members will know that as a result of our deliberations on the Terrorism Act 2006 a compromise position was reached, whereby section 25 was inserted so that there was something to go back to, given the agreed premise that we annually review the 28-day period, which is rather complicated in terms of the law. Secondly, Members will understand that my right hon. Friend the Member for Airdrie and Shotts (John Reid), the then Home Secretary, announced on 7 June that a terrorism Bill would be introduced in the autumn and that we are keen to consult on the 28-day issue. I shall ensure that the consultation paper we want to circulate on that issue is put into the public domain for all interested parties before the summer recess. When we say that we want full consultation, that is absolutely what we mean. I realise the House will say that it is for us to prove that we are serious about consultation and I entirely accept that point—unfair and misguided though it may be—but we are very serious.

Mr. Douglas Hogg (Sleaford and North Hykeham) (Con): The Minister says that he will consult on 28 days. Does he actually mean that he will propose a 90-day detention period and that he wants to consult on that?

Mr. McNulty: No, with the greatest respect, I do not in the sense that I think it fair and reasonable to start from the premise that we will not suggest going from 28 days back down to 14 days, for reasons that I will come on to. However, the consultation period will include an array of options—the status quo and beyond 28 days—but things are not as simple as the right hon. and learned Gentleman suggests: simply keeping 28 days, or going back to the debate on 90 days.

Chris Bryant (Rhondda) (Lab): Will one of the options that the Minister presents allow the results of interrogation after charge to be admissible evidence in court more regularly?

Mr. McNulty: The strict response to my hon. Friend's question is no in the context of the consultation on 28 days, but he will remember that, when we announced that a subsequent Bill would be introduced in November—I suspect, post-Queen's Speech, but that is a matter for business managers—one of the other elements in that Bill was post-charge questioning. So his point about post-charge questioning will certainly be part of the broader review of and consultation on the Bill.

Several hon. Members *rose—*

Mr. McNulty: I will defer to the Conservative Front-Bench spokesman in the first instance, but I will certainly allow other hon. Members to intervene.

Mr. Dominic Grieve (Beaconsfield) (Con): I am grateful to the Minister for his comments, because he will appreciate that these two issues have a very clear linkage. One of the arguments in favour of the extension from 14 to 28 days, which we are renewing today, has been the length of time needed to question. Indeed, if post-charge questioning were introduced, it would clearly be at least an argument to be put in the balance when considering either whether the 28-day provision had to be extended, for which there is no evidence at the moment, or indeed whether the period should be reduced. Of course, the reason we are having this debate is that, subject to the order, the detention period is, in fact, 14 days.

Mr. McNulty: That is an entirely fair point, but I would go further and say that I take the legitimacy of the point that how post-charge questioning relates to 28 or 14 days is important, which is why we will go down the suggested route of a Privy Council review of intercept evidence. How pre-charge detention for 28 days or otherwise, intercept evidence and post-charge questioning interplay is, again, a factor that needs to be taken account of in the consultation. Indeed, as we have made clear in the past, the raft of legislation about acts preparatory to terrorism will equally come into play as well. It is incumbent on the whole House to consider how all those elements hang together. So, in the broad sense, I agree with the hon. Gentleman.

Mr. David Winnick (Walsall, North) (Lab): The Home Affairs Committee unanimously found recently that there was no justification to extend the 28-day provision, but will my hon. Friend also bear very much in mind the fact that in recognition of the acute terrorist threat that we face—no one is likely to dispute that—both Houses agreed to 14 days without any Division whatsoever? Likewise, the increase to 28 days carried in this House was also carried in the Lords—again, without any Division. We have a consensus—28 days—and we should retain it unless there is compelling evidence that there is a justification to go beyond it.

Mr. McNulty: That is an accurate reflection of what has gone before in respect of the 14 and 28-day provisions and a perfectly fair viewpoint, as I would expect from my hon. Friend, on going beyond 28 days. It is the job of myself and other Ministers to try to persuade people, if we come to this view, that we need to go beyond 28 days. It is certainly incumbent on the House to treat the matter very seriously in all respects, as I know that it will, but I would question in part my hon. Friend's point about substantial evidence. By its very nature, the only evidence that we have is of the rather limited period—the past year or so—when the 28-day provision has been in action and what we learn every time an alleged plot is disrupted. Given the traditional understanding of the word "evidence", I am not sure whether it is useful in that respect.

Patrick Mercer (Newark) (Con): Will the Minister confirm that the current 28-day period is likely to be extant until such time as further evidence is adduced? He seems to suggest that we might simply move to 90 days, almost as some sort of safety net. There is no evidence for that. Will he reassure me on that?

Mr. McNulty: On the hon. Gentleman's latter point, I am not suggesting that. On his former point, I do not want to pre-empt what the House does with the order. If the House does not pass the order today, 28 days cannot be extant, because we will be back to 14 days. I apologise if I have not made myself clear. We think that, at the very least, the case has been made. Certainly the alleged plots since that time have substantiated the position on 28 days. We need to take a collective view, hopefully based on consensus, on whether, in utter extremis—I know that we use 28 days in extremis—there should be some way of going beyond 28 days when required.

There are currently six cases that went to full term in relation to the 28-day period. I will come on to discuss that in some detail. In three cases there were subsequent charges; in three there were not. This relates partly to my clumsy point about evidence. The issue is as much about looking at where we are going over the next couple of years, in terms of the threat, as it is about assessing where we have come from. That is why I do not like the use of the word "evidence" in that narrow literal sense. I am not saying—in a hidden way or otherwise—that it is all about 90 days at this stage and the consultation is a big cover for that. We want a serious and sustained consultation on whether 28 days will suffice, whether we need some sort of mechanism portal, or whatever else, to go beyond that in extremis, as I said to the Joint Committee on Human Rights, or whether we need to settle on something beyond 28 days, which may or may not be the 90-day limit that was discussed at the time.

Mrs. Gwyneth Dunwoody (Crewe and Nantwich) (Lab): The difficulty that we face in the House is that, in a free society, if we agree to changes in the law, they must not only be justified—they must be supported by people who are democrats and who want to live in a free society. If we accept restrictions that, in themselves, do the job of the terrorists, we may be playing the wrong game. I hope that the Minister will not get too hung up on the suggestion that there is no evidence. Many of us feel that if we are to combat this terror, we have to look at the situation far more widely and intelligence has to be important. It is not just a question of what we do when we have people in custody.

Mr. McNulty: I absolutely accept my hon. Friend's point and not least her argument that we need to look far beyond this order—whether we have 14 days or 28 days—and consider matters in the widest context, including legislation, intelligence and all other areas, in terms of how we go forwards. I also accept her point that our starting premise must be what we all accept and agree is normality in terms of the rule of law and the statutes that govern this country. We depart from that certainly not in haste, or at leisure, but only in extremis and in very difficult and daunting circumstances.

John Bercow (Buckingham) (Con): On pre-trial detention without charge, my objection has never been to the motives of Ministers, but rather to the draconian measure that I believe they have proposed. I understand why the hon. Gentleman is quizzical about the term "evidence", but he said himself that he would need to

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persuade the House. I put it to him that he would at least need to show some very clear disbenefit to the country, constituting some sort of threat to our security, in the absence of the extension he favours, if he were to persuade us. One way in which he might proceed would be to agree to provide Privy Council briefings to Privy Councillors—I would not benefit because I am not a Privy Councillor, but many are and would—as an earnest of good intent and of collective approaches by the Government.

Mr. McNulty: I am not one either, so that is at least something I share with the hon. Gentleman. He makes a fair point. As I have said, what we want to do, in terms of putting the documents out before the summer, is have the widest possible audience, rather than doing that on Privy Councillor terms. We can get a view that is part evidence-based, part speculation, and partly based on making some assumptions, to the extent that we can, about the nature of the threat that is to come. We cannot be trapped in a dimension that says we are fighting the threat that we knew a year ago, or two or three years ago. The situation is finely balanced. That is why, in part, I hesitate about "evidence" meaning things clearly one way or the other. Invariably, in the course of our discussions, there will at least in part be some speculation when it comes to where, taking into account the services, the police and all other opinions, we think that the likely threat will be. That is my only cavil about evidence; I am not saying, "Sorry, mate, I don't have the evidence, but let's do it anyway."

Mr. William Cash (Stone) (Con): As the Minister knows, for many years I have been strongly in favour of an extension beyond 28 days in the interests of preserving the security of the people. The Government, and certainly the former Home Secretary, understand that the real issue is the interaction with the Human Rights Act 1998, around which the control order legislation works. Does the Minister accept that that is one of the fundamental problems? It has led to a situation in which the Minister and the Government cannot achieve what they want, and in which the subject is deprived of their liberty. Does he not agree that the simplest answer is to ensure that the alleged terrorists receive habeas corpus, have a fair trial and are subject to due process, and to get rid of this absurd legislation, which was passed in the middle of the night, when sunset turned into dark?

Mr. McNulty: I am blessed to have such an ally. The hon. Gentleman's points are well made and consistently made, but they are wrong. At the core of his suggestion is the idea that the police are dilatory in their activities and keep people for 14 or 28 days, or whatever the cut-off point is, simply because it is convenient for them. The police—along with the security services, the Government and all right-thinking people—want to bring those who are detained to court in the swiftest fashion and at the earliest opportunity, and with the strongest possible case. We have had discussions about the interplay with the European convention on human rights, and I simply do not accept the hon. Gentleman's premise. He swoops on me in corridors when I am trying to go for a quiet cup of tea; he creeps up on me all the time, and we have very interesting discussions. There is an issue with parts of the judiciary and how they interpret the convention, but I do not think that the convention is at fault.

Mr. David Heath (Somerton and Frome) (LD): Perhaps we can dispose of one of the arguments that I have heard adduced by people outside the House in support of an extension to the 28 days. It is argued that if a suicide bomber survives an attempted bombing but is injured, and so is not available for questioning, the extension would be necessary. Is it not the case that if we introduced post-charge questioning, those circumstances could not possibly apply, because someone who was injured while planting a bomb clearly has a prima facie charge against them?

Mr. Nick Clegg (Sheffield, Hallam) (LD): They would have to be arrested first.

Mr. McNulty: My answer to the hon. Member for Somerton and Frome (Mr. Heath) would have to be "Maybe." I do not know the specifics, and we could talk about the example that he gave in some detail, but as the hon. Member for Sheffield, Hallam (Mr. Clegg)—another non-Privy Councillor—suggests, the person would have to be arrested first. That is a moot point. Of course, if someone was so badly injured that rational discourse and discussion, and taking part in a police investigation, was beyond them, the issue of the timing of the arrest and the starting of the clock would come into play, as is fair.

The hon. Member for Somerton and Frome makes a fair point about the interaction between post-charge questioning and the issue of where we go on the question of the 28 days, and I am serious in saying that we want debate on it. I hope that I do not need to rehearse many of the substantial points on why we think that 28 days is necessary as a minimum. Everyone knows the arguments about encrypted messages, the greater internationalisation of threats, and the increasingly complex nature of the terrorist networks. We have to investigate what internationalisation means in terms of cryptography, languages and computers. These things are becoming ever more complex. We think that a period of at least 28 days is sufficient.

I remind the House that we are talking about the annual renewal of the order. The timing has not worked; it would have been preferable by far if we were in a position to move on to the Bill now, but reviews were carried out on the Home Office's functions and on the legislation. No matter what our speed, I do not think that we could have had that dispatched in time; we would still have needed a review.

I repeat that we want a substantive debate. There is no ruse to introduce a Bill on the first possible day after the summer to which everyone had better agree or else. When I was on Harrow council, I used to go on about consensus all the time. A Conservative councillor said, "It's all very well your talking about consensus, but by consensus you mean everyone agreeing with you." That is, of course, not the case, because I am, at root, a consensual politician. It behoves us all to get to a place where we agree on the necessary legislative framework to counter the threat, and the process that we are about to undertake is part of that.

Everything that hon. Members have said about how intercept evidence, post-charge questioning and other elements of the Bill fit with pre-charge detention is entirely fair. The point made by my hon. Friend the Member for Crewe and Nantwich (Mrs. Dunwoody) about starting from the premise of our rule of law and departing from that only in extremis given the nature of the threat is fair. I know that hon. Members on both sides of the House understand the seriousness of the terrorist threat and the importance of implementing the right measures to counter it, which includes the international dimension. Government Members and Opposition Members, including all Front Benchers, are clear that we must strike the right balance between protecting the rights of the detainee and ensuring that an investigation proceeds properly and effectively and that the police can deal with the complexities of investigations into modern terrorism.

This debate almost involves sparring before we get to the wider debate about how the order fits with all the other elements of a subsequent terrorism Bill. I am happy to meet Front Benchers and individuals who want to discuss 28-day detention or any other aspect of the Bill during the consultation. We are trying to arrange sessions with the Home Affairs Committee and the Joint Committee on Human Rights, and I repeat that we are serious about that consultation.

I hope that all hon. Members understand why this order is necessary. If it is not passed, we will return to a 14-day limit on 25 July. We can have a substantive debate about what the order does and what a 28-day limit means in the context of the other elements of the proposed terrorism Bill in a proper, reflective and discursive way, as befits this House.

5.12 pm

Mr. Dominic Grieve (Beaconsfield) (Con): I welcome the way in which the Minister has presented his arguments to the House this afternoon. I tell him now that we will not vote against the renewal motion.

It is important to bear in mind what we are debating. When the Prime Minister made a statement on the matter, there was a telling moment when the right hon. Member for Knowsley, North and Sefton, East (Mr. Howarth) stood up and described 90-day detention almost in terms of a mantra to which people should sign up in order to show that they are tough on terrorism. We must get away from that sort of attitude. This House must clearly be robust in doing our best to protect the security of people in our country, but we must balance that with winning an argument about values, where our adherence to civil liberties is one of our principal weapons in defeating those who want to harm us. If we start signing up to easy solutions and, worse still, start dividing this House on the basis that if one does not sign up to a particular concept—for example, 90-day pre-charge detention—one is on the other side of the argument or, worse still, on the other side in terms of fighting terrorism, we will get off to a very bad start. I hope that we can avoid that, and the Minister's words this afternoon reassured me that we are moving in the right direction.

It is important to remember what this afternoon's debate is about. We keep on talking about extending 28-day pre-charge detention to, possibly, up to 90 days, but this debate highlights the fact that the current norm—indeed, it is a norm only for terrorist offences—is 14 days, and that the extension to 28 days, on which this House reached a consensus, is already an exceptional power that we need to scrutinise frequently because it is such a dramatic departure from normal practice. We have moved radically away from accepted practices that view 24 or 48 hours at a time as being long periods to detain somebody before charge. We should always bear that in mind, because otherwise we will fail to understand why our forebears thought that short periods of detention pre-charge were all that was acceptable, given that at such time a person is merely under suspicion and charge should usually follow rapidly after the police have had the opportunity to confirm or disprove in their own minds the suspicion that they may have.

Mr. Cash: Does my hon. Friend accept that at least two former Attorney-Generals and the reviewer, Lord Carlile, had suggested that the 28-day period could be extended? Furthermore, does he accept that, however, much we try, it is impossible to achieve anything without recognising that this provision, which pivots on the human rights legislation, will not be able to achieve its objective unless we deal with the fundamental problem that lies in that human rights legislation?

Mr. Grieve: I am afraid that I find myself constrained to disagree with my hon. Friend on both counts. On the first count, various arguments have been advanced as to the need to go beyond 28 days detention, but the previous Attorney-General made it absolutely clear in a number of statements—most recently only a few months ago—that he had seen no evidence to justify doing so. He argued that very strongly at a time, I might add, when the then Home Secretary was making noises to the contrary, as was highlighted in this House. As the then Home Secretary never provided any evidence to back up his assertions, I rather preferred the Attorney-General's view.

As to my hon. Friend's second point, although there are serious issues surrounding the European convention on human rights and the Human Rights Act 1998—he has highlighted them on many occasions and they are legitimate topics for debate—I am not sure where they would bite in the context of this debate. I acknowledge that if the Government were to move to 90-day detention, that might be challenged under the Human Rights Act, but the Government are currently at 28 days, and there has never been any attempt to challenge that on the basis of its being in breach of the HRA. Indeed, as my hon. Friend will know, under exceptional circumstances of national emergency it is at least technically possible, well within the scope of the HRA and the ECHR, to declare a state of emergency and, if necessary, to bring in detention without trial. I am not recommending that to the Minister, but it has happened in the past. In the case of Northern Ireland, it was a huge mistake. Nevertheless, it is possible to do it without in any way falling foul of the HRA or the ECHR. Although important issues may be debated in this area—my hon. Friend specialises in it and has spoken on it often—it is not really a live issue in the context of this debate.

John Bercow: My hon. Friend has rightly emphasised how unprecedented and extraordinary the 28-day provision is. In order that we might underline the rarity

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of the circumstances that could justify its use, could he tell the House whether I am right in thinking that the Government have accepted that the number of cases that they have identified to which the 28-day provision could apply could be counted on the fingers of one hand?

Mr. Grieve: My hon. Friend makes a good point and, indeed, I had a list of questions that I was going to ask the Minister in order to seek clarification, of which his was one. My understanding is that the number of occasions when it has been necessary to go to 28 days, in the context of the total number of people detained, is very few. The Minister will doubtless be able to help us on that in his winding-up speech, and I have a list of questions for him. Anecdotally, it has been suggested to me that, although the police found it useful to go to the 28-day limit, it was not strictly necessary to do so because their investigations and inquiries had been effectively completed within the preceding 24 or 48-hour period. The Minister's information on that will certainly be valuable.

I would like to make one other point. We compare ourselves, rightly, with other common law jurisdictions. In the context of current events, we can read a great deal about what is happening in Australia, which appears to be taking some important steps to apprehend suspected terrorists. I understand that in Australia the outer limit of detention remains at 14 days—the Minister may be able to confirm that—which was achieved only after a rigorous debate in which many people suggested that 14 days was already a long time. The Minister will correct me if I am wrong, but in the United States, which is seen as a country that is pretty draconian in dealing with terrorism, 10 days is the maximum period for which a person may be detained.

We have to compare such figures because these are common law jurisdictions operating under many of the same handicaps for the state, or at least protection for the detained person, and it is worth bearing in mind that they have felt able to confine themselves to those periods, even though when we first debated this matter the police and the Minister made a persuasive case for going beyond 14 days, however reluctant I was to do so and however much I might wish to return to the 14-day figure if possible in the future.

I turn to the questions that I feel it useful to raise before the order is renewed. First, it would be useful to know how the provision is working in practice—how many times has it had to be used? Linked to that, I would be pleased if the Minister told the House how any detention beyond 14 days has operated in practice. Perhaps I can just flag up some of the areas that are of interest to me, which might be of interest to the House. As a result of what we did, we asked the Government to introduce a completely new set of Police and Criminal Evidence Act 1984 rules. It is pretty obvious that rules designed to cover the detention of a person for what is usually 24 or 48 hours are not suitable when someone is in custody for a 21-day period. Will the Minister help the House on the question of how frequently individuals have been transferred to prison from police cells during the period of detention, and on how the system has operated with regard to bringing them back to police stations for further interview?

I am concerned that code H, which is the new code brought in to cover terrorist cases, still allows—at least in theory—for a person to be questioned for hour after hour over a period that could extend to 28 days. I do not think that that has happened in practice, but I am sure that the Minister will agree that having a code that allows questioning to take place almost incessantly over a 24-hour period, apart from an eight hour break for rest, is not really suitable for someone being detained for a long time. Is there not a danger, which we flagged up previously, that any statement made in that period might be challenged at a subsequent trial because of the degree not of coercion, but of sheer drudgery and the stressful experience of frequent questioning? I would be grateful for the Minister's comments on that if he has any information that he can give the House.

Mr. Hogg: When a person is held for a long time, he may decline to answer questions through, for example, fatigue. Should we not examine the statutory warning that judges give, to the effect that the jury can draw adverse conclusions? I wonder whether it is appropriate when the questioning has lasted many days.

Mr. Grieve: My right hon. and learned Friend makes an important point. Given that the PACE rules are clearly linked to the renewal that we are discussing, I hope that the Minister can respond to it, too. We want it to be clear that, if somebody is detained and interviewed, the interviews can be used. It serves no purpose to end up with a successful challenge to the use of interviews because it is argued that, notwithstanding the PACE rules, the process has become oppressive simply through the sheer repetitive nature of the questioning and the fact that someone is questioned over a long period when the rules were designed to deal with questioning over a short time. If the Minister can help us with that and on the extent of any analysis of the issue, I would be grateful to hear from him because that may provide some reassurance. If he does not have those answers this afternoon, perhaps he could write to me and place the information in the Library. That would helpful.

Another issue troubles me and I approach it with care in relation to recent events. The period between arrest and charge has historically been short—often very short—and that meant little opportunity for media speculation about the nature of the offences for which individuals had been arrested. However, as the period of detention between arrest and charge lengthens and is not subject to the full rules of contempt of court—although it could fall within those rules—there is a plethora of media speculation. I believe that the Attorney-General has expressed her concerns about the matter and that she may have contacted the press collectively to do that. However, we cannot simply ignore the matter.

Recent events suggest that press speculation is unconstrained and, because no charges are brought, there is no mechanism for stopping it. I fear that we will reach a position whereby it can be argued that a fair trial is impossible because of the amount of prejudice that has been occasioned to defendants in the

period between arrest and charge. Given that 28 days is a long time—indeed, seven days or two weeks is a long time—I wonder whether we should think again about our approach to the matter. If we cannot impose some form of self-restraint, the time may come when we must consider other means. As the Minister knows, we discussed that in our proceedings on the Criminal Justice Act 2003. The subject was carefully approached and there was a widespread consensus that we did not want to take that road. However, I am increasingly worried about the matter.

Chris Bryant: The hon. Gentleman makes a fair point. Does it not also apply to cases of extradition? Often, the British authorities suggest that they intend to seek extradition and, before they start proceedings, the media speculate at great length. Consequently, other countries decide that there is no possibility of a fair trial in this country. Does not the point also apply to speculation in the House?

Mr. Grieve: The hon. Gentleman may be making a good point about extradition. I have not focused on it especially, but if he can think of examples—

Chris Bryant: Russia.

Mr. Grieve: I do not believe that extradition would take place anyway in the case about which he is thinking, so the matter may not arise. However, he makes a fair point.

Mr. Clegg: The hon. Gentleman makes an important observation. However, I wonder whether he is being too pessimistic. Is he aware of evidence from academic studies about the problem of the way in which media commentary can influence the decision-making of a jury trial? It shows that members of a jury are more sophisticated than some of the assumptions underlying his remarks suggest. They appear to be able to distinguish between media comment and their role as jury members. If we were confident that that was the case, rather than hoping against hope—and our better judgment—that we could put the genie back into the media bottle, should we not consider revising the rules to allow reality to play itself out?

Mr. Grieve: The hon. Gentleman knows that I am a rather firm defender of the jury system, and I happen to believe in the good sense of juries. I certainly agree that juries can apply common sense. I am sure that they are often asked to dismiss media speculation from their minds and that they can successfully do so. However, the hon. Gentleman might share my concern that what is coming out is not just speculation, but a torrent of "facts", many of which might not—I emphasise the words "might not"—ever be allowed to emerge at trial, even if they were indeed factually correct. That raises some quite difficult issues.

I certainly do not want to suggest a prescriptive solution to the problem, but it is worth bearing in mind that the opportunity for such speculation and for the emergence of facts that might be prejudicial to a fair trial is clearly helped by lengthening the period between arrest and charge. I should be grateful for the Minister's comments on that, particularly as I understand that the Attorney-General has contacted the press to express her anxieties about it. I should also like to know whether the Government think that further legislation would be required to deal with the issue—not, I should like to emphasise, that that is a route on which I would wish to embark in an ideal world. Having fair trials is rather important, because otherwise we run the risk of allowing people who might have committed serious offences to escape conviction. That ought to be a matter of concern to everybody in the House.

I do not want to take up more of the House's time and I am aware that others wish to speak. I hope that the Minister can provide answers to the queries that I have raised. We shall support the Government in the renewal of the order, even with the hope that it might not have to be renewed in future. On that point, I raise the issue, which has already been mentioned, of post-charge questioning. It is clear that post-charge questioning is intensely relevant to the period of time for which we have to detain people. I hope very much, therefore, that we can introduce it quickly.

Finally, I simply say this to the Minister. At times, the suggestion has been made—not by the Minister, but by others in the Government—that a 28 or 90-day period is necessary not because of the need to question and gather evidence to bring somebody to trial, but almost because it acts as a disruptive mechanism, even though there is really no prospect of the person ever being charged and those arresting them know that.

John Bercow: That will not do.

Mr. Grieve: My hon. Friend says it clearly—that will not do, and it will not do under any circumstances whatever. I hope very much, therefore, that the Minister will take this opportunity to reassure us that that is not now, and will not be at any time in the future, the Government's reasoning.

5.33 pm

Mr. David Winnick (Walsall, North) (Lab): I am obviously in favour of the order and of keeping the period of detention without charge as it is now, namely, 28 days. It would be odd if I were in any way in disagreement with the order.

I said in an intervention, and I repeat now, that a consensus on the issue is desirable. The previous Home Secretary said that he would consult fully, which is a point that the Minister has made again today. We want to avoid a situation such as the one that we faced in November 2005, when there was a great deal of controversy and division. We are united against terrorism, but it would be unfortunate if the Government took the view that a longer period was necessary without providing compelling evidence. If any Government went down that route, whatever the outcome there would be a repeat of what happened before, namely, a great deal of controversy and division. I hope that we can avoid that.

Most people will have seen the advertisement placed by Muslims last week, which emphasised that the overwhelming majority of Muslims who live in this country condemn terrorism. It branded as outright criminals those who want to inflict terror, and pointed out that Islam forbids the killing of innocent

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people. No one in this House would doubt that the overwhelming majority of Muslims living in our constituencies are totally and utterly opposed to terror. We must also, of course, recognise that Muslims would be among the victims.

The criminals argue that they are protesting against foreign policy. In my time, I have protested against the foreign policies of previous Governments. I did so for many years over apartheid, but it was never suggested by the organisers that, because we could not get our way, we should inflict terror on our fellow citizens.

I welcome the advertisement, but I want to make the point that inside the Muslim community, in the mosques and outside, there needs to be constant and continuous condemnation of terrorism. An advertisement arising from the events of last week is fine, and security is fine—one hopes that further security measures will be taken to protect our country—but in the end we are dealing with criminals who believe, according to their interpretation of their religion, that inflicting terror is right and justified. That must be dealt with in the Muslim community because it cannot be dealt with effectively from outside. The point must be made day in and day out, inside and outside the mosques, that Islam forbids the taking of innocent lives, as the advertisement stated.

As for those who talk about protesting against foreign policy, how does that link up with trying to murder females in night clubs? Are we not dealing with people with particularly sick and evil minds, who can look upon women, young or old—obviously, in night clubs they would be young—as though they had no right to life? What is the word that these people use? Slag—a polite word for prostitute. That can come only from sick and evil minds.

John Bercow: I strongly agree with what the hon. Gentleman is saying now, but I think that he and everyone else would accept that that remorseless programme of education and persuasion is necessarily a continuing and probably long-term process. For the short term, and for the avoidance of doubt, will he tell the House whether, if the Government were to argue for an extension to the number of days, providing evidence—the term that he used—would have to mean published cases?

Mr. Winnick: I would not disagree with the hon. Gentleman. At the end of it all, any extension beyond 28 days must depend on clear, persuasive evidence. I think that that is what he was suggesting. To repeat what I said in an earlier intervention, the Home Affairs Committee looked at all the facts. Like all Select Committees, it has members from all three main parties, and we came to the unanimous view that, at the moment, there is no such evidence.

Having spoken about the sort of evil people who want to inflict terror on our fellow citizens, we have to be careful that we do not play into the hands of such criminals by passing legislation that is clearly counterproductive. That point was made by my hon. Friend the Member for Crewe and Nantwich (Mrs. Dunwoody) and others. We have to reach the right balance between security and civil liberties. Clearly, the criminals want a backlash and a situation where people, including Muslims, can be locked up.

When the IRA was about, the security people were looking for people of Irish origin, not for Muslims, Sikhs or Buddhists. Likewise, at the moment the suspects come from the Muslim community. We risk a situation in which not only the criminals but the fellow travellers and the apologists can turn around and say, "What is happening is action against the Muslim community" and then try to rally that community against the laws passed in this country to protect our fellow citizens. That is why it is so crucial to learn from the experience of dealing with the IRA, internment and all the rest, and not to play into the hands of the very people who want to inflict terror.

I take the view that, so far at least—whatever may happen in the future—Parliament has found the right balance and learned from some of the mistakes made in dealing with the IRA. That does not mean that more steps cannot be taken. It is very much the topic of the moment and it may well be raised tomorrow in Prime Minister's questions. Further steps can be taken to strengthen the necessary security at ports of entry, for example—again learning from past mistakes, which are much publicised in today's papers.

Mrs. Dunwoody: Is it not to the credit of the British population that since the recent outrages we have seen such a measured and sensible response? People are aware of the savagery with which they are dealing, but the real tribute should be to the common sense of the population, who have not lost their sense of perspective or scented the ability to create scapegoats, but have rather continued to look for sensible and balanced argument.

Mr. Winnick: My hon. Friend is right. We avoided a backlash against the Irish during the 30 years of terror in which atrocities were carried out. One of the advantages of age—there are many disadvantages, I am sure—is having a pretty long memory. My hon. Friend may remember that after the war there was Jewish terrorism in Palestine rather than Britain. I shall not go into the rights and wrongs of it, but attempts by fascists to create a backlash against Jews did not succeed. Fortunately, in the main we are sensible people and we do not want to create martyrs. We also recognise that when it comes to the IRA or Islamic terrorism—if we can call it such—we want to locate the guilty and not penalise the innocent in any way. Long may that continue to be so.

I have a couple of points in conclusion. I believe that it is going to be a long haul against terrorism. The IRA's murderous campaign lasted some 30 years, but whether the present terrorism will last 30 years I do not know. It would be optimistic to believe that it was going to go away in the next year or two. I do not believe that, because terrorism has worldwide significance and what happens here is undoubtedly connected with events abroad. Adopting a different view would be optimistic, and I believe that we have to be realistic and have the patience to deal with this latest curse.

Mr. Jeremy Browne (Taunton) (LD): Is there not a slight danger of drawing too precise a parallel with the

IRA? After all, the IRA had a specific goal and specific intention and purpose behind their terrorism—despicable though it was. It is very hard to discern, however, a specific purpose or goal behind the current terrorism being waged against our and other western countries.

Mr. Winnick: I partly agree, but I believe that the terrorists do have a specific goal and they hardly disguise it. Al-Qaeda barely avoids mentioning the sort of society that it would like—a Taliban type of society. It has no illusions about that, which brings me to my final point.

Terrorists rejoice in mass murder. They glorify what they do and they glorify death, including the taking of their own lives. On the other hand, we rejoice in life itself and in all the liberties that have made Britain one of the most advanced democracies, in which Muslims no less than any other people enjoy full political and religious freedom. We have much to defend in this country. I believe that we will do so and will defend those liberties, the rule of law and everything that we believe to be so vital and crucial in making this country a civilised place in which to live. That is why, at the end of the day, terrorism will be defeated. I look forward to that day, even though it may not be in my lifetime.

5.45 pm

Mr. Nick Clegg (Sheffield, Hallam) (LD): We support the disapplication, if that is the word, of section 25 of the Terrorism Act 2006 and I can assure the House that we will not seek to divide it on the order. It is a matter of record that notwithstanding our very serious reservations about extending the period during which police can detain suspects without charge from 14 to 28 days, we accepted the case at the time. Recent events—the conviction of the four 21/7 terrorists in court yesterday and what happened in Glasgow and Haymarket last week—have provided a reminder, if any were needed, of why it is necessary that we constantly review the powers on the statute book. I also accept, at least as far as I understand the information that has been provided by the police and others, that the sheer complexity of one case—the alleged Heathrow bomb plot last summer—necessitated using the full 28-day period.

However, as the Minister rightly suggested, and on which others expanded, this debate is as much a mini-dress rehearsal for a debate that we are likely to have in the autumn as anything else. Therefore, I would be remiss in my duties as the Liberal Democrat spokesperson on these matters if I did not emphasise that our support for the disapplication of section 25 should not in any way be taken as a signal that we think that the debate should evolve towards a further lengthening of the period during which the police can detain people without charge.

It is worth reminding the House, as others have done, how far and how fast we have travelled. The sheer velocity with which the law has changed within a matter of years is striking. The change from 7 to 14 days took place only in 2003, and the change from 14 to 28 days in 2005. As the hon. Member for Beaconsfield (Mr. Grieve) rightly suggested, we are now way out of step with practice in almost all other countries in the developed world and certainly other common law countries. A suspect needs to be brought before a judge within 24 hours in Canada and within 14 days in Australia. It is also 24 hours before a suspect needs to go before a magistrate in Italy. In Germany, the period is 48 hours.

I do not make those points to oppose the measure—I support it—but we have travelled very far, very fast in a short time, and it is heavily incumbent on those who want to reopen the debate to prove why that case needs to be remade again.

Mr. Cash: Like others, the hon. Gentleman calls for further evidence. The noble Lord Carlile said only a few days ago on the subject of some of those who had escaped these extremely lax control orders that there is "solid evidence" that the trio in question with regard to the Haymarket attempted bombing had wanted to join insurgents abroad and attack British troops serving in Iraq. I assume that he knew what he was talking about.

Mr. Clegg: I am sorry, but I do not entirely understand the relevance of the noble Lord Carlile's comments on control orders to the matter at hand today, which is the period in which police can detain someone without charge. They are separate legal issues and I do not see the connection. Perhaps I am missing something.

The hon. Gentleman refers to evidence. Given how far and fast we have changed the law in this respect, we believe that it is important that any reopening of the debate needs to be premised on overwhelming evidence. The Minister seemed uncomfortable about—I think he said he cavilled at—the notion that he might need to display evidence. I think he was uncomfortable for the simple reason that, as far as I am aware, there is as yet no overwhelming evidence that a period beyond 28 days is ever deemed necessary.

If I understand the Government's case correctly, it is based on the assumption that although that has not yet happened, it will happen in the future. The alleged Heathrow bomb plot in particular has set alarm bells ringing in Whitehall and elsewhere with the prediction that it will be replicated in future, which would make the task of marshalling evidence and bringing charges in 28 days almost impossible. If my premise is correct, I should like the Minister to explain how the assumption has arisen. Where and in what way has analysis been conducted to suggest that last year's alleged complex Heathrow bomb plot will definitely be followed, as night follows day, by an even more complex plot?

I do not imply that that concern has not been well argued or is not sincerely held, but I suspect that part of it flows from a feeling that the police may not have the resources to deal with the sheer complexity of such a plot and of an evidential trail that would stretch across the globe, as it tends to in such cases—hidden in hard drives and so on. Is it not incumbent on the Government to be more candid about the existence of a resources issue? Should they not state clearly that it may be a question less of simply seeking to extend indefinitely the period of detention without charge than of trying to give the police the resources with which to do the job?

The Minister spoke eloquently, if perhaps a little uncharacteristically, of the need to establish cross-party consensus. That is a welcome development, but

[Mr. Clegg]

may I remind him politely that the clock is ticking? We have talked about cross-party consensus for several weeks, and I hope he will not think it churlish of me now to suggest that talk should be transformed into action. I am as yet unaware of any organised mechanism enabling such a consensus to be identified and established.

The Minister referred to changes that the Liberal Democrats and others have advocated for some time, such as making intercept evidence available in court, allowing post-charge questioning, developing the practice of plea bargaining with the aim of gaining informants from among those who operate on the penumbra or margins of terrorist plots—plea bargaining is already used in serious organised crime cases, and I believe it could be used more in terror cases—and considering the so-called threshold test deployed by the Crown Prosecution Service when it brings charges in such cases. All those possibilities need to be examined.

If the Minister agrees on that menu of possible changes, does he also agree that it is at least sensible to consider them first, for the sake of natural chronology, before once again pitching us all into a febrile debate about the time during which the police can detain people without charge? If we are to take a responsible and measured approach, we should think about those issues before deciding collectively to reopen the Pandora's box of 28 days.

5.54 pm

Mr. Andrew Dismore (Hendon) (Lab): As chair of the Joint Committee on Human Rights, let me begin by complimenting my hon. Friend the Minister on his active engagement with us on these issues. While we may not agree with some of what he says, I do not think we can complain that he has been unwilling to talk to us.

The hon. Member for Beaconsfield (Mr. Grieve) made an important point which has been lost in the debate. What we are talking about is an extension of 14 days to 28, not an extension of 28 days to 90 or some other number. We need to focus on what this order is actually about. I do not think we are in a position to contradict either the Government or the Metropolitan Police Commissioner in their view that subsequent events have demonstrated the necessity of extending the maximum period from 14 to 28 days.

The purpose of today's debate is the power of annual renewal in the Terrorism Act 2006, but if such a debate is to be meaningful it must be informed by a thorough, detailed and independent review of how the power has operated in practice. As my hon. Friend the Member for Walsall, North (Mr. Winnick) pointed out, this is not just about Muslim terrorism. We have recently witnessed a good deal of police activity relating to the Liberation Tigers of Tamil Eelam, for instance, and we need to retain a broad approach to the issues.

The hon. Member for Sheffield, Hallam (Mr. Clegg) spoke of the speed of change. It is also important that we allow changes that have already taken place, such as those involving new offences, to bed down before we begin to consider wider extensions.

Mr. Winnick: My hon. Friend says we should bear in mind that we are discussing an extension of 14 days to 28, not an extension to 90 days. I ask him to bear in mind what some of us pointed out to the Minister. The period of 14 days was agreed in both Parliaments with no Division, and similarly no one voted against the extension from 14 days to 28. Consensus was established then, and I believe it should be retained.

Mr. Dismore: I understand what my hon. Friend says, and I certainly would not vote against the 28-day extension, but I think we need to question the evidence on which it is based.

The problem is that we do not have detailed enough evidence to contradict, or for that matter to confirm, what the Government say. The Metropolitan Police Commissioner gave my Committee some information about the airline bomb plot, following which 24 suspects were arrested in August last year. The information we received was that 17 of them were charged with offences. Of those 17, six were charged only after their detention had been extended beyond 14 days, and two were charged just four hours before the end of the 28-day period. Of the seven who were not charged, four were released without charge within the old 14-day period, but three were released without charge well after that time, including two who were released only at the very end of the 28-day period.

It is clear to me that that bare statistical information is not sufficient to answer the question, "Does the airline bomb plot demonstrate the need for the extension to 28 days?" On the face of it, the fact that six suspects were detained for more than 14 days before being charged would appear to show that the increase was necessary. On the other hand, the fact that three of the five who were authorised to be detained for the full 28 days were released very close to the end of that period could be said to raise concerns about whether the power to detain for up to 28 days was being used to detain those against whom there was the least evidence.

A series of more detailed questions needs to be answered. Let me give some examples. I do not say that this actually happened; we simply do not know.

Was the evidence on which the individuals were charged after 14 days available before the expiry of the 14-day period? How precisely has the 28-day period enabled prosecutions to be brought that might otherwise not have been possible? How did the longer period affect the urgency with which the police pursued the investigation in relation to each of the suspects? How often were the suspects held for the longer period questioned by the police? Did the longer period available to the police have any noticeable effect on the amount of disclosure made by the police to the suspects? Are investigations being pursued in relation to any of the three suspects who were detained for almost the full 28-day period and then released without charge?

The next question has already been raised today. How would the availability of post-charge questioning have affected the way in which the police conducted their investigation? Could some of the suspects have been charged with the same offence earlier than they were in fact charged? Here is an equally important question. What was the psychological impact on those who were detained for nearly four weeks before being released without charge?

What worries me is that the report of the statutory reviewer, Lord Carlile, does not provide the sort of

detained scrutiny that would answer questions of that kind. The problem is that the statistics do not settle the issue one way or another unless we dig deep into the information. It has been suggested that there should be a Privy Council inquiry, but I do not think that that is the answer. What we need is for the statutory reviewer to do his job properly, and provide us with answers to the questions that I have posed. That is what is required if we are to make informed decisions on whether to extend the period—initially from 14 days to 28 days, and perhaps subsequently for longer. I have no reason to doubt what the police and the Government have said about the 28-day period, but it must be noted that it is difficult to challenge what they say.

There are also important issues to do with the available judicial safeguards, and in particular the questions that judges are expected to ask in respect of granting a longer period of detention. The first question is whether there are reasonable grounds for believing that further detention is necessary to preserve relevant evidence, and the second is whether the investigation has been conducted diligently and expeditiously. However, neither question addresses the substantive and basic issue of whether there was material in the first place that provided reasonable grounds for believing that the suspect had committed a terrorism-related offence. There is no onus on the police to justify to the court the basic premise for the suspect's detention. Why was the person arrested in the first place? Is the basic test for arrest met, never mind the test for continued detention? We must bear that important point in mind.

I also want to discuss the conditions in which people are held at Paddington Green police station. A while ago, my Committee paid a visit to that station and members were horrified by what we saw. Paddington Green was not, of course, built for its current use. It was initially reinforced to provide additional security when those suspected of IRA terrorism were questioned, but the detention periods were much shorter then. The staff at Paddington Green do a very good job under difficult circumstances. I was impressed by the custody sergeants we met and the other staff, who try to look after people in their charge in a humane way.

There are, however, problems with Paddington Green. There are only 16 cells, but more than 20 people at a time have been arrested during certain investigations and therefore some of them have had to be sent to Belgravia, which is not set up to deal with terrorism suspects. Paddington Green is also an ordinary police station that serves its local neighbourhood, and its normal day-to-day work is severely disrupted by such suspects. There are no dedicated facilities for forensic examination of suspects on arrival, and cells have to be specially prepared for that purpose, which exacerbates the shortage of accommodation. There is no dedicated space for exercise, so part of the car park is used for that—all the vehicles have to be moved around to create an inadequate exercise space. Only one room is provided for suspects to discuss their cases in confidence with their solicitor. There are no facilities on site for forensic examination of equipment such as computer hard drives, and the video conferencing room is too small. That also raises a question about video conferencing being used as a means to extend periods of detention via judicial hearings, which does not allow for a proper examination of suspects.

Suspects held for such long periods are allowed no family contact, except for a monitored telephone call. If people are to be held for lengthy periods, we must consider whether strictly supervised family contact might be appropriate—letters, for example, are not currently allowed, but I do not understand why they should not be if there is also censorship. We need to consider the conditions in which people are held, and the inadequate conditions in which the police have to conduct their inquiries.

We have inevitably come to the conclusion that Paddington Green must be replaced and that a new facility should be established as soon as possible. It should be located in London, and it should strike an appropriate balance between the need for high security and the desirability of it being accessible to the local community. It should be part of a functioning police station, rather than an exclusive terrorist facility, in order to maintain public confidence that people are being dealt with within the ordinary legal system. Proper accommodation for the police must also be close at hand. We heard stories about police officers having to live in hotels while conducting inquiries because of the long hours that they have to work. The facility must also be significantly larger, to cope with the requirements of holding many people and with the need to be adequate for detentions of at least the 28-day period that we are debating. Under the current arrangements people are moved from Paddington Green to Belmarsh after 14 days, and then shipped backwards and forwards to allow interviewing to continue. It is undesirable in principle for suspects to be transferred from police custody to prison custody during the period of pre-charge detention.

We also ought to make it mandatory that police interviews of terrorist suspects are videoed. At present, that is not compulsory, which leads to arguments. Such videos would provide a safeguard both for the police against allegations of ill treatment and for suspects that the interviews are conducted properly.

I will not oppose today's orders. If we are to be asked to consider a renewal next year or a further extension, we should have better evidence and scrutiny than we are currently provided with. However, regardless of whether we are asked to do so, we must ensure that the facilities in which people are held are adequate for the police and suspects.

6.5 pm

Mr. Douglas Hogg (Sleaford and North Hykeham) (Con): In view of the lateness of the hour and the fact that other Members wish to speak, I will be brief.

Allowing the extension from 14 days to 28 days is an important step that raises significant civil rights considerations. I am willing to accept what the hon. Member for Hendon (Mr. Dismore) says about inadequate conditions in the holding police station—I think that he has a point. Holding people for as long as 28 days comes close to holding them in administrative detention, and if questioning takes place during the whole of that period there is a danger that those held will be coerced by circumstance into saying things that are untrue or misleading.

The truth is that no Member present, with the possible exception of the Minister, knows whether the

[Mr. Douglas Hogg]

circumstances justify an extension to 28 days. I am prepared, at least for the moment, to accept that they might do so. The number of terrorist cells that need to be investigated might be a justification for that, as might the desirability of examining computer databases. However, the renewal should not be deemed to be automatic. This is a grave matter, and we should not be asked to renew every year without there being compelling supporting evidence.

I also wish to endorse the points about the future raised by my hon. Friend the Member for Beaconsfield (Mr. Grieve). I am glad to hear that there will be a consultation paper, and I hope that it will be a genuine one and that there will also be genuine discussions. My hon. Friend is right that the issue of post-charge questioning is key in considering whether there should be an extension. If such questioning is allowed, there is less requirement for an extended holding period. He is also right that we must look at the codes that regulate the treatment of detainees being held for an extended period. It is important that the codes form part of the consultation. I also have concerns about the statutory warnings given by judges to juries if a detainee—or defendant as he has then become—has refused to answer questions during such an extended detention period. After an extended period of detention, it is not unreasonable for defendants to refuse to answer further questions, and I am worried about the adverse inference that juries can currently take from such a refusal. That should feature in the consultation.

The House should not be asked to renew the provisions unless there is compelling evidence of need. I accept that it might be difficult for the House to be given such evidence as much of it will be covert in nature. The Government have suggested that they might be willing to establish a Privy Council Committee to look at intercept evidence. I would like such a Committee to be asked to consider evidence on whether there is a need for an extension to 28 days or more, as it could be told many things that cannot be openly ventilated in the House. The function of that Privy Council Committee would be to receive the evidence, to assess the weight of the evidence and to advise the House. Ultimately it would be for the House to decide whether we wished to accept that advice, but I would be much more comfortable about making a decision to extend the period either to or beyond 28 days if I were in receipt of such advice.

Mr. Winnick: I have often noted that those who are in favour of Privy Council discussions are themselves Privy Councillors.

Mr. Hogg: I take it that that is a rebuke of me, but I am not trying to be self-interested. I am trying to say that some things have to be said confidentially, and that is clearly the case with the intercept evidence. After all, the hon. Gentleman's party has decided that the intercept matters should be considered by a Privy Council Committee and I assume that that is because of the covert nature of the information to be disclosed. The same principle applies in this case and it is on that basis that I make my suggestion.

6.10 pm

Mr. William Cash (Stone) (Con): We are short of time, so I shall deal briefly with the main points. The Government cannot get away with the argument, sneaky or otherwise, that this matter has adequate consultation to come. The reality is that they have had more than enough time to sort this out. There has been a succession of failures. The Minister himself has had to admit that control orders do not work. He has said so on the record. The bottom line is that the sunset clause was a last resort, which I voted for only after very careful consideration, although it was completely against the rest of the Bill. Control orders do not work because they are constructed on the basis of the human rights legislation and it is impossible to square the circle.

With regard to the question of evidence, I have already mentioned that Lord Carlile has said that there is a certain amount of evidence for the extension of the period of time. That has also been endorsed by at least two former Attorney-Generals. Much of the argument that I have heard does not take account of the fact that under the existing provisions a senior judge is concerned only in applications for extension of detention beyond 14 days. I personally see no reason why a red judge should not be involved at a much earlier stage. I am all in favour of habeas corpus, and Lord Steyn said that it was the most important of all the functions of judges. Therefore, it is essential that judges are brought in at an early stage, but that is not to say that it follows that in certain circumstances, providing that it is properly staged and that there is to be a fair trial and due process, there should not be a period of time in excess of 28 days. I do not suggest that it need be 90 days, but in certain circumstances more than 28 days will be required, and I am certain that the Government know that. I accuse them of playing political games with a very serious subject. They could have dealt with this issue at an earlier stage, but they failed to do so. It is a case of grave negligence against the public interest that the Government have not dealt with it so far.

The consultation period will lead to yet further consultation, which will then lead to a Bill. By then, almost anything could have happened. The *Evening Standard* leader points out today that

"judicial scrutiny...has been damaged by excessive judicial concern about suspects' rights."

I agree. If one re-reads the House of Lords decisions in the Belmarsh case in December 2004, one finds many reasons for believing that the Law Lords got carried away with themselves. Nine out of 10 did so and that was a great shame. They have an opportunity now to redress the balance.

There are many things that could and should be said this afternoon, but in conclusion I merely say that I believe that there is ample evidence. Nobody has rebutted Mr. Hayman's analysis way back in 2005. Time and again I have heard people say that there is no evidence, but I have not seen a single paper demonstrating that his paper is intrinsically wrong. I shall say no more as I know that others wish to speak, but I hope that the consultation does not fall into the wet social liberal attitudes that I have observed on this question. We should put the public interest first and ensure that we protect the public.

6.15 pm

Mr. Paul Goodman (Wycombe) (Con): I shall be brief and address myself directly to the public interest to which my hon. Friend the Member for Stone (Mr. Cash) has just referred. I wish to look at the order through the lens of community cohesion. It is undoubtedly true that in the struggle against al-Qaeda and the sort of atrocious incidents that we saw last weekend in London and Glasgow, the solution cannot be only one of security. The winning of hearts and minds, as both my right hon. Friend the Member for Witney (Mr. Cameron) and the Prime Minister have put it, is crucial.

I represent the largest number and percentage of Muslims of any official Opposition Member of Parliament. When I meet them, as I regularly do, they make the point that al-Qaeda likes nothing better than to be able to portray events as a plot or conspiracy against Islam. I found that out only last weekend when it was put to me that the knighthood awarded to Salman Rushdie was part of an anti-Islamic plot, organised by the Government. Although I am not, of course, a great defender of the Government, I tried to put that point of view right directly.

Arguably, approving the order and retaining the 28 days will make it more difficult to win Muslim hearts and minds. That cannot, of course, be the final consideration. In the delicate balance of civil liberties and national security, weight must sometimes be placed on national security. That is what happened when the 28-day period was approved without a Division. Since the question of 90 days has been raised this afternoon, I have to say that any move to that period would make it more difficult to win hearts and minds. While that consideration is not in itself conclusive, if a proposal for 90 days were put before the House, I would want to see much more evidence that there was a case for it. Indeed, I would want to see incontrovertible evidence before supporting it.

6.17 pm

Mr. McNulty: I commend the hon. Member for Wycombe (Mr. Goodman) on the work that he has done in Wycombe since the alleged plot last summer. It is sad that on the two or three occasions I have been there our paths have not crossed—not for any adverse reasons. I agree with what he says about hearts and minds and that this is not just a security problem that requires a security solution.

I thought that I made it clear in my opening remarks six individuals had been held for the full term, three of whom were convicted and three who were not. The actual figure for 14 days-plus was 10, seven of whom were convicted. I take the points made by the hon. Member for Beaconsfield (Mr. Grieve) about PACE. The hope is that the Crown Prosecution Service will put out a paper alongside the consultation papers that we issue, summing up the position in terms of the need for a time between 14 and 28 days. I also accept the point that interviews that cannot be used are of no value to anyone. I agree with his points about the possibility of pushing back the barriers in terms of the recognised normality for the rule of law to no avail, for interviews that are ultimately inadmissible. On his points about welfare, the police have in all circumstances sought to ensure that questioning is not excessive and that those detained are given regular breaks for exercise and so on. If I obtain any further information on that, I will put it in the Library.

It is suggested that the provision is used to get round the broader law—that it is used as a disruptive measure in cases in which there is no possibility of charges being laid—but I can confirm that that is emphatically not the Government's starting point. I accept the point that further discussion is needed of the evidence, the nature of the evidence and people's judgments and speculation about the nature of the future threat. As the hon. Gentleman suggests, however, such consideration is properly for the real play, rather than the dress rehearsal, to use his terms.

As to the hon. Gentleman's comment that there is no evidence of consensus at this stage, we would rather get the papers and the substance out—he has an advantage over much of the House, as he has seen some of the papers during early discussions. He is right that the mechanisms of such consultations should also be discussed. I am not with him on his specific point about chronology: if a Bill is coming, it is right to discuss all the issues together. It would not work to discuss where we are going on pre-charge detention—whether 28 days or otherwise, back to 14 days or beyond—outwith discussion of what else is in the Bill. I do not accept his point about Pandora's box—I was going to make a little joke about Morrison, with Pandora's box opening and all sorts of Trojan horses jumping out, but I shall not bother.

I am grateful for the thrust of much of the discussion. In the last couple of minutes, I want to pursue the issue raised by the hon. Member for Beaconsfield: the notion that the longer people are detained before charge, the more time there is for speculation among the 24/7—as it is described—media. That is a two-edged point, and he discussed one of the edges. I do not have any instant answers. It grates a little when, for at least a little while during the process, the only "factual" view of the world comes from the putative defence solicitor getting his retaliation in early, which clouds the issues.

The hon. Gentleman will know that the large trials that have come to fruition recently—Rhyme, Crevice and others—have had that merry dance for at least two or three weeks, when the whole discourse has been about whether a fair trial can take place and whether the nature of the media coverage was fair or otherwise. In part, we are stuck with that. If, however, during the course of our deliberations, we can come to some consensus about what we do about that, or how that is managed around the edges, without being draconian, I would be enormously grateful, as long as that included solicitors having a free run for the defendant as well as the media speculating ad nauseam.

Mr. Grieve *rose—*

Mr. McNulty: I would love to give way, but I think that we have run out of time. We have another dance to come. I commend the order to the House.

Question put and agreed to.

Resolved,

That the draft Terrorism Act 2006 (Disapplication of Section 25) Order 2007, which was laid before this House on 11th June, be approved

Prevention and Suppression of Terrorism

6.22 pm

The Minister of State, Home Department (Mr. Tony McNulty): I beg to move,

That the draft Terrorism Act 2000 (Proscribed Organisations) (Amendment) Order 2007, which was laid before this House on 2nd July, be approved.

I am happy both to discuss and take questions on organisations other than the two listed in the order. I would like to deal with those first, and then we can have whatever discourse the House would like on Hizb ut-Tahrir or any other organisation. I think that I was eight lines into my speech the last time that I moved any kind of proscription order before my hon. Friend the Member for Rhondda (Chris Bryant) asked a question about Hizb ut-Tahrir. I am happy to come back to that or any other organisations that should or should not be on the proscribed list once I have dealt with the two organisations under consideration.

Mr. David Heath (Somerton and Frome) (LD): I am sticking absolutely to the Minister's suggestion. May I put to him the point that I have made previously when we have considered proscribed organisations, which is on a matter of procedure? The list of proscribed organisations is presented as an order, which is unamendable. If the same order lists organisations that are not related to one another, it is not possible for the House to apply discretion as to the merits or otherwise of the bodies listed. I have no reason to suggest that my hon. Friend the Member for Sheffield, Hallam (Mr. Clegg) will not agree to the Minister's suggestions in respect of the two organisations concerned. I put it to him again, however, that it would be much more satisfactory, in procedural terms, if separate orders were provided for each organisation, which could be debated in a single debate, with the agreement of the House. That would allow dissent, if appropriate, to be demonstrated.

Mr. McNulty: Let me explore that issue, because I get the general point. Last time, the issue was even more pronounced, as the four organisations on the list were so discernibly different, some being successor bodies to Al Mujahiroun, and some being related to the PKK and the Turkish situation. As a matter of law, I think that the orders are split up into separate orders after we have passed them. I do not know or understand the procedure that puts the organisations together in one order. I do not doubt that there might come a stage when people are very exercised about one organisation on the list, and may want to press that matter to a Division, while accepting the proscription of the other organisations. I shall look at the procedural elements. The hon. Gentleman should not be suspicious: the way in which the order is presented is not related to anything that I have done. He makes a fair point, which he also raised last time, when it was more appropriate.

After that little preamble, I will deal with the specifics of the two organisations. Proscription is a tough power: it means that the organisation is outlawed in the UK and cannot operate here. Membership of a proscribed organisation is an offence, as is inviting support for it. Proscription also makes it unlawful to raise funds on behalf of the organisation.

Members of the House know, because they have read the order, that the two organisations concerned are to be proscribed under the draft Terrorism Act 2000 (Proscribed Organisations) (Amendment) Order 2007, rather than the Terrorism Act 2000 (Proscribed Organisations) (Amendment) Order 2006, the difference between which is clear to everybody.

The two organisations listed in the order are directly concerned in terrorism, not just in propagating, supporting or proselytising on behalf of such groups. They are Jammat-ul Mujahideen Bangladesh—JMB from now on—and Tehrik Nefaz-e Shari'at Muhammadi, or TNSM.

TNSM's objective is the militant enforcement of sharia law in Pakistan. There is significant evidence that it regularly attacks coalition soldiers and Afghan Government forces in Afghanistan. It provides direct support to al-Qaeda and the Taliban, and is believed to have been behind an attack on a Pakistani military base in November 2006, which killed 42 personnel.

JMB has claimed responsibility for numerous fatal bomb attacks in Bangladesh since first coming to prominence in 2002. In August 2005, some 500 bombs were set off in all but one of Bangladesh's 64 districts in the space of an hour by JMB. The Bangladeshi Government recently announced the execution of six leaders of the JMB, including its chief. However, some sources indicate that the organisation has a significant number of full-time members. There are indications that it is making efforts to re-group to continue its campaign of terror.

The proscription of those two groups will support our international partners in disrupting terrorist activity by making the UK a hostile environment for terrorists and their supporters. It will also send the strong message to terrorists that the UK is not willing to tolerate terrorism either here or anywhere else in the world. There is a substantive case against JMB and TNSM.

Mr. Andrew Dismore (Hendon) (Lab): My hon. Friend is setting out a good case in respect of the evil and nefarious activity of those organisations overseas. What is the evidence that they are active in the UK, like organisations such as the LTT, which, as we saw in recent arrests, is active in both Sri Lanka and London?

Mr. McNulty: Let me tell my hon. Friend and the House, which I deliberately tried to resist doing, the factors, to which the order refers, that are taken into account in proscribing such organisations. They are: the nature and scale of an organisation's activities; the specific threat that it poses to the UK; the specific threat that it poses to British nationals overseas; the organisation's presence in the United Kingdom; and the need to support other members of the international community in tackling terrorism. At least two, if not more, of the criteria, apply to the two organisations—certainly, the one regarding the international community. Furthermore, the Pakistan-based group offers a specific threat to British nationals overseas—our servicemen. I do not know offhand why those concerns relate specifically to those organisations in this country, but I shall find out for the House. The criteria I mentioned are among the range that determines whether we should proscribe them.

Mr. Dominic Grieve (Beaconsfield) (Con): I accept that the Government are entitled to look at the criteria in the round, but the hon. Member for Hendon (Mr. Dismore) raised an important issue: the extent to which the Government believe that one or other of the organisations is present in the United Kingdom in an organised form. As the Minister will appreciate, proscribing something that does not really exist in this country serves little purpose in reality. It would be helpful if he could amplify his remarks to explain whether the Government believe that one or other of the organisations has a presence in the UK, financially—in terms of raising or placing money—or in terms of recruitment or organisation.

Mr. McNulty: The hon. Gentleman makes a fair point. As I understand the order, the need to support other members of the international community in tackling terrorism and the specific threat the organisation poses to British nationals overseas are the principal criteria. I do not accept the hon. Gentleman's remark that if groups do not organise in this country, or there is no evidence that they do so, proscribing them is redundant. As I said to my hon. Friend the Member for Hendon (Mr. Dismore), if I can offer the House evidence about the ability thus far of the groups to organise in this country, I shall do so, to the extent that I am able to give such information.

Mr. Khalid Mahmood (Birmingham, Perry Barr) (Lab): Does my hon. Friend agree that although organisations may not be present in this country, they invariably use various networks, and occasionally literature and other things, to raise funds to support their activities in the countries where they are based? Proscribing such organisations in the UK is a practical step to stop funding that supports them in other countries.

Mr. McNulty: I agree with my hon. Friend. As I have already said, to the extent that I can put in the public domain the information that my hon. Friend the Member for Hendon requires, I shall do so. He referred earlier to police activity involving the LTTE, another proscribed organisation; his implication was right. Many Members know that the LTTE organises effectively in the UK, especially in terms of fundraising and other support, for its nefarious activities in Sri Lanka. It is not the case that each of the 44 proscribed organisations meets every element of the criteria under the Terrorism Act 2000 and the Terrorism Act 2006. We have to make an overall judgment as to the balance of their offences according to the criteria, and it is on that basis that I offer the orders to the House.

I have been waiting anxiously for my hon. Friend the Member for Rhondda to intervene, but as he seems to have chosen not to do so and we are not to have a lengthy discussion about Hizb ut-Tahrir, I shall quit while I am ahead and sit down.

6.34 pm

Mr. Dominic Grieve (Beaconsfield) (Con): I hope that our debate on the order is not as long as our previous debate.

To make my position clear, I must point out that the Minister somewhat traduced my remarks. There may be compelling reasons why we should ban the organisations, even if they have no presence in the UK at all. Indeed, Jammat-ul Mujahideen Bangladesh is an active terrorist organisation in that country and there is ample evidence of its activities, so, on the basis of comity between nations that are international partners in the fight against terrorism, that in itself would be a good reason for banning it. However, unless there are compelling security reasons why the Minister cannot amplify his remarks, it would be useful for the House to know whether the Government think that the activities of one or other of the organisations pose a threat within the UK.

The second organisation, Tehrik Nefaz-e Shari'at Muhammadi, appears to be involved in direct violence against British or coalition forces in Afghanistan, although I rather suspect—I may be wrong—that, like many localised groupuscules in that benighted country, its reach does not extend to the UK. That raises an important issue: proscription must be for a purpose—to prevent organisations from operating in this country. I agree entirely with the comments of the hon. Member for Birmingham, Perry Barr (Mr. Mahmood) that the problem with such groups is that unless they have an organised structure in this country that proscription will disrupt, which is all that proscription can do, I am afraid the evidence suggests that there are plenty of means whereby people can raise funds for them in this country or support them in some other way, if they want to do so—for example, by setting up bogus charitable foundations to funnel money. At the end of the debate, it would be useful if the Minister amplified briefly his remarks to tell us how the Government are tackling that phenomenon. From my personal contacts, I know of plenty of examples that give me serious doubts about where so-called charitable fundraising may be going. The debate may provide an opportunity to discuss that. Subject to that proviso, I do not intend to take up the House's time further on the two organisations.

Before I sit down, however, I mention in passing that the Minister is well aware that other organisations have excited the concern of the House—in particular, Hizb ut-Tahrir. I remind him that Hizb ut-Tahrir would not feature so much in the House's discourse were it not for the fact that the previous Prime Minister, Mr. Blair, stated openly—I think in the House—that he considered it a terrorist-supporting organisation that ought to be banned. He thereby raised a hare that a large number of people have pursued ever since. As the then Prime Minister of the UK took the view that Hizb ut-Tahrir is a terrorist organisation, it was rather strange that nothing happened thereafter. Two years later, despite those emphatic statements, Hizb ut-Tahrir has still not been banned, so I hope the Minister will take the opportunity of this debate, when we are looking at other organisations, to explain more fully than in the intervention of the previous Home Secretary at Prime Minister's Question Time why the Government feel that the basis for proscription does not exist.

Chris Bryant (Rhondda) (Lab): What I am about to say is in no sense meant to be in support of Hizb ut-Tahrir, but the organisation has written widely that the Leader of the Opposition wrote to it last year to congratulate it on its comments about the relationships

[Chris Bryant]

between western Governments and the Muslim world. Would the hon. Gentleman like to put on the record precisely what the Conservative party's position is with regard to Hizb ut-Tahrir?

Mr. Grieve: I have not yet encountered the letter. In the past, I have appeared on television to debate matters with Hizb ut-Tahrir, and when I listen to what its members have to say what springs to my mind is Oliver Cromwell's description of the Fifth Monarchy Men—poor fantasticals. That expression seems the best way of describing Hizb ut-Tahrir and its beliefs. The hon. Gentleman will be aware that there is considerable evidence to suggest that individuals who have committed terrorist acts have passed through Hizb ut-Tahrir on the way. I seem to remember that there was compelling evidence of an association between Hizb ut-Tahrir and Omar Bakri Mohammad.

Mr. Brooks Newmark (Braintree) (Con): My hon. Friend makes some excellent points on Hizb ut-Tahrir, but is not al-Muhajiroun another conveyor belt to terrorism in this country? Would the same points that he makes about Hizb ut-Tahrir be equally applicable to al-Muhajiroun?

Mr. Grieve: My hon. Friend makes a very good point, and the House should bear in mind two things. First, a proscription list is a draconian sanction. The fact that people may say things that we regard as unpleasant or unacceptable or that they have a view of the world with which we profoundly disagree does not give us a justification for proscribing them. The Minister and I would be entirely in agreement about that. My hon. Friend may be right about al-Muhajiroun, but what arises with regard to Hizb ut-Tahrir is the remarkable fact that the then Prime Minister, Mr. Blair, considered that it required proscription, yet proscription has never taken place. Quite compelling evidence links that organisation with Omar Bakri Mohammad, who has undoubtedly said and done things that place him well beyond the line of criminal behaviour, and there is clear evidence that people have passed through Hizb ut-Tahrir into terrorism.

As the Minister rather invited hon. Members to raise this issue, it is worth raising. If he could amplify the few things that have been said about that organisation to explain the Government's reasoning in relation to it and, in particular, the Government's change in position from what the previous Prime Minister clearly believed, which was that the organisation ought to be banned, it would be useful to the House. Quite apart from anything else, it would enable us to draw comparisons about why certain organisations are proscribed and others are not.

Chris Bryant: I rather sympathise with the points that the hon. Gentleman makes about the organisation, but I want to clear up the fact that Hizb ut-Tahrir says that the Leader of the Opposition wrote to it saying:

> "David is most grateful to you for your comments on relationships between western governments and the Muslim world. He fully takes on board the points put across to him... Yours comments are noted and appreciated."

The letter concludes:

> "Thank you again for writing; your views have been taken on board."

That seems an extraordinary thing for him to write to such an organisation if he wants it to be proscribed. I wonder whether the hon. Gentleman would like to check whether such a letter was written.

Mr. Grieve: I am very happy to check. Given the use of the third person in the passage that the hon. Gentleman cited, I detected that it was not a letter signed by my right hon. Friend the Member for Witney (Mr. Cameron). How that letter came to be written, if it came to be written, I simply have no idea. I say that honestly; I do not know. I suggest that the hon. Gentleman raise the issue directly with my right hon. Friend and his office, and he might then have an answer.

My right hon. Friend has repeatedly expressed concern rather legitimately about why, in view of the previous Prime Minister's attitude to Hizb ut-Tahrir—he believed that it was fomenting violence—and the fact that it was seen as more than just an unpleasant organisation, the Government have not taken action in respect of it. The Minister may be able to answer our questions.

6.43 pm

Mr. Andrew Dismore (Hendon) (Lab): I certainly have no objection to the two organisations specified in the draft order being proscribed on the basis of their activities overseas. When I asked my hon. Friend the Minister whether they were active in the UK, I intended not to oppose what he proposes but to try to elicit whether there is evidence to support his argument. It is important that we know what activities proscribed organisations are carrying out in the UK. Of course, when considering Islamic terrorism in particular, we have always had the problem of splinter groups. When a group is proscribed, it suddenly reinvents itself as something else—it changes its name—and that may well have happened with some of these organisations.

Mrs. Gwyneth Dunwoody (Crewe and Nantwich) (Lab): My hon. Friend might be aware that, as soon as students join certain well-known colleges in the university system, their first contact in many instances is with really very extreme groups. Frankly, that is very worrying.

Mr. Dismore: I entirely agree with my hon. Friend, and that brings me to Hizb ut-Tahrir. As the House knows, I first raised the activities of Hizb ut-Tahrir many years ago, and I have done so consistently over the years. I have spoken privately to the former Home Secretary and, indeed, successive Home Secretaries about the need for action to be taken.

My concern about Hizb ut-Tahrir is that we hear the weasel words that it does not engage in terrorism, but I certainly think that it creates the climate in which people move on, as has been suggested. Omar Bakri Mohammad came to the UK quite a long time ago—in fact, if we are to get into party political arguments, he was given indefinite leave to remain by the Government of, I think, Mrs. Thatcher—to set up Hizb ut-Tahrir in

the UK. He was its organiser here. He eventually fell out with it and went on to establish al-Muhajiroun and the various splinter groups that flow from it. I am pleased that he is no longer on our shores, although he seems to be able to communicate pretty effectively through the internet to spread his pretty evil message.

If we are proscribing JMB and TNSM primarily on the basis of their activities overseas, what effort have we made to track down the activities of Hizb ut-Tahrir in other countries on the same basis? Although it claims not to be engaged in such activities in the UK, what is happening in other countries? For example, I know that Egypt has been concerned about the activities of Hizb ut-Tahrir. I certainly do not hold up Uzbekistan as a example of liberal democracy—far from it; it has a pretty nasty regime—but it believes quite strongly that it faces a serious terrorist threat organised by Hizb ut-Tahrir. I have no way of knowing whether that it right, but it has certainly raised that issue with me.

If we are able to proscribe TNSM because of its activities in Pakistan—of course, Pakistan is not a democracy—and JMB on the basis of what happens in Bangladesh, perhaps we can look at what Hizb ut-Tahrir is up to in other countries as well. I simply put that to my hon. Friend the Minister and hope that he can tell us whether he has received representations from other Governments about the activities of Hizb ut-Tahrir abroad. If he has received those representations and their contents can be substantiated, exactly the same test should apply to a ban on Hizb ut-Tahrir as to the two organisations that we are considering.

The other issue that I particularly want to raise, which I have raised tangentially in interventions, relates to the Liberation Tigers of Tamil Eelam and the Tamil terrorist organisation that operates both in Sri Lanka and, I am afraid, in the UK—not by carrying out terrorist attacks, but I have little doubt that fundraising and protection rackets are going on here and that active support for the LTTE is being organised within the Tamil community.

This issue seriously splits the Tamil community. There are those who would give support to the LTTE—perhaps moral support, rather than physical support—but others are vehemently opposed to the LTTE. The Home Office has come under some pressure in debates in the House to lift the proscription of the LTTE, and I urge my hon. Friend the Minister, if he needs urging, not to go down that route. LTTE activity has significantly increased both in Sri Lanka and in London very dramatically in recent months, and it would send totally the wrong message if he were to go down that route.

There have been two significant arrests of LTTE activists, who have been charged with terrorist offences over the past few weeks. Indeed, there was a raid in my constituency in Grahame Park, and I believe that material was seized during that raid and bank accounts have been frozen, so I hope that my hon. Friend—

Madam Deputy Speaker (Sylvia Heal): Order. I remind all hon. Members who wish to contribute to the debate that its scope primarily is about the two organisations listed in the order. I do not mind a passing reference to other organisations, but the debate is primarily about those two organisations.

Mr. Dismore: I am sorry, Madam Deputy Speaker. My hon. Friend the Minister said in introducing the debate that he would be happy to deal with other organisations as well. I am not sure whether you were in the Chair at that time, but I take on board your constrictions.

Madam Deputy Speaker: Order. I was here when the Minister made that remark. Nevertheless, although he has considerable authority and power, when it comes to the Chamber and debates, they lie with the occupant of the Chair.

Mr. Dismore: Of course, Madam Deputy Speaker. I could not possibly question your remarks. In fact, I have made my point about the LTTE, which is the last issue that I wish to raise, so I shall draw my remarks to a close.

6.49 pm

Mr. Nick Clegg (Sheffield, Hallam) (LD): I obviously fully endorse what the Minister said and have no reason to question in any way the decision to proscribe the two organisations, which I too will refer to acronymically—if that is the right of way of putting it—as TNSM and JMB. I have one simple question, which has not yet been asked: if JMB was responsible for the detonation of, I think, 300 bombs in 50 Bangladeshi cities in just one hour on 17 August 2005 and if it is so widely accepted and well documented that TNSM has been actively involved in launching attacks on coalition forces in Afghanistan, why is the move to proscribe those two organisations only taking place now? All those events were well known months and years ago and are explicit, overt acts of horrific terrorism. I simply do not understand why there appears to have been such a time lag between those well-documented events and the move to proscribe the organisations. Perhaps the Minister can shed some light on that.

With your admonitions in mind, Madam Deputy Speaker, I will refer only briefly to Hizb ut-Tahrir, but it does seem to have emerged as quite a prevalent theme in the debate today. I am perplexed by the position of the Conservatives on the issue. It was raised by the Leader of the Opposition, but there is only one Member—a Whip—on the Conservative Benches at the moment. That is a most peculiar way of underlining a point made in such strident terms by the leader of the Conservative party. Given that the hon. Member for Beaconsfield (Mr. Grieve) quite rightly underlined in the previous debate—about periods of detention without charge—the necessity of having concrete evidence when taking steps in this area, I am still at a loss to know where the evidence is and how it has been marshalled to sustain the claim that Hizb ut-Tahrir should join TNSM and JMB on the list of proscribed organisations.

It is not often—in fact, it is exceptionally rare—that I find myself in agreement with the words of the previous, and no doubt widely lamented, Home Secretary, but when he spoke out on the subject in Prime Minister's questions recently, and pleaded for an evidence-based approach, I thought that he was completely correct. The hon. Member for Hendon (Mr. Dismore) referred to activities in Uzbekistan and

[Mr. Nick Clegg]

elsewhere. As he knows very well, it is extremely difficult to get authoritative and objectively verified facts from countries such as Uzbekistan as far as the activities of this and other organisations are concerned. I am familiar with that myself, having in a previous incarnation worked in central Asia and in Uzbekistan.

The issue of principle is this: if there are organisations such as Hizb ut-Tahrir that are, if not explicitly, certainly implicitly, anti-Semitic, and which seem to me to stand for a theocratic philosophy that I, as a Liberal Democrat, find abhorrent but which do not explicitly espouse the use of terrorist violence to prosecute their aims, surely the only thing to do is to take on those organisations on their own terms, defeat their ideas, and defeat and expose their ideology for the mishmash of prejudice and misplaced grievances that it clearly is. If the Conservative party is to claim that it is a liberal Conservative party, I wonder why in this case it does not seem to have more self-confidence in the liberal arguments that need to be deployed when confronted by the abhorrent views of Hizb ut-Tahrir, rather than immediately seeking to score what appear to be political points and reaching for the statute book, when the evidence simply does not suggest that that is merited.

6.54 pm

Chris Bryant (Rhondda) (Lab): As the hon. Member for Somerton and Frome (Mr. Heath) mentioned, when the issue of new proscriptions comes up, we are often presented with organisations that are not necessarily coherent as a set. That presents us with a problem, not least because the list of 44 proscribed organisations includes organisations as diverse as Abu Nidal, November 17, and Euskadi ta Askatasuna—ETA—in Spain. The variety with which we might have to deal in one debate, without an opportunity to amend the legislation, is quite extraordinary. On a point of order for the future, I wonder whether Ministers would consider presenting the whole list again each year, so that we could refer regularly to all the organisations that are proscribed, rather than simply to any new organisations as they are being proscribed. Of course, I support the Government's proposals on the two organisations, but, as my hon. Friend the Member for Hendon (Mr. Dismore) mentioned, the rationale behind their proscription could properly be used for the proscription of other organisations.

Mr. Heath: The hon. Gentleman will be aware that theoretically the process is reversible and that Ministers could put before us orders to de-proscribe organisations. It is incumbent on the Government to review periodically all the organisations on the list to which he refers to see whether the conditions still apply.

Chris Bryant: I am grateful to the hon. Gentleman. I merely make the point that it would be helpful and right for Parliament regularly to assist the Government in that process of review, because there are important issues that we are in effect deciding on behalf of the nation when it comes to how we address terrorism. Once an organisation is proscribed, in theory its status might never be reviewed again, which would be inappropriate.

I want to refer to some comments that have been made by other organisations and which should make the Government think twice about whether to proscribe them. For instance, in Australia last year, at an Eid carnival in Melbourne, leaflets were distributed that said that Muslims

"enormously rejected their evil and corrupt rulers that the West have appointed over them, and they are looking forward to consigning them to the dustbins of history".

I suppose we might all say that we have referred to our own political opponents and said that we would quite like to consign them to the dustbins of history. However, the leaflets went on to point out that Muslims had scored victories over the west through some of their terrorist activities around the world and had

"inflicted the most humiliating lesson on supposed superpowers".

They called on all Muslims to

"Ally yourselves with those who work day and night to confront this war against Islam."

One ought to consider whether an organisation such as that is seeking to promote and glorify terrorism.

In Copenhagen, in October 2002, Fadi Abdullatif was given a suspended sentence because he maintained in a square in Copenhagen that

"The Jews are a people of slander...a treacherous people...they fabricate lies and twist words from their right context."

I am sure that all hon. Members would agree with the sentence that the court handed down. The leaflet went on to quote words that were quoted in this Chamber only last week. The leaflet urged Muslims to kill Jews

"wherever you find them, and turn them out from where they have turned you out".

I understand that some organisations debate whether that is a proper quotation from the Koran and whether it is anti-Semitic, because the translation does not normally refer to Jews; it refers to invading forces. None the less, most of us would accept that that is certainly glorifying terrorism.

In Bangladesh, on 10 February this year, leaflets were given out and people chanted slogans and carried banners that said: "Death to those who degrade our beloved prophet!" and "Hang culprits". Other banners said: "Free speech symbolizes War on Islam" and "Free speech—Crusade against Islam".

All those things have been organised under the name of Hizb ut-Tahrir. That is why I ask the Minister very clearly to consider the importance of keeping under constant review the issue of whether Hizb ut-Tahrir should be on the list of proscribed organisations. It is proscribed in most of the Muslim nations of central Asia: in Kyrgyzstan, Kazakhstan, Uzbekistan, Tajikistan, Tatarstan and—

Madam Deputy Speaker: Order. May I remind the hon. Gentleman of my ruling? He has made his point.

Chris Bryant: I am grateful to you, Madam Deputy Speaker, for allowing me the liberty that I have taken. I would merely urge the Minister to look at whether the reasons behind the proscriptions that he has proposed today are not also reasons why we might consider proscribing Hizb ut-Tahrir.

6.59 pm

Mr. McNulty: I agree entirely with my hon. Friend the Member for Hendon (Mr. Dismore) about the Liberation Tigers of Tamil Eelam. I cannot give the House a running commentary on any discussions that we might have with Governments, the Security Service or the police about organisations that we may proscribe in future, but the last time we introduced a proscription order, I said at the Dispatch Box that we would keep Hizb ut-Tahrir under serious review. I got a very nice letter from that group as a result, and I do not doubt that I will get another one today. We keep it under review, not least for the reasons that my hon. Friend gave, and that is as it should be. That applies to a whole range of other groups, too.

The roving Whip, the hon. Member for Braintree (Mr. Newmark), mentioned al-Muhajiroun. It had disbanded by the time we got round to considering proscription orders, but the first proscription order that I introduced banned al-Ghurabaa and the Saved Sect, two of its successor bodies. There was clear, substantive and sustainable evidence for doing so.

As I say, we keep Hizb ut-Tahrir under review, but it seems that the issue, which is one of 12 that the previous Prime Minister mentioned on 5 August 2005, is now used as a stick with which to beat the Government. It is used to challenge the legitimacy of all that we are trying to do to counter terrorism, and that is a little churlish, if not schoolboyish. I am certainly not casting aspersions on the hon. Member for Beaconsfield (Mr. Grieve), who treats such issues seriously, but the Leader of the Opposition prances around—with or without the letter to which my hon. Friend the Member for Rhondda (Chris Bryant) referred—treating the issue as some kind of badge of honour, and questioning whether the Government are deadly serious about what we are doing. Frankly, that is schoolboy politics, and he should know far better. The last time we discussed these matters, I said very seriously that we keep Hizb ut-Tahrir under review, and that is certainly the case.

Inspiration has come to me since I last sat down, so I can tell hon. Members that neither of the organisations mentioned in the order is based in the UK; and, clearly, as they are to be proscribed, that is unlikely to change. However, I take the point that the hon. Member for Beaconsfield made about charities. We are holding a review of the safeguards that are in place for charities, not least in the context of terrorist finance. A consultation on that issue is under way as we speak, and it closes on 2 August. I have engaged fully with the Treasury on the issue of terrorist finance and the nexus with charities, charitable law and the work of the Charity Commission. That work is ongoing, because we know—sometimes through anecdote, and sometimes via more substantive routes and evidence—that not every penny given to nominally bona fide, utterly legitimate charities will get to where it is supposed to go.

There are those, terrorists among them, who crawl on the back of human disasters—often very serious ones—such as earthquakes, and the money directly funds terrorism, so I share the concern expressed by the hon. Member for Beaconsfield. I am not saying that what we have done thus far with the Treasury and the Charity Commission is sufficient, but it does take us some way. If he has not seen the documents to which I refer, I will make sure that he receives them.

I point out to the hon. Member for Somerton and Frome (Mr. Heath) that it is not incumbent on the Government to de-proscribe or review. Organisations can apply to the Home Secretary for de-proscription, and if the Home Secretary says no, there is an appeal process. It is incumbent on the organisation, in the first instance, to ask, "Can we be de-proscribed now?" It is not for us to review the decision. If the Home Secretary refuses, the issue comes before the Proscribed Organisations Appeal Commission, or POAC. I have just noticed that that is an anagram of ACPO, but there is no reason why anyone else should worry about that. POAC is a special tribunal of three members, including a senior member of the judiciary, that determines whether the Secretary of State's decision to refuse to de-proscribe is flawed, when considered in the light of the principles applicable to judicial review applications. That is the process; there is no duty on the Government to be proactive in considering such cases.

I take to heart the points that the hon. Member for Somerton and Frome made about procedures and paperwork. He asked whether there were ways in which we could consider the issues under separate orders and so have a wider review, which would almost span the globe: the organisations include the Partiya Karkeren Kurdistan, Euskadi ta Askatasuna and the Baluchistan Liberation Army, and groups in other places, too. That is a fair point that we should perhaps take up through the usual channels.

Mr. Heath: I just want to emphasise—for the benefit of the business managers, really—that there is no reason why having separate orders should extend the time needed for debate, because the orders could be taken together and discussed in parallel.

Mr. McNulty: I take that point, and the point that the hon. Gentleman made about the possibility of there being real contention about just one of four or five groups on a list, and that is entirely fair.

On why it supposedly took so long to proscribe Jammat-ul Mujahideen Bangladesh and Tehrik Nefaz-e Shari'at Muhammadi, we take such decisions seriously, and there is due process. To describe a period of a little under two years for each group as anything other than the result of our being rigorous and doing things in an appropriate time frame is a bit unfair. Although one of the groups did come to our notice some five years before then, it was its key activities in 2005 that prompted concerns.

With all those caveats, and bearing in mind the point about keeping Hizb ut-Tahrir under review, and the point about giving further consideration to the process of the House—I think that that is the issue, rather than the legal process—I commend the order to the House.

Question put and agreed to.

Resolved,

That the draft Terrorism Act 2000 (Proscribed Organisations) (Amendment) Order 2007, which was laid before this House on 2nd July, be approved.

Forced Marriage (Civil Protection) Bill *[Lords]*

Order for Second Reading read.

7.6 pm

The Parliamentary Under-Secretary of State for Justice (Bridget Prentice): I beg to move, That the Bill be now read a Second time.

May I begin by commending the work done in the other place by Lord Lester, who introduced the Bill? I pay tribute to him for his initial work on the Bill, and thank him for his support for the Government's amendments and redrafting. The Bill was the subject of much debate in the other place, and it comes to us changed for the better. I hope it will gain similar support in this House as it is much needed if we are to help the young women and, indeed, some men who find themselves in extremely threatening circumstances.

Above all, the Bill's aim is to offer protection to those faced with forced marriage, whether they are children, teenagers or adults, regardless of background, race or religion. It also offers protection to people who have already been forced into a marriage. As many Members will be aware, the forced marriage unit, which is jointly sponsored by the Home Office and the Foreign and Commonwealth Office, does tremendous work in developing Government policy on the subject. It co-ordinates outreach projects and it provides support and information to individuals who are at risk. It receives about 5,000 calls for general advice and it handles about 300 cases a year.

Last year, the Metropolitan police recorded 518 incidents related to forced marriage, so the numbers involved may not be great, but they are significant, and it is likely that many more victims suffer in silence. As well as offering protection to people who are in danger of being forced into marriage, we hope that the Bill will act as a deterrent, sending out a clear message that forced marriage will not be tolerated in our democracy.

The Bill offers civil remedies to those seeking protection from forced marriage. We consulted in 2005 on whether to introduce a criminal offence for forced marriage, but the response from stakeholders and voluntary groups with great experience of such issues was that criminalising it might be seen to target and stigmatise certain ethnic and religious communities, and that criminalisation would simply drive the practice underground, making the situation even worse for victims.

Philip Davies (Shipley) (Con): Everybody in the House will support measures to tackle forced marriage, which is appalling, and I should like to pay tribute to the hon. Member for Keighley (Mrs. Cryer), who has done an awful lot in the House to highlight the issue. Will the Minister explain which stakeholders she has spoken to, because people are concerned that the Bill will not make forced marriage a criminal offence?

Bridget Prentice: We spoke to a variety of organisations that work with women, a number of faith groups and a series of organisations that have an interest, so the consultation was comprehensive. The hon. Gentleman is right to pay tribute to my hon. Friend the Member for Keighley (Mrs. Cryer), which I intend to do later in my contribution.

It is important that victims get help to rebuild their lives and, where possible, to ensure that they have an ongoing relationship with their family. One of the reasons many voluntary organisations were concerned about criminalisation was that it might build a wall between the victim and their family that would be impossible to breach. This Bill is part of much wider programme that involves raising awareness of the problem of forced marriage and protecting women's rights in that area.

The forced marriage unit has produced a handbook that provides practical support to survivors. It is also part-funding a pilot survivors network to provide emotional support to those who survive forced marriage. We are undertaking a great deal of publicity, outreach and awareness-raising work in key communities, which involves speaking at around 75 events every year. There has been a national publicity campaign involving radio, TV and the national and local press.

Like the hon. Member for Shipley (Philip Davies), I pay tribute to my hon. Friend the Member for Keighley, who secured an Adjournment debate on the subject back in 1999. Since then, she has worked tirelessly to bring about changes in the legislation to offer protection to victims. I hope that this Bill and the package of work undertaken by the forced marriage unit will stop the wicked practice of forced marriage.

The Bill gives the courts a wide discretion to deal flexibly and sensitively with the circumstances of each individual case, employing civil remedies that will offer protection to victims without criminalising members of their family. The new provisions take the form of a new part 4A of the Family Law Act 1996, placing them firmly in the wider context of domestic violence and family proceedings generally. That was the wish of Lord Lester, who wanted the provisions to be part of the family law package.

The type of orders that we envisage being made under the Bill are ones prohibiting violence or requiring certain steps, such as requiring a person to surrender a passport, for as long as such measures are appropriate to protect the victim. The Bill does not define what actions would constitute force in those circumstances, but it provides that that includes coercion by threats or the use of psychological pressure. The force may not even be directed against the victim, because it can be indirectly aimed at a third party or directed against the perpetrator themselves. For example, a person attempting to force a marriage may threaten to harm a member of the victim's family or even himself or herself should the victim not agree to go ahead with the marriage. That avoids narrow definitions of behaviour, which might be too restrictive, and gives the courts powers to offer protection to victims in a wide range of circumstances. Victims may have been subject to a variety of pressures aimed at forcing them into marrying without their free and full consent.

An important aspect of the Bill is that it enables third parties to apply for orders on behalf of victims. Many people have asked me about the point that many victims are afraid to come forward. The Bill recognises that and includes an essential provision that offers protection to women who fear making an application

because of intimidation, or even because they have been imprisoned against their will. The Bill allows a "relevant third party" to apply for a protection order on behalf of a victim. A "relevant third party" is an individual or organisation that has been designated as such by the Lord Chancellor. Other third parties—individuals or groups that are not so designated—would need to obtain leave from the court before their application could be made. That provision is designed to minimise the risk of a third party abusing the process. The wishes and feelings of the victim will be a vital consideration for the courts in dealing with third-party applications.

Mr. Dominic Grieve (Beaconsfield) (Con): Although the Minister is right that we do not want to see an abuse of the process, the measure that she has just outlined is important, because it allows a near relative to make an application if they are secure in the knowledge that somebody is being forced into a marriage.

Bridget Prentice: The hon. Gentleman is right. Working together has produced a Bill that includes that third pillar of protection for the victim.

Mr. David Heath (Somerton and Frome) (LD): It is enormously to the credit of the Government and the Conservative Opposition that they have been prepared to take forward the Bill introduced by my noble Friend Lord Lester. We are grateful for the interest that has been shown—it has been a shared endeavour across the House.

Bridget Prentice: I am grateful to the hon. Gentleman for those kind and positive words. I am sure that all hon. Members on both sides of the House will work together to ensure that the Bill has a safe and smooth passage. We have always been concerned about the issue. Some time ago, we considered whether criminalisation would be appropriate. However, when Lord Lester introduced his private Member's Bill, it seemed appropriate to join together.

The Bill provides that the court must attach a power of arrest to an order, if it considers that the respondent has used or threatened violence against the victim, a third party or the respondent themselves. The ability for the court to attach a power of arrest to injunctions will provide a further important protection for women in those circumstances and it will act as a strong deterrent to further action for those covered by the order. Powers of arrest may also be attached to orders addressed not only to named respondents, but to third parties. That means that all orders will be capable of being effectively enforced by a power of arrest, if appropriate.

The Bill provides parallel provisions for Northern Ireland. Although incidents of forced marriage are not common in Northern Ireland, I hope that hon. Members agree that extending these important provisions to Northern Ireland sends out an important signal about the seriousness with which we take the problem.

Before concluding, I want to say a few words about the Bill's implementation. As with any legislation, implementation will require a significant programme of work. The first task will be to develop the necessary court rules, which will implement the procedure for dealing with those cases. The Department will take forward drafting of the rules and necessary court forms in conjunction with the family procedure rule committee.

The cost of court proceedings under part 4A in the form of court fees must also be set. I know that court fees are always a matter of concern in this House and the other place, and I want to reassure hon. Members that the Government are committed to ensuring that vulnerable people who need protection from the courts, but who do not have the means to pay, have access to justice. The intention is that the court fees and eligibility for legal aid will follow the models that are in place in relation to applications for non-molestation and occupation orders under part 4 of the Family Law Act 1996. That means that those on low incomes will be exempt from paying a court fee on the issuing of their applications.

Mr. Humfrey Malins (Woking) (Con): Will the Minister confirm that legal aid will be available not only to an applicant, but to a respondent?

Bridget Prentice: A respondent will, of course, be eligible for legal aid in the usual way.

The need for proper training and guidance on the issue of forced marriage and on the particular provisions included in this legislation has been rightly identified as key to ensuring that the Bill is implemented successfully and to tackling the problem of forced marriage. In the past year, the forced marriage unit—we are the only country in the world that has a forced marriage unit, so it is unique—has issued guidance to health professionals and undertaken an awareness-raising campaign for registrars. Guidance was issued to social workers in 2004, followed by guidance for the police and for teachers in 2005. We expect that revised guidance will go out for social workers before the end of this year.

The Bill provides a power for the Secretary of State to issue guidance on the Bill and on the issue of forced marriage generally. That will enable us to republish the existing guidance in order to put it on a statutory footing. It is anticipated that future guidance issued by the FMU will usually be published under the new power.

It is anticipated that the Judicial Studies Board, which is responsible for judicial training, will undertake the necessary training for judges in these courts. We will discuss with the JSB the cost of training and how to incorporate the training that it considers necessary within the existing provisions. Training for court staff will be a matter for my Department and for Her Majesty's Courts Service as standard practice for the implementation of any new legislation affecting the courts. We will also consider with HMCS the provision of interpreters for women in forced marriages as part of the implementation programme.

It is clear that the House is already very supportive of the Bill. I hope that I have given hon. Members a sense of the plans that are in place to ensure that this extremely important piece of legislation is implemented as speedily as possible so that we can take another important step forward in tackling the harmful practice of forced marriage and protecting the rights of

[Bridget Prentice]

women, in particular, but of all individuals to choose whom and when to marry. I commend the Bill to the House.

7.20 pm

Mr. Dominic Grieve (Beaconsfield) (Con): I welcome the Minister's remarks and her presentation of the Bill. As she will be aware, the Bill commands universal support across the House. It started in another place when it was introduced by Lord Lester as a private Member's Bill. As the chances of a private Member's Bill from the other place getting through this House are not usually very good—not because of any obstruction but simply because they tend to come at the very bottom of the Order Paper in private Members' business—we felt it incumbent on ourselves, as we took the matter so seriously, to ask for time for it to be dealt with, even at the cost of Opposition debating time. We are absolutely delighted to have been able to do that. We are also delighted that the Government responded positively to our proposal and that we have been able to co-operate with the Liberal Democrats on this matter.

Article 16(2) of the universal declaration of human rights says:

"Marriage shall be entered into only with the free and full consent of the intending spouses."

That is an aspiration that most people in this country might well assume to be commonplace, but the unfortunate reality is that there is ample evidence that it is not. The Minister referred to the number of calls received by the forced marriage unit—about 5,000 a year—and the identification of some 300 cases that appeared to be ascertained and 518 matters that had been brought to the attention of the Metropolitan police. Of course, in so many of these matters it is very difficult to know exactly what the scale of the problem may be. Speaking on the basis of my constituency experience in an area that might not necessarily be associated with the demographic profile that might lend itself to this, I think that there is ample evidence that people are contracting marriages, especially abroad, where a degree of coercion appears to be involved in the transaction, if I may call it that.

Philip Davies: My hon. Friend highlights one of the main problems. Does he agree that it might help to reduce instances of forced marriage if the age at which people were allowed to be brought into this country on a marriage visa was increased from 18 to 21?

Mr. Grieve: My hon. Friend raises a perfectly sensible point, which might also go to the question of what the general age of consent for entering into marriage should be. He is fully entitled to want to have those matters considered, although they are rather wider than those that we are considering. Historically in this country, at least until the 19th century, marriages were contracted at younger ages than today. Some argue that 16 is too young, while others say that it is right, particularly given the earlier maturity of young people. It is not an issue on which I would wish to pronounce, but it is a legitimate one.

Coerced marriage involves grey areas. Some people marry under emotional pressure—that may happen frequently in this country, let alone abroad—and may come to regret it afterwards. We must be reasonably pragmatic in our approach. Nevertheless, it is clear that there are some stunning and horrifying cases of individuals who are coerced into marriage. We cannot escape the fact that different cultures have different approaches to marriage. Therefore, as our country has become more multicultural, different examples of coerced marriage have entered into our society—although it would be wrong to suggest that it has not been present here, too, throughout our history.

Keith Vaz (Leicester, East) (Lab): The hon. Member for Shipley (Philip Davies) inadvertently focused on the role of entry clearance officers and entry clearance managers. Clearly, legislation is very important and we support the Bill. However, should we not also consider an administrative way of dealing with the issue? ECOs and ECMs abroad should be wary when an application is made and the applicant is too afraid to say that it is a forced marriage, because if she does it then appears in the explanatory statement when it is sent to London and everyone knows that she has scuppered her own application.

Mr. Grieve: The right hon. Gentleman raises an interesting point that I was going to deal with a little later. It is one area that I think we might like to consider a bit further in Committee, if possible. I shall explain in a moment what I had in mind; other hon. Members might have different ideas.

I do not wish to take up the House's time on an issue on which there is so much consensus, but I should like to say a couple of things about the Bill. As originally introduced by Lord Lester, it was a new piece of legislation. Since the Government's helpful intervention, it has, in essence, been turned into an amendment of the Family Law Act 1996. There was great merit in that approach. Lord Lester had the ideas and set them out on paper, but translating them into detailed court powers is a rather more complicated process—I see the Minister smiling in agreement—and the 1996 Act provided the necessary mechanisms. Under the powers set out in new sections 63F, 63G, 63H, 63I and so on, we now have a panoply of court powers that were not originally provided for in Lord Lester's Bill, and which will be very useful.

That brings me to what my hon. Friend the Member for Shipley (Philip Davies) said about whether criminal sanctions are required. That is an important issue. If somebody is forced into marriage, and it can be shown to the criminal standard of proof that that is what has happened, there is no doubt that a great range of criminal offences may have been committed, depending on the circumstances, such as blackmail, threats to kill, assault, false imprisonment, child abduction, kidnapping or sexual offences. However, the problem is that it is questionable whether putting in a criminal standard of proof will get a better result, particularly where somebody is extremely unwilling to come forward. The merit of the way in which this has been approached is that, first, it will encourage people who have been forced into marriages to come forward, and secondly, it allows the courts much greater flexibility to look in the round at what is going on—for example, to

listen to a relative or friend who comes forward and says, "I think this is a forced marriage, as the person is clearly not happy about it", and then do something practical about it. If it becomes clear, in the course of all that, that a criminal offence has been committed, I have no doubt that the opportunity for prosecution may still ensue. My hon. Friend needs to bear in mind the question of whether having a criminal offence of forced marriage would leave us with some serious definitional problems and then the problem of proving to the requisite standard that that is what happened.

Philip Davies: My hon. Friend makes a very powerful case and, as he knows, I respect his opinion hugely. Does he agree, however, that a stated and clear criminal offence in this area may well deter people so that such things do not happen in the first place? A criminal offence would send a powerful and important message to people that such activity is not tolerated in this country.

Mr. Grieve: Criminalisation sends out a powerful message, but the question is whether a criminal offence would be workable. If in many cases where an attempt is made to prosecute the criminal offence becomes impossible to prove, people will start to disregard it or treat it with contempt. The merit of Lord Lester's approach—derived from a lot of consultation and adopted by the Government—is that it maximises the possibility of people coming forward. After all, it is currently true that individuals can come forward. Somebody who has been coerced into a marriage in India, for example, and comes to this country would probably be able to secure a decree of nullity if they so wanted, as it exists today. The difficulty is that that is not happening.

We cannot achieve perfection in such matters, but in so far as we can see a way forward, what is proposed in the Bill maximises the chances of a forced marriage coming to the attention of the courts and of something being done about it. I am sure that many will still slip through the net, but some will end up in prosecution. If someone is prepared to come forward and say that they were, effectively, kidnapped before the marriage, that may provide a powerful ability to do something about it.

The other problem my hon. Friend must bear in mind is that some such marriages may have been contracted abroad. In this country, there is a wide degree of recognition of foreign marriages on the whole, even if they do not necessarily comply with our regulations. That raises a number of problems that the legislation has probably successfully addressed, as far as I can see—we shall look at the matter more closely in Committee.

I do not want to take up the House's time; there is no point in repeating what the Minister said when I agree with every word she has spoken. To return to the important point of the right hon. Member for Leicester, East (Keith Vaz), I will simply say that we know that the majority—not necessarily all—of these marriages often take place abroad. One reason for that is that any marriage in this country has to undergo the scrutiny of the registrar of marriage, or a person who has been licensed as such, who must see both parties and ascertain consent.

We shall try to return to this matter in Committee—the Bill largely amends the Family Law Act 1996, so that may cause problems—but I wonder whether there should be a system of compulsory re-registration of foreign marriages when someone comes from abroad, so that the facts of the marriage and the consent of the parties can be ascertained. That would go a little further, but it might deal with some of the problems raised by the right hon. Member for Leicester, East about executive officers in consulates who give out visas and often find it difficult to be satisfied that consent has been given.

Keith Vaz: I understand the hon. Gentleman's point, but there is a simple way round this problem. Such officers could accept a confidential statement made by the applicant because they would interview the applicant separately, even though the spouse might be sitting outside, having flown from the United Kingdom, and that would not be disclosable—if there were an appeal, it is disclosable only to the judge. That is one way round the problem. There is an administrative way to help the situation that would prevent the spouse having to enter the country against their will in the first place.

Mr. Grieve: The right hon. Gentleman raises an interesting point. I do not know whether he will have the opportunity to serve on the Committee dealing with the Bill.

Keith Vaz *indicated dissent.*

Mr. Grieve: Notwithstanding that, I hope that we will consider those issues; it is the one area that I would like to look at in Committee. Given that I am standing at the Dispatch Box, the right hon. Gentleman can infer that it is likely to fall to me to do the job.

With those thoughts in mind, I would like to thank the Government for their approach to the matter. I say again how pleased and privileged we are to help to ensure that the Bill passes through the House. I look forward to Committee, where we can see whether there are any—probably minor—improvements that can be made to it.

7.35 pm

Chris McCafferty (Calder Valley) (Lab): The word "delighted" would be inappropriate, but I am certainly pleased to speak about the Bill because forced and child marriages constitute serious and recurrent violations of human rights, and the rights of the child. In Britain, the root causes of this practice lie mainly in the tendency for traditions to become fossilised in migrant communities that are often more conservative than those remaining in home countries. Let us face it, the practice occurs predominantly in Muslim communities, but also in others.

It is almost entirely women and girls who are subjected to this infringement of their personal liberty, but men may also be forced to marry—for example, when young men display gay tendencies, which is not acceptable in their community. It is quite outrageous that under the cloak of "respect" for the culture and traditions of certain communities, some authorities tolerate forced marriages, even though such marriages

[Chris McCafferty]

violate the fundamental rights of each and every victim. It is a case not of stigmatising Islam, but of saying that tolerance or feeling for culture cannot serve as an excuse for condoning such marriages, or for hiding behind moral blindness.

Keith Vaz: I welcome the way in which my hon. Friend has put her arguments, and she is at the forefront of campaigns to bring religions together. Does she agree, however, that when the Bill becomes an Act, it will be important for us to raise awareness in the community to make people aware of its provisions and effects?

Chris McCafferty: I agree entirely with my right hon. Friend, who makes a very valid, and crucial, point. Legislation is only a part of the whole. Education and consultation of the communities involved is important; they must be brought on board. That is of paramount importance.

Forced marriage is defined as the union of two persons, at least one of whom has not given their free and full consent to the marriage. Arranged marriage, by contrast, is typified by the intervention of someone outside the future couple—usually the parents of the future spouses or a broker. However, the ultimate choice of accepting the arrangement rests with each of the future spouses. It can, of course, be difficult to ascertain how far it is possible for them to choose and make up their minds in a properly informed manner because the family environment can be so powerful that choice is induced by upbringing or deference to custom.

Forced marriage is chiefly characterised by the absence of consent. In other words, one future spouse, or both, does not have the choice of opting out because the family resorts to coercive methods, such as emotional blackmail, physical duress, violence or even abduction, confinement and confiscation of official papers, such as passports. For practical purposes, the future spouses have no possibility of choosing whether or not to marry.

Forced marriage, when consummated—as it is in the vast majority of cases—is primarily an act of rape. The young bride does not have the freedom to accept or refuse sexual relations or to exercise her reproductive rights. She must submit. Indeed, a catalogue of elementary and fundamental rights are simply trampled underfoot. Deprivation of happiness and infliction of violence upon them are often the victims' daily lot. Forced marriage is a modern-day form of slavery. From "rape" to "wrongful seclusion", no terms are strong enough to condemn those repeated violations of human rights.

The issue of forced marriage hinges on the delicate balance between respect for cultural diversity and respect for human rights. The Government now have an active duty to enforce human rights in this country. Appropriate legislation is necessary but, unfortunately, it is not sufficient to end those undesirable situations. We must also make significant other efforts to guard against such marriages.

In that context—for once, I find myself in slight agreement with Conservative Members—I ask the Government to consider seriously raising the age at which a young person can sponsor a potential spouse to come and live in Britain not to 21 but to 23. That would allow vulnerable youngsters time to receive a full education and mature into young adults. It would make it easier for forced marriages to be prevented, detected and annulled.

The Bill's central purpose is to provide protection to those at risk of forced marriage and recourse for those who have already been forced into such a marriage. I hope that it will help facilitate the annulment of forced marriages, and perhaps lead even to their automatic annulment. Perhaps the Under-Secretary can tell us whether there will be a time scale for courts to investigate and rule on an application for annulment of a forced marriage.

Naturally, the Bill does not prohibit arranged marriages, when genuine consent exists on both sides. Will the Government therefore expand age-appropriate prevention campaigns, perhaps building on the wonderful MissDorothy.co.uk website, to ensure that young people know the difference between forced and arranged marriages? Such campaigns could inform them of their rights, especially the right to make up one's own mind about marriage and the right to choose one's future partner. It could also inform persons under threat of forced marriage of the practical steps that can be taken to forestall such a marriage, such as placing one's passport in safe keeping or lodging a complaint, for example, of theft of papers, in the event of confiscation.

I would have preferred forced marriage to be made a criminal offence because that would enable the police and social services to intervene more readily in forced marriage and its connection to honour-based violence, which is an increasing menace in this country. However, I am delighted that the Government are supporting the Bill, which will provide some protection to those at risk of forced marriage and recourse for those who have already been forced into such a marriage.

The Bill will change the law to enable courts to order injunctions to prevent forced marriages and, in some cases, to attach powers of arrest if those orders are breached. If used properly, it will become a powerful and useful new tool for those who try to protect the victims of forced marriage.

Forced marriage is an abuse of fundamental human rights. The Bill sends out a clear message that it involves serious wrongdoing and that we will not tolerate it. The Bill creates a civil wrong of forced marriage. I accept that it is a serious attempt to provide suitable remedies for victims and I respect the conclusion of the recent Government consultation that a new criminal offence would not be helpful.

The Bill is in keeping with international human rights standards, including: the convention on the elimination of all forms of discrimination against women—CEDAW; the UN convention on consent to marriage; the minimum age for marriage; the registration of marriages, and many other treaties to which the UK is a party.

I believe that primary legislation using civil remedies will contribute towards changing public opinion, perception and practice, and will have a strong deterrent effect. It will help victims defend themselves

against forced marriage. It will empower young people with more tools to negotiate with their parents. In some cases, it will help parents who face pressure from their relatives. It will provide a victim-centred remedy, allowing victims to retain control over the process.

The Bill acknowledges the increasing and inhumane practice of forced marriage and its devastating impact on the lives of many young women and some young men. Forced marriage is a culturally sensitive issue, but cultural practices should be sacrosanct only when they do not militate against human rights. Nothing is more important than an individual's basic human rights. We must ensure that the measure is only the beginning of the process of making forced marriage socially unacceptable as well as illegal.

7.45 pm

Jo Swinson (East Dunbartonshire) (LD): I am delighted to give Liberal Democrat support to the Bill. My noble Friend Lord Lester of Herne Hill, who is a great champion of such issues, introduced the measure in the other place. It is to the Government's credit that they adopted it, and I want to place on record my thanks and appreciation to them for that and for, with Conservative support, providing parliamentary time to ensure that it reaches the statute book. It is a good example of consensual, cross-party working to tackle an appalling problem.

The concept of marriage is one of an equal and loving union and a commitment that is entered into willingly. If the commitment is forced, it is no longer marriage but can be tantamount to a prison sentence for the victim. As we have heard, forced marriage can lead to horrendous crimes: abduction; rape—often repeated rape; honour killings and other violence. Some victims are effectively turned into domestic or sexual slaves.

Although laws that are already on the statute book could be used to punish people who force someone into marriage, waiting until the crimes are committed before we act is too late. The Bill is therefore essential. "Prevention is better than cure" is an old adage; it is much better to stop such marriages happening.

It is important to acknowledge that the coercion does not need to be physical but can be psychological. The huge psychological pressure that can be put on an individual and the stress that that causes can lead to a forced marriage.

There is currently no offence of forced marriage and that must be remedied. As we have heard, the forced marriage unit processes about 300 cases a year and has made great progress in tackling the problem. However, that is not enough to get to grips with the matter. Those 300 cases may be the tip of the iceberg—many go unreported. We therefore hope that, with publicity and education awareness of the legislation, more individuals will be encouraged to come forward.

That leads me to consider whether the offence should be criminal or civil—a point that the hon. Member for Shipley (Philip Davies) raised. Although much discussion and debate has taken place, the civil route is the right approach. It is vital not to discourage people from coming forward, which could happen if they felt that they were effectively criminalising members of their family. Although the Bill does not create a criminal offence, we must recognise that it provides for powers of arrest, so effective action can be taken if a forced marriage protection order is broken.

The application by a third party is a vital element of the Bill, especially—though not only—when children are involved. We cannot expect those who are under age to have full cognisance of the different legal options at their disposal and we must rely on others to look after them and highlight the matter to the courts.

Support for the Bill comes from a wide range of organisations, which speaks volumes. They include: the Association of Chief Police Officers, Liberty, the National Society for the Prevention of Cruelty to Children, Newham Asian Women's Project, Rights of Women, Southall Black Sisters, the three main parties in the House, and, I am sure, many other political organisations. It is welcome to see so much support for tackling the issue.

I should like to touch on the point that the hon. Member for Calder Valley (Chris McCafferty) made about the difference between forced and arranged marriages. We must be clear about that distinction. The regulatory impact assessment identified a potential risk that the Bill would disproportionately impact on black and minority ethnic communities and might be interpreted as a cultural criticism of them. That is why we must be clear that forced marriage is an abuse of human rights and can never be acceptable. By contrast, arranged marriages are a union between two consenting adults and have taken place for centuries, across all cultures.

Indeed, we do not need to go back very far in British history to see many examples of arranged marriages, particularly among members of the aristocracy and the upper classes. I must confess that I am quite a fan of Jane Austen's novels. One only has to read "Pride and Prejudice" to find characters such as Mrs. Bennet who are masters of arranged marriages. Arranged marriages have taken place for a long time and, although they have more recently become less common in British culture, they obviously still happen in our south Asian communities.

I recently met a group of young Asian women in my constituency and we discussed a wide range of topics. The issue of arranged marriages came up, on which I was genuinely interested to listen to their views. They likened the process to an introduction service or a dating agency almost, with their parents making the first move so that they did not have to. They talked about arranged marriages in an incredibly relaxed way, because no pressure would be put on them to marry someone whom they did not want to marry. In fact, they welcomed arranged marriages as something valuable.

The other point that those young women raised with me—it was their major concern and is why it is so important to draw the distinction between forced and arranged marriages—was the continued negative portrayal of British Asian communities, particularly Muslims, in the British media. It is therefore important that we do not allow forced and arranged marriages to be confused. If that happened, the confusion could be used in the media, which would create divisions within our communities, when we need to do the opposite. We should also be careful not to fall into the trap of thinking that forced marriages are an issue only in Asian communities. As the Minister pointed out, the

[Jo Swinson]

victims can come from all racial and religious groups, from all ages and from all parts of the country.

I should like to raise the issue of those victims who are children or who have learning difficulties. There is a problem with those with learning difficulties being forced into marriage, whether it is done to secure a visa or is related to their learning difficulty, in order to create financial security or obtain a full-time carer for them.

Mr. Grieve: I have had direct experience of that. One of the reasons for the practice is simply cultural, on the assumption that all women should be married. There is a school in my constituency for children with learning disabilities. I am afraid that there is a consistent pattern of girls being removed at the age of 16 to be sent to the Indian subcontinent—if that is where they originate from—to be married, even though many of them probably have little understanding of what they are going to do.

Jo Swinson: The hon. Gentleman raises an important and worrying issue. What is welcome in the Bill is that the wishes and feelings of the victims will be considered by the courts in determining whether to issue a forced marriage protection order. However, there is a possible difficulty, in that the participation of people with learning disabilities in court is often hampered by inadequate provision to assist them. Sometimes it is even assumed that they cannot give evidence, when in fact the proper support to enable that can be provided. The use of intermediaries can be one way round for individuals in those circumstances, including children, to ensure that the court can properly understand the victim's wishes. Other measures are available, under the Youth Justice and Criminal Evidence Act 1999. Incorporating such measures at the discretion of the judge might be helpful in better understanding the wishes of the victim. I should be interested to know the views of the Government on that issue, which could be explored further in Committee. Finding a solution would be welcome and would ensure that all the victims had their views heard adequately.

Before drawing my remarks to a close, I should like briefly to mention Scotland. The legislation will apply to England, Wales and Northern Ireland only, but the problem clearly affects people throughout the UK. The forced marriage unit deals with cases in Scotland, because that is where the centre of excellence and expertise is. In fact, the consultation in 2005 was run jointly by the UK Government and the Scottish Executive. The highest number of responses were from London and Scotland, so forced marriage is obviously an issue there. Will the Minister discuss the issue with her counterpart in the Scottish Executive? The view was expressed in the debate on the Bill in the other place that in passing the legislation we would be sending a powerful message to countries throughout the world about how the issue can be dealt with and forced marriages prevented, in the hope that other legislatures might adopt similar proposals.

Bridget Prentice: I hope that I can give the hon. Lady some assurance by saying that we will discuss the issue with the Scottish Executive. My understanding is that they hope to introduce similar legislation later this year, and we will certainly encourage them to do so.

Jo Swinson: I thank the Minister very much and am pleased greatly by that intervention. I have been discussing the issue with my colleagues, although obviously the Scottish Parliament is in recess at the moment.

Philip Davies: Part-timers.

Jo Swinson: Members of the Scottish Parliament do come back rather earlier—the holiday season is rather different in Scotland. However, it will certainly be helpful if the provisions can be extended north of the border, too. No doubt the experience and expertise of the forced marriage unit will be very welcome in dealing with the legislation in Scotland and in ensuring that Scottish victims are also protected.

In conclusion, the Bill is long overdue. It is urgently needed to tackle a horrific problem. As well as sending out a clear signal about the unacceptability of forced marriages, the Bill will give those at risk of becoming victims access to tools to prevent them from happening, rather than waiting for the crime to be committed, because at that stage the control that is wielded over many victims' lives makes access to justice all but impossible. It is excellent that the Government have adopted the Bill and it is wonderful that the Conservatives support it. The Liberal Democrats will also give it our wholehearted support.

7.56 pm

Margaret Moran (Luton, South) (Lab): I, too, welcome the Bill, which has unanimous support throughout the House. However, I was extremely worried by the original Bill, which Lord Lester introduced in another place, and vigorously opposed it. I did not do so because forced marriage is not a serious crime—we all acknowledge that it is—but because I know from my constituency case work that to criminalise it in its own right would be to alienate and divide families. The worst thing that we could do to a victim or survivor of a forced marriage would be permanently to separate her—it is more than often a her—from her family and support networks, and that was what the original Bill would have done. That would be incredibly divisive and would leave the survivor of a forced marriage with nowhere to turn and with inadequate support. That is a deeply damaging proposal for anyone in that position.

Mr. Grieve: I hope that the hon. Lady will excuse my intervention but, while I am absolutely satisfied that the Bill has been substantially improved, I can assure her that the original draft, as presented in the House of Lords, did not create a criminal offence.

Margaret Moran: I am grateful for the hon. Gentleman's intervention. I am referring to the earliest discussions on the issue of forced marriage, which certainly did refer to criminalisation, to which many of the groups that the hon. Member for East Dunbartonshire (Jo Swinson) mentioned were also deeply opposed. Indeed, there was quite a consensus

among Refuge, Southall Black Sisters and others that a criminal offence of forced marriage was simply not necessary.

Another problem was that creating a criminal offence would simply add to the existing list of criminal offences that can be applied in such circumstances. As the hon. Member for Beaconsfield (Mr. Grieve) said, action can be taken under the Marriage Act 1994. Action can also be taken against kidnapping, child abduction, false imprisonment, and assault and battery under the Criminal Justice Act 2003, against threats to kill under the Criminal Justice and Public Order Act 1994 and the Protection from Harassment Act 1997, against child cruelty under the Sexual Offences Act 2003, against blackmail, and so on. Happily, the Government have introduced many of those measures since 1997. However, the fact that victims and survivors of forced marriages are not using many of those measures is an indication that they were not totally effective in tackling the issue. Civil action is therefore most welcome.

I commend the Government on the fact that a lot of work has already been done in the Home Office and the Foreign Office, including the establishment of the forced marriage unit and the issuing of extensive guidance to the police, to education and social services professionals and, most recently, to health professionals. That guidance is excellent, but we need to test how well it is known, enforced and monitored. We also need to ensure that it applies across all public services, including housing and the whole range of local government services, as well as the whole of the criminal justice system.

Another reason I believe that the Bill represents a more appropriate approach is that we need to take a more co-ordinated and holistic approach to violence against women. Many of the issues that we are dealing with here are parallel and integral to tackling domestic violence and violence against women across the piece, including rape, to which my hon. Friend the Member for Calder Valley referred.

The issues involved include power relations, protection—which is very much the aim of the Bill—and prevention. The measures on third-party applications and legal aid, and the provisions to enable courts to issue injunctions to prevent repeat offences are most welcome. We also need to ensure that the other "P", provision, is dealt with. We must ensure that there are appropriate sources—I stress the word "appropriate"—of support and refuge for the survivors of forced marriage, just as we need better and more adequate protection for those surviving domestic violence. There is a huge gap in that provision at the moment, and I hope that Ministers will look at that as part of the implementation of the Bill.

The Bill will allow survivors to come forward more easily. It will also enable us to help them to address the issue. I know from my casework the absolute despair experienced by forced marriage victims who can find nowhere to turn. The incredible family networks, particularly among the Pakistani, Kashmiri and Bangladeshi communities in my constituency, are a source of huge strength, but in circumstances such as these, they are a source of great division and despair because there is almost no one who is unknown to the extended family and friends to whom a victim or survivor can turn in a moment of crisis. We need to ensure that we establish appropriate, independent sources of support in these communities. They do not exist at the moment.

I want to refer to a pilot that is one of three UK-wide national pilots on forced marriage. It is being run from my office. How extraordinary is that? I am pleased to say that it is Home Office funded, but it is being run from my office because, despite the size of the Pakistani, Kashmiri and Bangladeshi communities in my constituency, there was nowhere for survivors of forced marriage to turn for independent advice and support, where they would not be known and where their stories would not be relayed to other members of their community.

I want to thank the Home Office, Equalities Networks—a social enterprise based in my constituency that is helping to run the pilot programme—and particularly Dr. Nazia Khanum, who wrote the reports to which I will refer in a moment. During the pilot programme, forced marriage survivors talked to other victims and survivors of forced marriage. It has been most impressive. However, although it started out as one of three Home Office-funded pilots, ours is the only one still in existence. Sadly, the other two have gone by the wayside, and Ministers need to learn lessons about why that happened. Those pilots were extremely valuable, but, like the pilot that is being run from my office, they had insufficient resources to continue, and we risk losing the lessons that we have learned. We were originally told that the pilots would be evaluated and rolled out across the UK, but it has all gone terribly quiet.

So, while I commend the measures in the Bill, I believe that we must address the serious issue of matching our words and our deeds to ensure that survivors get the support and resources that they need. We must work with the communities that continue, in some cases, to perpetrate this serious crime to ensure that they understand how seriously we take the matter. More importantly, they must also understand that we are working with them to ensure that they have the education and support to break away from the often intense cultural pressures that exist in some communities. We should never underestimate the intense pressures and obligations that some families feel to bring a bride over from Kotli, or from Sylhet in Bangladesh. These families need help to enable them to be strong enough to say that their daughters or sons should not be put through some of the worst instances that we have seen.

The pilot to which I have referred involves producing a research report to examine the extent of the problem. As other Members have said, it is difficult to estimate the extent of the problem, despite the work of the forced marriage unit, or to determine whether we are seeing just the tip of the iceberg. A second aspect of the pilot involves a project called Changing Lives, which works to enable young people—men and women—in the communities that might be subject to forced marriage to advocate within their own communities. This means that people will not just be talking to the "usual suspects", or the so-called community leaders. We are using young people to educate and support other young people. The third phase, which we are coming to at the moment, involves training key actors in the local community—including deliverers of public services such as the local authority, colleges and other educational institutions—who are likely to come into

[Margaret Moran]

contact with forced marriage victims so that they can identify and support them where necessary.

Extensive research was undertaken with not only individual victims and survivors, but voluntary and community groups, and one of the most astonishing things that we learned was that local community groups were receiving more than 300 approaches a year on this issue in my constituency alone. That is an enormous figure when seen in the context of what the forced marriage unit is reporting. Obviously, some duplicate reporting could be involved, as forced marriage survivors are forced to go from one agency or community support organisation to another. It is therefore impossible to gauge the exact extent of the problem, but 300 is still, by any standards, a very large number.

The report found that very few of the individual forced marriage survivors or the agencies coming into contact with them had any knowledge of the forced marriage unit. It also found that they had very little awareness of the good work being done by the Home Office and the Foreign Office, and little or no awareness of where to go for support. There was certainly no knowledge of any counselling provision being available. There is a huge chasm between those who are experiencing the problem and the work, albeit good work, that the Government are doing. We need to bridge that gap urgently.

Another issue that arose was a little more controversial. Many of those involved in the report felt that the definition of "forced marriage" should include false marriages. This takes us into more difficult territory. There were many examples of young men and women being told that they were to marry a certain person, or a certain type of person, only to find that the person they were marrying was wholly different. In one case, someone with severe disabilities—not that that should be an impairment—was falsely represented as the person to whom someone was about to be married. Many of the people referred to in the report felt that being coerced into marriage on the basis of false information was almost as bad as being coerced on the basis of no information at all, so they wanted the definition to be extended. They also felt that there was a need for a victim support network to combat isolation and to share experience and spread awareness of the options available. They wanted a building up of capacity in the community and voluntary sector to provide counselling services and guidance where needed. Also important to them was mentoring or partnering of people who have experienced forced marriages with those in danger of experiencing them or those who fear that their families might push them in that direction.

What are the lessons from the project so far? All I have been able to do in the time available is to provide a taste of the report, which will be published shortly. We learned that there is an urgent need for more preventive measures through early detection. We need to work with our schools and colleges, as well as with GPs to identify where forced marriage is likely to occur. Health visitors, social workers and teachers can also be involved. They need to be able to recognise the signs and ask the appropriate and culturally sensitive questions when a young man or woman is in danger of being forced into this situation.

Appropriate training is important so that all those across the public sector and the criminal justice system can understand the issues. I believe that it should be accredited training, as I have already encountered an individual, purporting to be an organisation, claiming to be running forced marriage training, yet there appears to be no substance or understanding behind it. We need to ensure that any training is properly accredited and monitored, while also ensuring that citizenship and English language classes are maintained. In some areas, they have effectively been taken away from some of the women when they do not go ahead with gaining any qualifications. One of the key barriers is language, yet we are depriving some women of the very means of articulating their problem and their desperation. That needs to be looked at again. We need to ensure that we are empowering these women and we need more funding and access to leadership courses for women who are likely to be in this position.

Immigration issues—the hon. Member for Beaconsfield dealt with some of them—are also important. I often see in my constituency surgeries young men and women who have been deprived of permanent residence in this country by their partner's refusal to sign the appropriate papers. I encounter a whole range of issues where people are forced to sign for permanent residence under the immigration rules under coercion. When that fact is raised with the immigration authorities, the answer is often, "There is nothing we can do about it now, because the person signed the paper"—regardless of the fact that it was done under duress. A whole tranche of immigration issues need to be addressed.

We need a survivor's network. My project suggested to the Home Office a follow-on project called "Forced Marriage Online", whereby survivors could give each other advice and support anonymously. More particularly, we could learn more about the circumstances of these victims and survivors in a way that would be safe for them while helping to inform us. We simply do not know enough about the full extent of the problem.

I believe that we should put our money where our mouths are. As I have said, this Bill is excellent, but its implementation and monitoring will be critical. With pilots of the sort that we are running from our office, being told that there is no further funding once the pilot is finished makes a mockery of what we say about tackling forced marriages. What we say and what we do are two very different things. I know that Ministers will take this matter forward and ensure that we put our money where our mouths are. We need more structured consultation and more listening to the survivors so that we can hear their voices more clearly. That has tended to be lacking throughout this entire debate.

8.15 pm

Mr. Humfrey Malins (Woking) (Con): It is not often that the House is united in its approach to a Bill. I am delighted that all parties seem to have a common approach to what I believe is a very sensible Bill indeed. Every one of us regards forced marriages as evils. They are quite awful; they are an infringement of human

rights; they cause utter misery; and they are often accompanied by violence, so anything we can do to put an end to them is to our advantage.

How many forced marriages are there? I do not think we can ever know the truth about that. The forced marriages unit hears of some 200 or 300 a year, but there must be many more where, in truth, the victim—usually a woman—is unable to speak out or unable, largely through fear, to seek help from those who could offer it. Forced marriages are therefore a very bad thing indeed. We occasionally read horrible stories about so-called "honour killings" and we are disgusted by them. The House has a duty to take note of the problem and to see what can sensibly be done about it.

I represent Woking, which has a large and well settled community of Pakistani background. We have the Shah Jahan mosque—the oldest in the country—and this community, mainly based in Maybury and Sheerwater, makes a huge contribution to local life in Woking. We have a harmonious, happy and settled community there. In preparing my contribution to the debate on the Bill tonight, I thought that I would speak to some of those who represent the Pakistani community in Woking on both the borough and county councils in order to find out their views. It will be no surprise, I am sure, to find out that all those to whom I spoke utterly condemned the practice of forced marriages. A leading county councillor, Shamas Tabrez, reminded me in a conversation that forced marriage is condemned at the highest level and is forbidden and illegal in Islam.

We are very fortunate in Woking in having a strong mosque, which provides a spiritual and cultural centre for so many people and whose imam provides so much excellent advice. There are excellent councillors in the Maybury and Sheerwater area and many other bodies offer support to those in the community who need it.

Philip Davies: They have an excellent MP, as well.

Mr. Malins: I am so grateful to my hon. Friend. I shall think of something very nice to say about him at some later stage.

What my friends in Woking told me was that, much as they condemned forced marriages, they believed it important to differentiate them from arranged marriages. There is a world of difference between the two. We must understand that in many cultures, there are arranged marriages that are entered into voluntarily, though in a sense initiated by the families of the parties concerned. I venture to suggest that arranged marriages can often be much more successful than those that are not. The parties may come from families that know each other, so they start out with the absolute advantage of having mutual family support through parents and others who are all together in one big family. That can be essential, particularly in the early years of a marriage. There are many arranged marriages. Providing that they are entered into voluntarily, I say let that habit continue because in many ways they are a force for good in our community.

Is there a problem with forced marriages in Woking? My general view is no, and I shall explain why. What evidence do I have for my proposition? A very important charity, based in the London area, provides safe houses for women who have been forced into marriage. It picked up more than 100 cases between March 2006 and February 2007 of women in London and the home counties. Only one case came from Surrey, and that was not, I think, from Woking.

What is it about Woking? What is it about any community—this is the point of my speech—that can help so far as forced marriages are concerned? The first thing is to have an open and caring community, with strong and effective local support through various agencies to the settled community in that area. That is excellent. The importance of good local representation is also vital. As I said, Woking has an excellent mosque with an imam, the Maybury centre and the Asian women's groups. There is plenty of advice from different organisations for those in the Pakistani community.

We have four excellent local councillors in Shamas Tabrez, Riasat Khan, Mohammed Iqbal and Muzzafar Ali, all of whom are well known to me and serve their community well. When I say to them, "What about forced marriages in the Woking area?", they respond in these terms: "We are so stuck into our community and involved in it that we try desperately hard to hear of any problems that may crop up so that we can get on top of them, help the constituents and prove to be good advisers and helpers. We have a community where there is a culture of openness and mutual support. People with problems in our community are encouraged to talk to the various agencies that are there for their benefit, including the local councillors."

There is a lot to be said for strong local communities. If somebody—let us say that it is likely to be a young woman—is frightened and has been put into a forced marriage, she will need to turn to somebody for help. My point is that a strong community, with plenty of avenues to get good help and advice from people who understand the issue and are close to those whom they are helping, is important. We very much have that in Woking.

Fiona Mactaggart (Slough) (Lab): I very much support what the hon. Gentleman says. Does he accept, however, that for some women the strong open community might feel as though it is open to people other than them? It is relatively easy for those of us in leading positions in society to assume that those structures are open to everyone in the community, but isolated and young women in particular sometimes do not feel that they are open to them. There is an obligation on us to create alternative structures that they might find more accessible.

Mr. Malins: How right the hon. Lady is. I am grateful to her for that intervention. There are those who, despite the good local structures and contact points, still feel alone and frightened. It is up to us to try to help them as much as we can.

On the Bill itself, little has been made of whether it is proper to approach the problem from the point of view of the civil law or the criminal law. In my judgment—I declare an interest as a part-time district judge, practising lawyer and Crown court recorder—what the Government have done is right. We should probably approach the problem from the point of view of civil sanctions. To bring the criminal law into it at the moment would not be appropriate. Apart from

[Mr. Malins]

anything else, we legislate far too much in terms of the criminal law, and it could up the ante a little too much and cause more problems than it would solve. However, as hon. Members have said, forced marriages quite often—in fact, almost always—involve an element of crime, whether it is rape, kidnapping or violence. Many of those serious crimes are deeply connected with forced marriages and should be treated accordingly. The Bill is right to look at the problem from a civil point of view.

I have another point to put to the Solicitor-General. The Bill provides that the procedures for a remedy will go through the family courts, by which I take it to mean the county court, the High Court and so on. Will she dwell a little on the prospect of extending the jurisdiction to the family side of the magistrates courts? They are more in number. An awful lot of places that do not have a county court have a magistrates court. They also have the advantage of speed and cheapness.

I want to raise another issue, which has been touched on. The issues connected with religion and culture, which are quite sensitive, will come before county court and High Court judges. I cannot stress enough the need for relevant training for the judiciary when they are handling such cases. That training was mentioned in an intervention. It could and should be extended to many other people in this general field, if one likes to put it that way, who would benefit from the proper training necessary to equip them adequately to deal with the cultural and religious issues involved. The hon. and learned Lady will know, and will be able to tell me, that the judiciary are obliged to go on regular refresher courses for training purposes and so on, but to add at some stage something specifically on the issue of forced marriages might be a sensible way forward.

I want to touch on some other aspects, which can be examined carefully in Committee. The Bill mentions a forced marriage protection order. First, what is in it and against whom can it be made? Under proposed new section 63B, the contents of the order can be absolutely anything:

"A forced marriage protection order may contain…such other terms"

as the court thinks appropriate. Against whom can it be made? That is very widely drafted, because such an order can be made against other persons

"who are, or who may become, involved in other respects".

I am not sure whether the hon. and learned Lady will be able to narrow that down a bit either at this stage or in Committee. At the moment, the order can say anything and can in effect be made against anybody. In proposed new section 63B(2), the word "knowingly" does not come before the word "involved". One wonders whether in fact orders can be made against people who are, in truth, not culpable and not aware of what we might describe as culpable or guilty participation.

My next question is who will be able to apply for a forced marriage protection order? I appreciate that many Bills nowadays do not tell us the full story. That is generally left for regulation to do later. The Bill tells us that an application can be made by

"the person who is to be protected… or… a relevant third party."

That is fine as far as it goes, but who is a relevant third party? According to the Bill, it is

"a person specified, or falling within a description of persons specified, by order of the Lord Chancellor."

Who on earth will that be? It might be helpful if we could be told tonight; otherwise it seems likely that anyone with a tenuous or not tenuous, or close or not close, link with the family concerned will be able to make an application. Surely the Government do not want the definition to be as wide as that.

Lorely Burt (Solihull) (LD): I should be interested to know why the hon. Gentleman thinks that we need to restrict the definition of those who may apply for the order. The person concerned might have a social worker, or might know of someone in the community, who would be prepared to stand up for him or her and who might not be a particularly close associate.

Mr. Malins: I take the hon. Lady's point. Indeed, in a sense she has put her finger on the issue, which is that at some stage we shall need a little more definition of the type of person who can make a application. The hon. Lady may agree with me that it might not be appropriate for a family friend or acquaintance to be permitted to make such an application, and that therefore limitations may be necessary.

I have pointed out that a court can make any order that it wishes. I feel that at some point we shall have to discover the likely terms of an order. There is a direct parallel with the legislation on antisocial behaviour orders, which also gave courts power to make whatever orders they wished. As a result, courts all over the country made absurd orders whose terms were so wide as to make them totally unenforceable—for example, "The defendant shall not enter the City of London" or "The defendant shall not commit a crime". Only case law tightened up the definition of what should be in an ASBO. It now appears that anything can go into a forced marriage protection order. It would be helpful if the Government gave us some idea of what might go into such orders, how wide they might be, and what might be seen as going a step too far.

The provisions on arrest also have powerful implications. A constable may arrest someone who is in breach of an order, but under new section 63J

"An interested party may apply to the relevant judge for the issue of a warrant for the arrest of a person".

An interested person is defined as

"(a) the person being protected by the order"

—so far, so good—

"(b) (if a different person) the person who applied for the order"

—so far, so good—or

"(c) any other person".

That provision too is very wide, and we may have to have a look at it in Committee.

I think that the Bill is right to provide for a person who is arrested to be brought to court very quickly, but I ask the Minister to confirm that the judge will refer to section 5(1) (a), (b), (c) and (d) of the Bail Act 1976 when considering the granting of bail. Will securities, sureties or other conditions similar to those imposed under that Act be imposed in these circumstances?

I think we all want a society in which people can live without fear, force or coercion of any kind. I hope to goodness that the Bill will prove slightly helpful in the long run, but I remain worried because whatever else happens—even if the Bill sails into law—we will depend on the victim coming forward, or on someone coming forward on the victim's behalf. We need to make life straightforward enough to give people the feeling that however badly they have been treated they can come forward, obtain protection and be looked after properly.

I wish the Bill well. Let me end by repeating what I said earlier. Woking is a strong community. We are aware of this issue, but there is no evidence of there being a great problem in Woking. That bears testimony to the quality and strength of its advice bodies and local councillors.

8.35 pm

Fiona Mactaggart (Slough) (Lab): The issue of forced marriage can affect anyone. I was privileged to be present at the commemoration of the first anniversary of the forced marriage unit when Baroness Scotland of Asthal reminded us:

"Forced marriage affects children, teenagers and adults from all races and religions, including Christians, Hindus, Jews, Muslims and Sikhs. And it is not solely an issue facing Asian communities."

However, I am shocked that each year the FMU deals with 5,000 inquiries and takes on some 250 to 300 cases, largely relating to people of south Asian descent.

We must be robust in tackling this abuse of human rights. Many Members have referred to forced marriage in that context. I am proud of the Government's record on legislating on human rights and I wish to remind Members of specific commitments in international human rights instruments that refer to this issue. Article 16 of the universal declaration of human rights states:

"Marriage shall be entered into only with the free and full consent of the intending spouses."

Article 19 of the United Nations convention on the rights of the child declares:

"States Parties shall take all appropriate legislative, administrative, social and educational measures to protect the child from all forms of physical or mental violence, injury or abuse, neglect or negligent treatment, maltreatment or exploitation, including sexual abuse, while in the care of parent(s), legal guardian(s) or any other person who has the care of the child."

Tragically, forced marriage affects a number of children every year.

Unlike some Members, I welcome the decision not to make this a criminal offence. Lord Lester has deployed his legal skills in his usual imaginative and powerful way. Making this a civil offence empowers the victim. In civil cases, the victim has control over the legal proceedings. I have worked too often with victims in criminal proceedings who have felt pushed out as the Crown Prosecution Service takes over the case. In such circumstances, the victim's worries and concerns—which in cases such as forced marriage are often complex—can be ignored. Making this a civil offence will empower some victims of forced marriage, just as some victims of domestic violence are empowered by the injunction procedure. It will give the victim more control over the system, which is welcome. It also recognises a brutal reality. In forced marriage cases, the family is often both the oppressor and, at some point, the supporter. Families are complicated. A person's family can wickedly bully and harass them into a marriage that they do not feel is right for them, but at a later point that person might think, "I want my mum." Making this a civil wrong recognises some of the complexities in family relationships.

All Members agree on the issue and I want to remind Members of our record when we all agree. We should think about what happened in respect of the Child Support Agency and the dangerous dogs legislation. It is risky when we all agree. That is especially true of this Bill and I want to alert Ministers and other colleagues to that. It started as a private Member's Bill and, although we have consulted on whether we should legislate to criminalise forced marriage—and decided not to—this Bill has not been widely consulted on. Because of the nature of the offence that we are trying to address, we need alliances if we are to enforce our ambition effectively. If people are not signed up, on board, engaged or have not been enabled to use their imagination about how to fix the situation, there is a risk that we could end up with a great piece of legislation that does not work. We have, for example, legislation against genital mutilation that has never been deployed.

There is a job to be done in reaching out to people beyond the confines of this place. When I was speaking in my constituency about this Bill, a Sikh woman, who is a member of Slough borough council and a respected member of her community, asked me, "Who have you talked to about this, Fiona?" I mentioned conversations with Southall Black Sisters and others who are enthusiastic about the Bill. I could tell from her contribution that she was anxious that if the Bill was not well constructed, it could inflame the sort of arguments that happen in families and be used as a tool in family disputes to batter each other. There is a risk of that and we need to avoid it. The best way to do so is by engaging with the communities that know best how their families operate about the sensible ways to avoid it and how to engage the resourcefulness of those communities to make a difference.

I feel strongly that during the summer we need to consult as widely as possible with all sorts of people. As I suggested when I intervened on the hon. Member for Woking (Mr. Malins), I fear that sometimes we can be a bit smug. We all say that we are against forced marriage, but my hon. Friend the Member for Keighley (Mrs. Cryer) has dealt with more cases of forced marriage than any other Member. We have to stop and ask why that is so. Is it because Keighley is a hotbed of forced marriage? Is it more prevalent there than in Slough? Or is it because victims of forced marriage in my hon. Friend's constituency know that she is on their side? It is like wearing a red ribbon. She is on their side and she has stood up in mosques and in front of big, nasty bullies who say, "Oh, that is not a problem round here." She has stuck up for victims. It behoves all of us not to be complacent, but to stick up for victims and engage with all the communities that might be affected by or interested in this Bill. We should ask them what they can do that would make a difference.

[Fiona Mactaggart]

We all know that legislation does make a difference. It creates an important framework of values that can change people's behaviour. For example, the establishment of the forced marriage unit and the clear lead from this Government on the issue have meant that many religious leaders have said that there is no place for forced marriage in their community and that they oppose it. They are very good at saying that, but slightly less good at acting on those commitments. We need to recognise that legislation has an important role to play, but we need to do more than just pass this Bill. We need to reach beyond it.

Some community leaders who make such statements do not notice the distress of someone who is trying to engage them. They try to pretend that the marriage is not quite false—"It is an arranged marriage with a bit of difficulty" they say, "because she is having a slightly hysterical moment. That's what happens to teenagers, isn't it?" I have heard and barged into such conversations. We need to engage with people on that.

I have seen schools turn a blind eye to young women who have spent a lot of time off-roll. They have not bothered to find out what has happened to them when they have gone back to Pakistan, for example. In creating a sort of cultural tolerance, we have sometimes winked at, or not had the determination to march towards, things that should give us pause. We have not challenged habits and practices that, while not being the sort of forced marriages that would be subject to action under the Bill, are on the boundaries of it. We all have a duty to act on that.

Hon. Members have talked about imaginative solutions. If we pass the Bill, we can deliver some of those. A convent of nuns in my constituency—sadly, they have moved to the constituency of my hon. Friend the Member for Stroud (Mr. Drew)—ran a school that had a place of retreat. I remember Sister Mary Stephen telling me that a young Muslim woman, seeing a female community of people who valued their faith, came to her to see if they could help her in moments of stress. It was striking that that woman wanted to reach outside her community to find like souls, who had some authority and who could provide some refuge for her, because she was fearful. We need to examine whether there are imaginative ways of creating refuge and space for women. First, however, we should give women power over their lives, and this Bill is one of the ways to do that.

We can do other things, and I hope that by passing the Bill we can change the habits of Government Departments, which disempower women in such circumstances. As my hon. Friend the Member for Luton, South (Margaret Moran) pointed out, there are women who have been tricked into marriage, or bullied into signing off the settlement of their husbands, who then perhaps disappear to reunite with wife No. 1, whom wife No. 2 did not know about. The fact that the Home Office says, "It is no business of yours now" is offensive and disempowering for women. We need to think of new ways to solve such problems without interfering with the privacy rights of men and women in such circumstances.

I cannot find adequate words to describe the rage and distress of young people who have been tricked or forced into marriage. It is overwhelming and absolutely disabling for them. It is profoundly disempowering. I hope that the Bill will help to remedy that by giving them power in such circumstances. It is in a long tradition of legislation on human rights. We have an opportunity during the *summer to ensure that the sort* of consultation that I have talked about is delivered.

We have a fantastic track record on families and marriage, and this Bill will be one example of it. I was therefore enraged today to hear Conservative Members saying that my party does not care about families and marriage. *[Interruption.]* I am sure that the hon. Member for Beaconsfield (Mr. Grieve), who is my neighbour and for whom I have a great deal of respect, has not made such comments; I heard those comments on the radio today, however, in relation to tax allowances being shared between husbands and wives. Actually, the Government have a great record on human rights, families and children and on enabling families to cope in the circumstances they face.

The Bill has support across the piece. All Members who have spoken stressed that it is supported by the three parties represented in the Chamber. This is a great opportunity, but we need to make sure that such widespread support does not slide into complacency about the detail of the legislation and how we actually deliver refuge and support for women. We need good practice in every Department—whether on regulations for the courts about witnesses with learning difficulties, the treatment of women by the immigration service or the advice that police and schools are given about women who are at risk. The forced marriage unit sends out advice on such things, but it is often put at the bottom of the pile. The Bill gives us the chance to bring it to the top of the pile and to make sure that it is absolutely what is required in practice. It will allow us to change the lives of disempowered young women and men who have been forced into marriage against their will.

8.51 pm

Philip Davies (Shipley) (Con): It is a pleasure to follow the hon. Member for Slough (Fiona Mactaggart), who made her case in a typically powerful manner. I am sure she also made a powerful case for membership of the Public Bill Committee.

It is not often that I rise to congratulate the Government, but I do so on this occasion. I am delighted that they have taken forced marriage so seriously and I commend them for introducing the Bill. All-party consensus usually precedes a mess—the Child Support Agency and membership of the exchange rate mechanism jump instantly to mind—but in this case it has delivered a sensible result. I certainly endorse the comments of the hon. Member for Slough that we should not be complacent about the detail simply because we all support the aims of the Bill.

I congratulate the hon. Member for Keighley (Mrs. Cryer), whom I mentioned earlier. She is both my parliamentary neighbour and my constituent, and has been incredibly persistent about forced marriage for many years. She has also been immensely brave for many years and should take much of the credit for the Bill. I know how sorry she is that she cannot be here to take part in the debate, but that should not detract

from all the work she has done on the issue over many years and for which she is extremely well respected both in the House and in our local area.

I supported much of what the hon. Member for Calder Valley (Chris McCafferty) said in her speech, on which I congratulate her. Whatever legislation is enacted, some cases will always slip through the net; they will go undetected and will not be dealt with. The Bill has two objectives that we all share. The first is that the number of cases should go down. We should like them to be eliminated, but given that some will slip through the net, let us hope that the number goes down. Secondly, we want the people responsible for the practice of forced marriage to be properly prosecuted.

I, too, was shocked at the scale of the issue. The forced marriage unit deals with a massive 5,000 complaints a year—100 a week—in 300 of which the unit is certain a problem has occurred. That is an immense problem and we should be doing everything we can to deal with it.

We need to find ways to reduce the number of cases and to prevent such things from happening, as well as making sure that people are properly prosecuted. As I said earlier, part of the solution must lie in dealing with the issue of people entering the UK on a marriage visa—a point mentioned by the hon. Member for Calder Valley. I would not go quite as far as the hon. Lady, but raising the age from 18 to 21 would certainly help.

The older people are when they are allowed into the country on marriage visas, the greater the chance that they will be mature enough to resist some of the pressures that they face when being forced into marriage, and we should not underestimate those pressures. This is not a silver bullet, but if those people were a bit older, it might help to reduce the number of cases.

There has been lots of talk during the debate—it has been very interesting—about whether this should be a civil or a criminal offence. My hon. Friends the Members for Beaconsfield (Mr. Grieve) and for Woking (Mr. Malins), who are very distinguished lawyers and parliamentarians—certainly far more distinguished than I am or ever will be—made powerful cases for why we should support this being a civil matter. I am not entirely convinced that the offence should be a civil and not a criminal one.

Making forced marriage a specific criminal offence would send out a powerful message that it is not tolerated in our county and might act as a deterrent. I certainly would not want anyone to think that, because it is not a criminal offence, forced marriage is not a problem and that they can carry on with forced marriages, because doing so is not a criminal offence. I would not want anyone to take away such a message from the debate. Making it a criminal offence would help to make it clear that forced marriage is completely and utterly unacceptable.

The hon. Member for Luton, South (Margaret Moran) raised the issue of promoting the use of English, which would also help. I should certainly like more to be done to ensure that people who come into this country have a better grasp of English. If we are trying to encourage people to come forward with their complaint, they would certainly have more confidence in approaching our legal system, which can be daunting at the best of times to those of us who are fully conversant with English, if they had a better grasp of English. We need to deal with that important aspect.

Above all, I should like to know from the Minister how we will measure the Bill's success. As I said earlier, presumably we have two objectives: a reduction in the number of cases and ensuring that the people involved are properly prosecuted. I should be grateful to the Minister if she gave an indication of how many people she envisages will be prosecuted as result of the Bill. Everyone supports the objectives and the motives, but the focus of my concern is on how effective the Bill will be in tackling the issue. I am interested to know how much of a reduction in forced marriage we can expect as a result of the Bill.

If the Bill does not lead to the number of prosecutions that we hope for and a reduction in this evil practice does not occur, I hope that the Government will give a commitment to look again at the issue to see whether making forced marriage a criminal offence will deliver the reductions and the change in culture that we want.

Mr. Greg Knight (East Yorkshire) (Con): Does my hon. Friend agree, however, that the consultation process should not end with the passing into law of the Bill? The Bill provides that guidance can be prepared by the Secretary of State. Is it not important in formulating that guidance that the Minister continues to listen to representations?

Philip Davies: I am grateful to my right hon. Friend for that intervention. He is entirely right, and I was certainly heartened by the Minister's comments in her speech, when she told us how much consultation had taken place before the Bill was drafted. That was a perfectly proper process, but my right hon. Friend is absolutely right that that should be an ongoing process, rather than being seen to be done and dusted.

We need to see how the Bill works in practice and we need to continue to consult the people the Minister consulted before the Bill was produced to see whether it is having the desired effect. If it does not have the desired effect, I hope that the Government will commit to look again at whether forced marriage should become a criminal offence. Despite the persuasive skills of my hon. Friends, I am still not entirely convinced that we as a House should not send out a clear message to the country that we will not tolerate this evil trade any longer. It is completely unacceptable in this country and in this day and age. The number of cases that are referred to the authorities is completely unacceptable too. I hope that the merits of making it a criminal offence will be considered further in Committee, but, whether or not that occurs, I am delighted that the Government are making a giant step in the right direction with the Bill and I commend it to the House.

9.1pm

Lorely Burt (Solihull) (LD): More than 20 years ago, before I ever dreamed that I would end up in this place, I met a young man called Mooli. He was the son of an Asian manager where I worked. Mooli was at university. He had a girlfriend and a happy, fulfilling

[Lorely Burt]

life. I then heard that Mooli had got married. In his holidays he had been working at a petrol station and, apparently, on his wedding day, he had gone to work, left halfway through his shift, gone through a marriage ceremony and then gone back to work. A bride had been brought over from Pakistan—someone he had never met and certainly did not want to marry. I was quite shocked, as you might imagine, Mr. Deputy Speaker.

That was a forced marriage at one end of the spectrum that was so ably described by the hon. Member for Calder Valley (Chris McCafferty). Mooli decided to comply with the marriage and retain his standing in the community. He went back to his university studies and at least had something of a life. However, for those who disobey, running away and often being treated as dead by one's family—with the ultimate conclusion of the reality of death itself—is all too real a prospect in some circumstances.

We have discussed the difference between a forced marriage and an arranged marriage, so I do not want to dwell on that. I echo the point made by hon. Members on both sides of the House that it is certainly not for us to consider whether arranged marriages or traditional western types of marriage have advantages over each other. As long as the people who enter into the marriage do so consensually, clearly it is perfectly acceptable.

Lord Lester originally introduced the Bill in the Lords in January. I am delighted that the Government have adopted it and I thank all the other noble Lords who worked so hard to make it a sensitive and workable document. We have talked about the difference between civil and criminal redress. It is right to adopt a pragmatic perspective, because how can a young person take out criminal proceedings against their own family? Forced marriage is a violation of the European convention on human rights, the right freely to enter into marriage and the right to bodily and sexual integrity.

Mr. Greg Knight: The hon. Lady's comment about criminal proceedings left me a little puzzled. She asked how a wronged person could take out criminal proceedings. Surely if this was to be a criminal offence, a complaint would be made and it would then be a matter for the police and the Crown Prosecution Service. In other words, the decision to prosecute would be at arm's length from the person complaining.

Lorely Burt: Regrettably, the hon. Gentleman was not in the Chamber when others explained that point much better than I can. Earlier, the question was asked: how can someone criminalise a member of their family and still try to maintain their family circle? It is particularly difficult if it is an extended family; when someone is ostracised by their family, the repercussions are severe. The Bill will act as a preventive measure wherever possible. It provides for swift injunctions to prevent marriages, and it will hopefully result in the restoration of family relationships. I hope that that answers the hon. Gentleman.

I mentioned the violation of the European convention on human rights. Forced marriage also contravenes its underlying principles of self-determination and human dignity, and it contravenes the United Nations convention on the rights of the child. It is a form of sexual slavery; women are bought and sold by means of a dowry. We recently marked the bicentenary of the abolition of slavery, but it is alive and well in our own backyard. It is an affront to everyone in society that we allow that slavery to continue in our midst.

The Government's forced marriage unit deals with 300 cases a year, although the hon. Member for Slough (Fiona Mactaggart) shocked me—and, I am sure, many other hon. Members—when she said that it receives more than 5,000 inquiries a year. Some 85 per cent. of those 300 cases involve women and girls, and at least a third of cases involve young people under the age of 17. Children as young as 12 and 13 come forward as victims. The immediate family, the wider family, and often the community seek to impose on the young and control their behaviour.

As my hon. Friend the Member for East Dunbartonshire (Jo Swinson) remarked, the cases that we know about are the tip of the iceberg. Forced marriage is often secret, unseen and unreported. Even in Woking, where the sun always shines and everyone shares their deepest family secrets, I am sure that there are instances of forced marriage. It is a bit like domestic violence: it pervades all classes and communities. We do not know what goes on behind closed doors. Homophobic bullying is also similar. Head teachers may say, "Oh no, we don't have anything like that here," but that often means that they are not looking or listening for it, and that children do not feel that they can come to them with their problems.

In some communities, the problem is overt. Recently, I listened to chilling interviews on the streets of Birmingham following a so-called honour killing. Some of the men interviewed openly expressed the view that the family had the perfect right to use that ultimate sanction on a young woman or girl who disobeys. Honour killings are clearly already covered in British law as murder. What we need, and what the Bill provides, is legislation to help fix a lesser crime.

We have talked about the fact that the Bill offers civil, not criminal, remedies, but I am sure that it will send a strong message that those practices are not acceptable in this country, regardless of one's community or background. It will embolden young people to assert their human right not to be forced into marriage, and it will enable people who are concerned for young people's welfare to act for those who are unwilling or unable to act for themselves. It sends a strong message to those who use many subtle means of exerting pressure on a young person, including emotional blackmail, physical violence, deception, aiding and abetting, and inducement of extended family members. Deception is particularly important. Young people may be lured abroad on the pretext of a holiday or other matter. The wider family may be the ringleaders, and the Bill makes it clear that they may be just as culpable as close family.

Fears have been expressed that the Bill will drive such activities even further underground, with families taking children abroad at an even earlier age. There are also fears that the Bill will stigmatise some ethnic minority communities and lead to entrenchment and further discrimination. However, the emphasis is on the

protection of the victim and avoidance of forced marriage rather than prosecuting perpetrators, which is right. As I have said, an injunction will enable swift action to be taken to stop a forced marriage, which will enhance the chance of reconciliation with the family.

As I have said, the cases covered by the FMU are the tip of the iceberg. The National Society for the Prevention of Cruelty to Children has reported that one in 10 calls to its Asian child protection helpline relates to forced marriage, although callers do not always say that that is the problem in the first instance. The initial problem described may involve domestic violence, rape, self-harm, young runaways, suicide or even the threat of murder. In 2006, 82 young people called ChildLine about arranged and forced marriage, describing problems such as their parents not listening to them, the prospect of being disowned, fear of violence from family members and physical abuse that they were already experiencing.

Education is a big issue for girls who, once married, tend not to go to school. There is a huge pool of underused talent that we must exploit for our country. The Equal Opportunities Commission has reported that Bangladeshi, Pakistani and Afro-Caribbean women are aspirational, confident and increasingly well-qualified. However, even if they enter the world of work fully supported by their families, they can be held back by the work culture. I recently managed to secure a short Westminster Hall debate to bring the issue of cultural intelligence—sensitivity on behalf of employers—to the awareness of the Government and, hopefully, the wider world of work.

Leaving aside the issue of justice, if we do not do all that we can to enable those young women to achieve their true potential, we, as a society, will miss out on their talents and their economic potential to increase the overall wealth of this country. It is all interconnected: the empowerment of women through better education and increased economic power gives them greater awareness and the ability to exert their own human rights, but they need joined-up support.

The group Rights of Women has asserted the need for continued civil legal aid. I was glad when the Minister confirmed in response to an intervention that legal aid will be available, where it is appropriate. Liberty has pointed out the importance of non-legal mechanisms such as funding, women's groups, non-governmental organisations, community groups, leaflets, websites and videos. The need for the proper training of social workers and others in the field has already been raised, and it is clearly important.

By placing forced marriage within family law as part of domestic violence, the Bill will hopefully avoid the stereotyping of any specific community, which would be entirely wrong. The newly introduced gender equality duty will require agencies that deal with the victims, who include men as well as women, to be sensitive to culture, race and gender.

Violence against women and men is pervasive. As I have said, it occurs in every social group and every class, and it affects every sexual orientation. The Bill provides a sensitive framework that will enable victims of forced marriage and their supporters to gain justice, hopefully without irreparably damaging family and wider relationships, by preventing that form of sexual violence from ever taking place.

Unlike the hon. Member for Shipley (Philip Davies), I think that if the Bill is successful, a measure of its success will be that the number of complaints goes up as more people feel able to come forward. With the words of the hon. Member for Slough about the importance of consulting and ensuring that we do not go forward with a cosy consensus ringing in our ears, I look forward to examining closely some of the practical implications of the Bill in Committee.

9.15 pm

Mr. Brooks Newmark (Braintree) (Con): I have been delighted to listen to many of the speeches that have been made in this debate. Clearly, there is enormous cross-party support for the Bill. I join others in congratulating the hon. Member for Keighley (Mrs. Cryer) on highlighting this important issue and bringing it to the attention not only of Members of this House but of the wider community.

I will be fairly brief, but I wish to make several points to the Solicitor-General, whose opinion I always appreciate. First, I want to try to understand, from her point of view, the spectrum that has been highlighted during the debate between forced marriage, arranged marriage, matchmaking and the general psychological pressure that is sometimes put on young women to get married. As the hon. Member for Solihull (Lorely Burt) said, forced marriage often goes hand in hand with violence against women in a symbiotic relationship. Another problem with forced marriages is that of women becoming a form of quasi-forced labour. A lot of the young women who come from abroad have no social or family network. They are brought into this country as a form of slave labour for the household—sometimes, unfortunately, for the mother-in-law, who views her as an adjunct to the family merely as unpaid labour. The hon. Member for Solihull said that sometimes those young girls become, in effect, sex slaves. That is a big problem, because they have nobody to protect them. I hope that the Bill will go some way towards dealing with the three abuses—violence, slave labour and sexual slavery—that these girls have to deal with when they are brought into this country through forced marriages.

I still find it difficult to distinguish between forced marriage, arranged marriage, and psychological pressure. How does one define a forced marriage? As we heard earlier, many women come under enormous psychological pressure to go into a marriage. Is that a forced marriage? If not, why not? Perhaps the Minister can clarify those points.

Secondly, strong community relations are key to this. While there are many benefits to multiculturalism, perhaps one of the unintended consequences has been the prevalence of forced marriage in this country. My hon. Friend the Member for Shipley (Philip Davies) observed that there are 5,000 such cases; there would have been far fewer 10 years ago. Strong community relations play a key role, and communication is critical. It is important that the infrastructure is in place and that there is a facility to help women caught up in forced marriages to find an easy way out of the trap in which they find themselves. That does not mean we must have a society into which people from different ethnic backgrounds feel they have to assimilate; we

[Mr. Brooks Newmark]

need an integrated society in which we respect others' cultures and backgrounds without making them assimilate.

My hon. Friend the Member for Shipley made an important point about language. As people come into this country, it is important that there is far more encouragement for them to adopt its mother tongue, which is English, so that they can integrate, if not assimilate. Learning English is important because if they have a problem with their marriage, they should be able to communicate, in English, any problem to the facility that the Bill seeks to introduce.

Mr. Malins: I am most intrigued by my hon. Friend's observations about how to distinguish between a forced marriage and an arranged marriage. The definition in the Bill refers to force, including coercion

"by threats or other psychological means",

whatever that means. What about the situation where there is family pressure for an arranged marriage? Would it not be rather difficult to decide whether that meant it was a forced marriage?

Mr. Newmark: That was very much the point I was trying to make at the beginning of my speech, to tease out from the Solicitor-General how she defines arranged marriages where psychological pressures are created by families at home. They may not come from wealthy backgrounds, and financial pressure may be put on people to get involved in a marriage that ultimately becomes unwelcome and, in many ways, abusive. We want to try to prevent such situations through the Bill.

I want to return to the point that my hon. Friend the Member for Woking (Mr. Malins) made during his speech on the importance of judiciary training. There is no point in introducing legislation to deal with this sensitive issue without ensuring not only that people have proper training to understand the variety of issues that those who go through forced marriages deal with, but that the numbers are there. Will people who have judicial training be required to learn a foreign language, so that they can communicate with some of the young ladies who are being abused?

My fourth point relates to what the hon. Member for Slough (Fiona Mactaggart) said about empowering the victim. Many of the women in question are very young and have no family network in this country. I am perplexed about how we can empower somebody who cannot communicate, and has found themselves in a trap—in a family who may well coalesce around the husband and protect him. They might be abusing that young person, and there might not be a mechanism by which the young woman can escape from the trap in which she finds herself.

Lorely Burt: Perhaps I can help the hon. Gentleman. His colleague, the hon. Member for Woking (Mr. Malins), talked about the wideness of the definition of those able to intervene. I am hoping that if an individual finds themselves in such a circumstance, the Bill will enable a friend, social worker or someone to whom they have gone for help to intervene on their behalf by virtue of the wideness of that definition.

Mr. Newmark: I understand the spirit in which the hon. Lady makes her point, but the reality is that many of those young women feel trapped in their homes. Many do not get out even to do the shopping. They have no social network in which to communicate with anybody, even extended members of the family, let alone social workers or other parties who could try to help them. That is the Bill's weakness.

Who is the relevant third party, who will make the application? If there is no way for the individual to communicate, no social network and no social worker with whom to interact, and the position is compounded because the family gangs up on her as she becomes increasingly unhappy, a problem develops. I suspect that, although one, two, half-a-dozen or even 500 women may escape and go to the courts to ask for help, probably 10 times that number cannot escape. I believe that that problem will continue to exist.

Although I support the Bill, and it is great that there is cross-party support for dealing with such an important issue, I believe that there are many outstanding questions, which I hope that the Solicitor-General will now clarify.

9.26 pm

The Solicitor-General (Vera Baird): I compliment all—I stress "all"—the contributors to the debate. The hon. Member for Beaconsfield (Mr. Grieve) made a characteristically balanced contribution—he will be a huge asset to the Committee. The Bill is good now, but if it can be improved, he is the man to help us do it.

My hon. Friend the Member for Calder Valley (Chris McCafferty) made the distinction, which is not such a difficult one, between forced and arranged marriage. Her ability to make that distinction was echoed by that of the hon. Member for East Dunbartonshire (Jo Swinson) and the hon. Member for Woking (Mr. Malins). The hon. Member for East Dunbartonshire made the powerful point that arranged marriage, as opposed to forced marriage, has existed cross-culturally, and she mentioned "Pride and Prejudice". She is right, and a slightly parodic Bollywood film, "Bride and Prejudice" makes the same point. The great distinction between forced and arranged marriage is consent. People in forced marriages never live happily ever after.

I was glad to have the professional support of the hon. Member for Woking for the civil route that the Government have chosen to take. I assure him that there will be training through the Judicial Studies Board—we have already thought about that. He was keen to know whether the Bill's implementation could be extended to the family proceedings court. It contains a power to do that, but training will probably be necessary before that happens. We owe a lot to the High Court, which has cut out a niche in identifying the sort of cases that we are considering. It is therefore important that we stay, for the time being, where the expertise is. Of course, powers to extend can follow.

I pay tribute to my hon. Friend the Member for Luton, South (Margaret Moran) for her work on violence against women. She has done that year in, year out throughout the time that I have known her. She readily acknowledges that the criminal tools are too unsubtle an approach for the problem. A young person would not be encouraged to leave if it were

likely that one or more members of the family would find themselves before the criminal courts. She made the powerful point, which was reflected in other speeches, that the scale of the problem may be much greater than any of us know. We must therefore ensure that there is adequate and good quality training if the problem emerges on a larger scale than we expect. We must ensure that, for example, survivor support is well resourced.

The hon. Member for Woking made more points, but they are better left to the Committee.

My hon. Friend the Member for Slough (Fiona Mactaggart) said that she believed that there was a need for more consultation. As she acknowledged, the Home Office carried out a consultation in 2005. The result was overwhelmingly in favour of not criminalising the offence but dealing with it through a civil route. Many organisations were consulted then.

After Lord Lester introduced his Bill in another place, the Odysseus Trust, with which he is linked, also carried out a consultation on how it ought to be amended to make it more effective. A large number of organisations were contacted and there were 32 respondents, including Ashiana, the Asian Family Counselling Service, the Commission for Racial Equality, Hounslow domestic violence network, the Iranian and Kurdish Women's Rights Organisation, Imkaan, the Muslim Parliament of Great Britain and the Newham Asian Women's Project. Southall Black Sisters have been deeply involved from the start, as have Rights of Women. As others have said, we must of course not stop consulting or ensuring that eyes remain fixed on the functioning of the Bill. However, I hope that my hon. Friend can none the less be satisfied that a good deal of consultation has been taken forward.

The hon. Member for Shipley (Philip Davies) still has doubts. Even his colleagues cannot persuade him that the criminal route is not the right one. The problem is that people might be deterred from coming forward if they fear that they will criminalise their families. If they can take a gentler route and just seek help, thereby stopping the situation before it really starts, there might be possibilities for reconciliation and healing that would not arise if the police were called in. That is the line that we are taking. It has met with support throughout the House tonight and, overwhelmingly, among the organisations that we have consulted.

The hon. Gentleman asked me about numbers, but we are talking about a quasi-invisible crime, so it is hard to say. Last year or the year before, the Metropolitan police were aware of 518 cases and, as many hon. Members have said, 300 such cases come to the attention of the forced marriages unit each year. Moreover, the High Court was aware of 30 cases, but I cannot say more about numbers. He talked about whether large numbers of people will be, as he put it, prosecuted—he meant be taken to the civil courts. I cannot predict whether that will be the case, but I hope that the Bill will send out a powerful signal from the House not only that those consequences will follow, but that the practice must stop. Rather than there being a great emergence of new cases, it would be far better if we acted effectively tonight to deter people.

There are a number of people to whom I should pay tribute, including my right hon. Friend the Secretary of State for Justice who, as Home Secretary, gave impetus to the original consultation, which took place way back in 2005, my hon. and learned Friend the Minister for Pensions Reform, my distinguished predecessor, and my right hon. Friend the Member for Norwich, South (Mr. Clarke), who launched the document when he was Home Secretary. That document was all about criminal provision, which was overwhelmingly rejected. It is hugely to the credit of Lord Lester that he carried the torch forward and changed the offence into a civil one.

It is also hugely to the credit of my hon. Friend the Member for Keighley (Mrs. Cryer) that she has championed the cause throughout. She cannot be here tonight for very good reasons and she is sorry for that, but if she was prepared to serve on the Committee, her input would no doubt be most welcome.

The issue that we are discussing applies to all races and all religions—to Hindus, Sikhs, Jews and Muslims. It is also not confined to one society, as many have said. Forced marriage amounts to a serious social evil. It can also amount to sexual slavery and can affect people as young as 12 or 13. Dowries are paid and people are bought and sold. As has been said, resistance can lead to honour killings and submission can lead to suicide. Forced marriages are a dreadful social evil.

Sir Nicholas Winterton (Macclesfield) (Con): May I ask a delicate and sensitive question of the Solicitor-General? What is she prepared to do about what is clearly the physical abuse, and perhaps even rape, of a young girl who has been compelled to enter a forced marriage? Is that a subject about which the Solicitor-General is concerned? I am deeply worried about what we can do about what has been done to a young woman.

The Solicitor-General: The hon. Gentleman has not had the advantage of hearing the debate, which has covered that territory fairly significantly over the past couple of hours while others of us have been here. Of course, if someone is compelled into a marriage and forced to have sex, that would be rape. The hon. Member for Beaconsfield made that point and also listed the other offences that are frequently committed in the course of a forced marriage and what follows thereafter. No doubt the hon. Gentleman will read the report in *Hansard* tomorrow—

Sir Nicholas Winterton: But what is your view?

The Solicitor-General: What we are seeking to do is to give young people in danger the tools to prevent the danger from emerging, but if criminal offences are committed and it is appropriate, the people involved should be prosecuted. However, we are not prepared to put the onus on a young person by saying that the only way they can get out of the situation is to go to the police and compel their family to become involved in criminal proceedings. We are not prepared to say that that is the right way forward, because that is not the case. If they can have recourse to someone else, a civil conclusion can be reached that might head the problem off at the pass before it goes into the horrifying areas to which the hon. Gentleman has alluded.

This is not just a national problem; it is an international one as well. India now has a Minister for women and child development, I think for the first

[The Solicitor-General]

time, and I was fortunate enough to meet Renuka Chowdhury recently at a Commonwealth women MPs' conference in Kampala. She assured me that the Indian Government had legislated to prohibit child marriages in India. She also told me that a women's commissioner was engaged in a programme to educate people on this matter and to prevent forced marriage. It is possible that the advent of this legislation will encourage legislation over there to give enhanced protection. I also understand from Lord Lester that it is not impossible that similar steps will be taken in Pakistan and Bangladesh. I have read his speeches on this matter, and I met him today. I hope, therefore, that we are creating an influence that will go beyond the four corners of the statute and of our jurisdiction.

Implementation will be important. We have the benefit of the forced marriage unit, which is well grounded in promoting and publicising the issue and in producing guidance. It is a great credit to our High Court judiciary—if that is not too patronising a way to describe such an august group—that they have identified this issue where it has arisen, and responded to it. When the Bill has gone through all its stages, we shall therefore be starting with a body of understanding and support in the judiciary, in the forced marriage unit and in civil society.

The procedure that we shall use involves a tried and tested formula that is to be found in part IV of the Family Law Act 1996, which provides solutions to family problems. It is good that the provisions are to be embedded in family law, because they will not seek to point a finger at any part of society. They will simply accept the issue for what it is, namely, unacceptable family behaviour that can be dealt with by civil injunctions, just as other kinds of violence against family members are now. They are flexible and broad enough to allow a judge to head off the danger and to make all orders that are appropriate for protection.

We are arming ourselves well with the Bill, and we will see whether any more needs to be done in Committee. Cross-party support here today has been most welcome, and I am sure that that will continue. We will all work hard to make the best of the Bill, because we must. We owe it to our young citizens whose young lives are curtailed and whose opportunities, hopes and expectations are blocked by the impossible-to-tolerate evil of forced marriage. We must take steps now, and it is good that we have cross-party support for doing so. We are taking steps now to stop it.

Question put and agreed to.

Bill accordingly read a Second time.

Forced Marriage (Civil Protection) Bill [*Lords*] (Programme)

Motion made, and Question put forthwith, pursuant to Standing Order No. 83A(7) (Programme motions).

That the following provisions shall apply to the Forced Marriage (Civil Protection) Bill [Lords]:

Committal

1. The Bill shall be committed to a Public Bill Committee.

Proceedings in Public Bill Committee

2. Proceedings in the Public Bill Committee shall (so far as not previously concluded) be brought to a conclusion on Thursday 19th July 2007.

3. The Public Bill Committee shall have leave to sit twice on the first day on which it meets.

Consideration and Third Reading

4. Proceedings on consideration shall (so far as not previously concluded) be brought to a conclusion one hour before the moment of interruption on the day on which those proceedings are commenced.

5. Proceedings on Third Reading shall (so far as not previously concluded) be brought to a conclusion at the moment of interruption on that day.

6. Standing Order No. 83B (Programming committees) shall not apply to proceedings on consideration and Third Reading.

Other proceedings

7. Any other proceedings on the Bill (including any proceedings on consideration of any message from the Lords) may be programmed.—*[Mark Tami.]*

Question agreed to.

DELEGATED LEGISLATION

Motion made, and Question put forthwith, pursuant to Standing Order No. 118(6) (Delegated Legislation Committees).

Official Secrets

That the draft Official Secrets Act 1989 (Prescription) (Amendment) Order 2007, which was laid before this House on 5th June, be approved.—*[Mark Tami.]*

Question agreed to.

Motion made, and Question put forthwith, pursuant to Standing Order No. 118(6) (Delegated Legislation Committees).

Local Government

That the draft Local Authorities (Conduct of Referendums) (England) Regulations 2007, which was laid before this House on 23rd May, be approved.—*[Mark Tami.]*

Question agreed to.

Motion made, and Question put forthwith, pursuant to Standing Order No. 118(6) (Delegated Legislation Committees).

Family Law

That the draft Child Support (Miscellaneous Amendments) Regulations 2007, which were laid before this House on 6th June, be approved.—*[Mark Tami.]*

Question agreed to.

Mr. Speaker: It will be convenient for the House to take motions 10, 11 and 12 together.

Motion made, and Question put forthwith, pursuant to Standing Order No. 118(6) (Delegated Legislation Committees).

BETTING, GAMING AND LOTTERIES

That the draft Gambling Act 2005 (Operating Licence Conditions) Regulations 2007, which were laid before this House on 11th June, be approved.

That the draft Gambling (Lottery Machine Interval) Order 2007, which was laid before this House on 11th June, be approved.

That the draft Categories of Gaming Machine Regulations 2007, which were laid before this House on 11th June, be approved.—*[Mark Tami.]*

Question agreed to.

Mr. Speaker: I call motion No. 13.

Mark Tami (Alyn and Deeside) (Lab): Not moved.

Philip Davies (Shipley) (Con): On a point of order, Mr. Speaker. I wonder whether you can shed any light on why the modernisation of the House motion has twice been withdrawn at the last moment. Is it because of the understandable—

Mr. Speaker: Order. Before the hon. Gentleman gets into the reasons, let me answer him, so that Sir Nicholas Winterton will not have to raise another point of order. Let me explain that the Government are in charge of their own business and if they wish not to move an item on the Order Paper, under the rules of the House, it is not for the Speaker to challenge it.

Sir Nicholas Winterton (Macclesfield) (Con): Further to that point of order, Mr. Speaker. As you know, I would not challenge your ruling under any circumstances. May I say, however, as a founder member of the Modernisation Committee in 1997—and having sat on that Committee ever since that time—that I wanted to intervene on the basis that there was a unique opportunity to indicate my support for the change. I have had the privilege of speaking to the Leader of the House on three separate occasions and I would have been delighted to propose her to take the Chair at the Committee's next meeting. I merely wanted to advance the reason why I would be happy to do that on behalf of the Modernisation Committee.

Mr. Speaker: As the hon. Gentleman knows, the utterances and indeed the deliberations of the Modernisation Committee are very important to me. I am fond of hearing what it has to say, but as I have said before, patience is a great virtue in the House and we need to possess it at all times. I am therefore sure that the day will come when the hon. Gentleman will be able to move a motion proposing that the Leader of the House assume the exalted role of Chairman of the Modernisation Committee.

Mr. Greg Knight (East Yorkshire) (Con): Further to that point of order, Mr. Speaker. Are not the facts as follows? This motion has been tabled twice with the intention of being moved and the Government have twice failed to move it. Does not that rather indicate that the Government do not know what on earth they are doing?

Mr. Speaker: In another life, I was a Back Bencher. During that time, the right hon. Gentleman was a senior Whip and I recall that he sometimes withdrew motions. I never bothered to draw any conclusion from that; I always said to myself that that is the business we are in.

Mr. Andrew Robathan (Blaby) (Con): Further to that point of order, Mr. Speaker. This is a matter dear to your heart, as you said, so would it not be to the advantage of the House—the nation's debating chamber—if we had a chance to discuss this matter in order properly to understand how to modernise the House of Commons?

Mr. Speaker: Perhaps the Government Whips have taken the lateness of the evening into consideration. They may want to put this motion on at an earlier time when the hon. Gentleman and others can have more time to discuss the matter. However, I do not know these things.

Mr. Peter Bone (Wellingborough) (Con): Further to that point of order, Mr. Speaker. As a new Member of the House, can you advise me why the Order Paper says that there would have been no debate had the motion been moved? I can recall earlier motions on which we had lively debates on appointments to Committees. I am a little confused by what it says on the Order Paper.

Mr. Speaker: The hon. Gentleman may be a new Member, but that shows that he is certainly reading his Order Paper. I am reliably informed that that is a minor error. Of course, had the matter been taken before 10 o'clock, which it was not because it was not moved, it would have been debatable until 10 o'clock.

Barwick in Elmet Hill Fort

Motion made, and Question proposed, That this House do now adjourn.—*[Mark Tami.]*

9.45 pm

Colin Burgon (Elmet) (Lab): Thank you, Mr. Speaker, for selecting this subject for debate. Adjournment debates cover a huge range of subjects, and I hope that my contribution will extend that further. I think that this is the Minister's first Adjournment debate in her new post. I bet she cannot believe her luck in pulling the plum subject of the hill fort in Barwick in Elmet. If she can restrain herself, I will explain a few things about it.

I know the Minister to be well travelled and knowledgeable, and although I am not usually a betting man, I am willing to bet in this case that she has never been to Elmet and that before today she had no knowledge whatsoever of the national monument that is the hill fort in Barwick in Elmet. However, I hope that by the end of the evening she will be aware of that valued historical site because then one of my aims will have been achieved—that of raising awareness of that monument. I know that you like to travel in Yorkshire, Mr. Speaker, because you have made several visits there, and I should like to set the scene.

Barwick in Elmet is in the centre of the constituency that I am so proud to represent. It is set in attractive rolling countryside to the east of that wonderful city of Leeds. It has an equally attractive village centre, with its late 14th century church of All Saints. It has friendly pubs, attractive homes, an excellent primary school and its famous maypole. It is a village with real community involvement across a range of activities from sport to history, and it is the latter on which I shall concentrate.

The Minister will be interested—at least, I hope that she will be interested—to hear that the earth works at Barwick are of national importance. The Barwick in Elmet historical society tells me that there are only between 50 and 100 pre-Roman hill forts nationally, and most of those are found in the south of England. It is clear that even in the days of the iron age there was a north-south divide, and as usual the north came off worst.

There are very few examples of such iron age hill forts in Yorkshire, so Barwick is in a fortunate position. It is worth noting that the fort is considered to be large compared with others in Britain. As a footnote I add that the other similar fort is in Huddersfield, which does not even rank alongside Leeds. In addition, the earth works have a well-preserved Norman motte and bailey, of which there are roughly 600 nationally. That Norman motte and bailey is constructed in the iron age hill fort. It is history built on history. To add another little footnote, the people who were responsible for building the Norman construction were the De Lacy family, who ruled a huge part of west Yorkshire from that particular monument, as we call it now, in Barwick. In some respects, Barwick in Elmet was the tower of London of west Yorkshire. The combination of the iron age and the Norman makes the Barwick site doubly important and fully deserving of efforts to protect and enhance it. The role of the Barwick in Elmet historical society has been absolutely crucial and critical in doing just that.

For those who prefer their history in a slightly more contemporary style, had they joined me last Monday and walked up to the top of the Norman establishment, they would have found a base of concrete, which was used in the second world war by the air defence people to look eastwards towards the Humber coast to spot and track the German bombers coming over to bomb our fair city of Leeds. I merely add that as an extra point.

The catalyst for the revival of interest in the earth works probably occurred in 2003, when following a meeting attended by members of the parish council and the maypole committee it was decided to raise awareness of the site in the village and the surrounding area, and to consider more proactive ways of maintaining. Individuals such as Harold Smith, Jeff Yapp and Nigel Trotter deserve praise for the steps that they have taken to mobilise the community.

A very important step has been taking children from the local primary school around the earth works every year and explaining its history to them. On my last visit to the school, the pupils put me on the spot by asking what I had done to safeguard the hill fort. Hopefully, I am doing my bit for them this evening. On those trips, the children are made aware of the need to value this wonderful, historic site in the years ahead. The work of the school, under the excellent leadership of head teacher Peter Docherty, is vital in ensuring that future generations of villagers appreciate and value what is in their midst.

I should also mention the doughty workers of Barwick in Bloom, led by the ever-energetic John Tinker. They have helped to eradicate the Japanese knotweed that was in danger of obliterating part of the iron age ditch. I also congratulate them on their work on the Methodist chapel churchyard adjoining the site. It provided a useful backdrop for a Sky television interview on Monday in which I attacked Ken Bates, chairman of Leeds United football club—but I will not go into that now.

The historical society has put up notice boards around the iron age ditch, highlighting the need to protect this vital piece of our heritage. I know that in the weeks ahead it hopes to improve the signage with pictures of what the site would have looked like historically, and I welcome that move.

The historical society, the parish council and others have been proactive, and following funding of some £21,000 from English Heritage—a large sum in its terms—a three-year improvement programme was drawn up. It has enabled the parish council to supervise contracts for work such as clearing rubbish from the iron age ditch, constructing access steps into the ditch, and renewing and repairing the steps leading up a steep slope to the top of the Norman site. In turn, English Heritage has encouraged the parish council to apply for heritage lottery funding, and a £4,000 grant has been used to increase knowledge about the village earth works in the local community. Lottery funding was also secured for an archaeological dig on a site within the boundaries of the earth works, which yielded some interesting materials. In September 2006, tours of the earth works were organised for local people. I was fortunate enough to be taken around by Harold Smith, who brought the whole site to life for me.

I have to admit that in my previous life I was a teacher of history. It has always depressed me that although most people dislike history when they are at school, once they leave school they begin to love it. I hope that that is not down to history teachers. I do know this about history, though: it is about facts, but it is also about the power of imagination. Standing on the iron age earth works and visualising the huge efforts required by iron age society to construct such a feature was a very engaging experience for me.

It is not possible for me to embark on a massive, detailed account of the work done around the site. I am merely giving the Minister a brief overview of the work that is being done. As with many aspects of our lives—this does not apply to the Minister, but it applies to some of us—it is not all progress and renewal. There are also problems, and I hope to enlist the Minister's help in addressing them.

First, there are unfortunate examples of encroachment into the iron age ditch. We shall have to deal with that sooner or later if we consider the ditch to be an important national monument. Secondly, the dumping over a number of years of garden rubbish and other refuse into the ditch has been a great problem for those who wish to preserve the site. Thirdly, because the earth works lie within a conservation area, protected trees can become a problem. That is especially true in the area known as the Wendel ditch. On Monday, I saw in the company of Mr. Smith the damage caused to the ditch sides by a fallen tree whose roots had pulled away the earth. I am told that the tree fell over in winter, but it is still littering the 2,200-year-old ditch and impeding access for people who want to see it.

It is important to frame a way forward and I have some constructive suggestions to make. Will the Minister encourage English Heritage to seek closer working relations with Leeds city council in order to address some of the planning issues that have arisen? MPs are fully aware from their mailbag and from personal experience that planning is a complicated issue, and several brains are required to work out solutions to many planning problems. Will the Minister also agree to discuss with English Heritage the possibility of it using its powers under the Ancient Monuments and Archaeological Areas Act 1979 to address the encroachment issue in a timely manner? English Heritage is trying to create a mood in the village that will lead to there being full support and that strategy is to be applauded, but organisations must sometimes use the powers that are available to them. I know from speaking to English Heritage officials that it values the site. It would greatly assist its efforts if it sought to enlist fully in support of its work members of the historical society, especially when visiting the site.

All organisations benefit from improved communications, and I know that English Heritage is keen to take this matter on board. It is vital to tap the enthusiasm of local people. When officers visit, the simple step of contacting someone from the parish council or the historical society would lead to a better result. I would also like English Heritage to be asked to liaise with Leeds city council's tree officer in order to receive professional advice on tackling tree maintenance on the site. I am aware that in a recent programme there was training for a volunteer. Unfortunately, that volunteer moved and there is now a funding difficulty. It would be good if Leeds city council and English Heritage came together to provide training for somebody in the village so that the skill base of the historical group and the parish are enhanced.

To make a dig at Leeds city council—I can do so as it is in Liberal-Conservative hands—I would hope that after four years it might finally get round to improving what is a dangerous footpath running alongside Wendel hill. Does the Minister agree that a 10-year plan—I plucked that number out of the air, so if she wants to change it I am happy to discuss that with her—agreed by English Heritage, the parish council and the historical society would be a constructive way to take matters forward?

Let me also make an offer to the Minister. I am happy to host any visit that she might like to make to the site. She might wish to do so during the day, and sit on a bench opposite the Methodist chapel and eat a bag of fish and chips; or if she arrives a bit later, we could have a drink in one of the good local pubs. I am also prepared to report back to the Minister in the coming months about whether raising the issue in this debate has had an effect.

A part of my political philosophy is the principle that we work better when we work together. In that context, co-operation between the Barwick in Elmet community organisations, local authorities and national bodies is the best way to achieve our objectives in respect of this wonderful monument.

It is always good to end with a stirring quote from a famous historical figure. I strive to do that but usually fail miserably. On this occasion, I can do no better than use a contemporary quotation. I do not know whether the Minister read the wonderful article in *The Guardian* yesterday by Bill Bryson—

It being Ten o'clock, the motion for the Adjournment of the House lapsed, without Question put.

Motion made, and Question proposed, That this House do now adjourn.—*[Mr. Watts.]*

Colin Burgon: As I was saying, Bill Bryson wrote a powerful article about the British countryside and how humans have shaped it positively, and I can certainly identify with that. He said:

"All that posterity asks of us is that we look after what has been created for us already."

There is no better way to sum up the way forward for the hill fort at Barwick in Elmet. I await the Minister's comments with hopeful anticipation.

10 pm

The Minister of State, Department for Culture, Media and Sport (Margaret Hodge): I congratulate my hon. Friend the Member for Elmet (Colin Burgon) on securing this debate and on the passion and commitment that he has shown in putting forward his case. I agree entirely that we work best when we work together, and with Bill Bryson's words. It is crucial that we retain the sense of place that was created by our forefathers through the many structures and buildings that they developed. Therefore, the protection of our proud past and heritage is crucial, not only for the present but for future generations. I endorse that completely.

[Margaret Hodge]

I also wish to take this opportunity to congratulate Barwick historical society, which has done an enormous amount of work in the community to promote, protect and raise awareness of an important historical site. My hon. Friend is right to say that I do not know the site, but I would be delighted to visit it. I have visited other hill forts and I know how exciting and interesting they can be.

I have been given a lot of information about the site, and it has been developed as a result of strong community effort, which we should applaud. As my hon. Friend said, many local organisations were involved in looking after the monument, including the Maypole Trust; the primary school that my hon. Friend mentioned, especially Mr. Peter Doherty, its head teacher, who has taken a real interest in it and ensured that his pupils do; and Barwick in Elmet's parish council.

I appreciate my hon. Friend's concerns and those of the historical society about the monument. I need no persuading of its national importance, from my general knowledge and also from my understanding that the site consists of no fewer than two scheduled ancient monuments. My hon. Friend talked about the rarity of iron age hill forts. He may be interested to know that there are more than he thinks—814 in England, with only 23 in Yorkshire. His local fort is one of only a handful in west and north Yorkshire. The monument at Barwick in Elmet is a good, and reasonably well-preserved, large example. Although I have been in the job for only just over a week, I have already had the opportunity to visit an English Heritage site and had one meeting and one encounter with staff. They are doing an important and effective job on behalf of us all in looking after sites and buildings in which often no one else takes an interest. We should applaud that.

English Heritage tells me that very little of the surviving remains of the Barwick in Elmet monument have been disturbed, making it of even greater importance as a future resource for research. Equally important are the well-preserved remains of the Norman motte and bailey castle, dating from the invasion of William the Conqueror, as my hon. Friend said. In answer to a question from him on 4 June, the then Minister, my hon. Friend the Member for Tottenham (Mr. Lammy), replied that English Heritage had provided a substantial grant last year of nearly £22,000 to cover the cost of clearing the site of overgrown vegetation and dumped material, repairing steps and boundary fencing and, importantly, establishing an improved maintenance regime. I note my hon. Friend's request that English Heritage should be more proactively engaged locally in respect of the monument, and I will make sure that English Heritage sees a copy of the report of my hon. Friend's remarks tonight. As I develop my response, he will see that English Heritage takes the site particularly seriously.

There are some problems in relation to the site because it is owned by about 20 individuals and groups. English Heritage's first responsibility is to the owners. It considers that it has provided extensive assistance and advice to the historical society. Achieving the full participation of everybody in the local community—all the owners and occupiers—in positive conservation management, which is a shared aim of all those involved, is important. The scheme started promisingly, with strong support from most sections of the community, but as my hon. Friend knows there is still a long way to go to get everybody involved.

English Heritage applauds the work of the local historical society, the parish council and the local community in Barwick in Elmet. It, too, acknowledges that it is always possible to do more. As I am sure my hon. Friend will understand, however, it must also prioritise its staff resources across the country in ensuring that it gives proper care to all our scheduled monuments. English Heritage gave the grant to which I alluded to the parish council, which has much cross-membership with the historical society—there are people who belong to both community organisations. That grant was given to enable the local community to manage the monument without the need for English Heritage's direct involvement in day-to-day issues.

The Heritage Lottery Fund has now provided more than £29,000 in grants for the site over the past two years. That was for two local heritage initiative projects, one of which was completed in March 2006, and the other, which is for more than £24,000, is still ongoing. The purpose of the latter, rather large grant is to support investigation of part of the monument through excavation and to undertake some geophysical investigations. That project is fully endorsed by English Heritage.

My hon. Friend knows that site management is complex because the site has a large number of owners, especially when the adjacent properties are taken into account. The hill fort is surrounded on most sides by residential gardens, which abut the fortifications. Many of the people who own those properties are enthusiastic supporters of the management project, but some are less so. English Heritage became aware of various management and maintenance problems at the site through monitoring visits undertaken by the regional English Heritage field monument warden. To facilitate a solution to the management issues, the wardens have worked hard with the owners of properties on and adjacent to the site, as well as with the local parish council, to raise awareness and to increase interest in those important monuments.

My hon. Friend referred to the concerns about alleged encroachment on to the site by neighbours. English Heritage cannot stop wrongdoing, but it has a role to investigate any works undertaken without consent, and to consider remedial action. As he knows, it can prosecute if appropriate. One matter is a long-standing encroachment of a patio on to a small part of the scheduled area. Apparently, the house concerned has changed hands recently, as I am sure he is aware. I have been informed that the works have a limited effect on the monument.

My hon. Friend raised concerns about garden waste being dumped on the newly cleared monument. There was previously a major problem and the management project has considerably reduced it, but some members of the community have asked English Heritage to take action about dumping. English Heritage tells me that it has assessed both the encroachment and the waste dumping issues but believes that legal action would be inappropriate. It wants to encourage and develop the community's understanding of the importance of the

site and believes that punitive measures might undermine that intent. However, if my hon. Friend or others hold a different view, I should be interested in hearing it. There is also the practical consideration that disproportionate costs would be involved, especially if the prosecution was unsuccessful. The costs and the time spent on it might be better devoted to building an improved local management scheme and consensus about the importance of the site.

My hon. Friend suggested that there should be a long-term management plan for the site—between 10 and 15 years. We put that suggestion to English Heritage, which agrees that although such a plan would be beneficial, it would be a challenge to develop in this case as it would require the involvement of all the owners and the historical society. In effect, such a process has already started through English Heritage's management agreement with the parish council, but English Heritage is happy to explore widening that approach for the whole monument. I hope that my hon. Friend welcomes that proposal.

English Heritage appreciates the importance of a tree management plan on the site—another issue raised by my hon. Friend. The current management agreement empowers the parish council to undertake any necessary works in the event of trees falling. As my hon. Friend knows, the loss of trees is always contentious and we need to balance archaeological conservation with amenity and nature conservation interests. It is always a difficult balance to achieve. I note my hon. Friend's comments about Leeds council. I am told that the council has provided advice and support for the community project team by offering the services of its tree officer to advise on the process of felling and lopping trees. If the volunteer trained by the council has left, there is room for further discussion to see whether another member of the local community can be trained.

My hon. Friend raised concerns that English Heritage did not inform everybody in the local community before a site visit. English Heritage is aware of only one visit that took place at short notice, without the knowledge and involvement of the historical society. Its normal practice is to agree site visits with owners and occupiers, and all interested parties, so there was obviously an error in that case. I believe that English Heritage has sought community involvement throughout the project, largely through the parish council. That has proved successful, but obviously further work is needed fully to engage the whole community and to achieve the participation of all owners and occupiers so that we really can get improved management of the site. English Heritage has recently visited the site to assess the situation on the ground and is contacting all those responsible. It does not feel that legal action is appropriate, but it will continue to assist the community and monitor the situation through visits and meetings.

Since the announcement of my hon. Friend's debate, English Heritage has contacted the parish council to set up a further meeting, which I hope my hon. Friend welcomes. Through that meeting it hopes that there will be a further phase of community engagement. As my hon. Friend rightly said, by celebrating the rich history of the site, the local community will come together, work together and appreciate and value that vivid expression of our nation's history, which he so clearly described, that lies literally in some of their back gardens. That is a real treat to me. A consensual approach is the answer to the future management of the monument. That would bring great benefits for the local community, showing how a shared sense of ownership of our common inheritance can bring a sense of pride in place and enrich everyone's life.

English Heritage was pleased to meet the historical society again to explore how its current involvement can be extended to help to achieve the aim of empowering my hon. Friend's local community to care for what I know is an important, historic site that lies literally in their back gardens. Again, I congratulate him on a very good debate.

Question put and agreed to.

Adjourned accordingly at fifteen minutes past Ten o'clock.

House of Commons

Wednesday 11 July 2007

The House met at half-past Eleven o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

Oral Answers to Questions

INTERNATIONAL DEVELOPMENT

The Secretary of State was asked—

Palestinian Authority

1. **Chris Bryant** (Rhondda) (Lab): What discussions he has had with his European Union counterparts on provision of aid to the Palestinian Authority. [148657]

The Secretary of State for International Development (Mr. Douglas Alexander): On 18 June, the then Foreign Secretary met her European Union counterparts and agreed to resume normal relations with the Palestinian Authority. The EU is now working to put in place practical and financial assistance. My predecessor spoke to Prime Minister Fayyad on 27 June about this. British and European Commission officials are now on the ground, arranging the details.

Chris Bryant: I welcome my right hon. Friend to his new responsibilities and I say on behalf, I think, of all Members of the House that we are particularly proud of the Government's record in this area, and we look forward to his taking that forward.

On Palestine, does my right hon. Friend accept that the humanitarian crisis in Gaza and on the west bank is now so acute that, however fierce the battles between Fatah and Hamas, and however fierce the face-off between Israeli and Palestinian, we cannot simply walk by on the other side? The rich nations need to ensure that there is social justice for the Palestinians.

Mr. Alexander: I begin by thanking my hon. Friend for his generous welcome to my new position at the Dispatch Box. I reciprocate by paying tribute to my predecessor, who I believe has support throughout the House for the efforts he made in the Department for International Development in recent years.

I concur with the rather more dispiriting prognosis offered by my hon. Friend of the scale of the challenge currently faced in Gaza. We are gravely concerned about the humanitarian situation. Since 15 June, more than 140 truckloads of food and humanitarian supplies have been imported to Gaza, which reflects the scale of the challenge and the problem faced on the ground. Across the west bank, the humanitarian situation is more stable, but the priority for Gaza is to get access in order that we can continue to provide the humanitarian assistance that is needed.

Malcolm Bruce (Gordon) (LD): I, too, welcome the right hon. Gentleman to his post. The ambitions of his Department carry strong support throughout the House and we wish him well in achieving them.

On the problems of Palestine, does the right hon. Gentleman acknowledge that although we work, as we must, with President Abbas, he is not the sole spokesman of the Palestinian people, and that his Prime Minister, able as he is, is not the popular choice of the Palestinian Authority? How can the Secretary of State ensure that aid is delivered effectively in Gaza, with the temporary international mechanism and where the Administration is not one with which the Quartet is prepared to engage? Can he ensure that services will be delivered effectively in the long term in Gaza?

Mr. Alexander: I begin by paying tribute to the right hon. Gentleman's leadership of the Select Committee on International Development. I am glad to say that it is in a spirit of co-operation and consensus that I arrive at the Dispatch Box as Secretary of State, and with a due sense of humility about the range and scale of expertise throughout the House on issues of international development. I am mindful that there has been a recent debate on the issue of Gaza and the west bank in which a number of hon. Members participated, which reflects the scale of concern about ensuring that humanitarian assistance reaches Gaza.

As I made clear, notwithstanding the situation that emerged in relation to Hamas's actions in Gaza, humanitarian assistance has continued to be provided directly to the Palestinian people there. It is also the case that the temporary international mechanism will continue until September and efforts will continue to ensure that we work directly with the Prime Minister and President Abbas. In the meantime, while the situation on the ground continues to be difficult, we shall ensure that humanitarian assistance is provided directly to those who need it.

Sir Gerald Kaufman (Manchester, Gorton) (Lab): In congratulating my right hon. Friend on his appointment and expressing my confidence that he will build on the superb record and reputation of his predecessor among the Palestinians, may I ask him whether he will take an early opportunity to visit the Palestinian territories, so that he can see for himself the terrible oppression, degradation and poverty from which a huge majority of Palestinians suffer? Will he ask the Israeli Government to return all the tax revenues that they have stolen from the Palestinians?

Mr. Alexander: I have in the past had the opportunity to visit Gaza and see for myself the real burdens and suffering experienced by many Palestinians. It is with regret that I say that, even since the visit I paid a number of years ago, the situation has deteriorated. We should bear in mind, for example, that amidst the economic growth that is being witnessed in many areas of the world, the Palestinian economy contracted by 10 per cent. last year. If I recollect the most recent figures correctly, the gross national income for the Palestinian Authority is about 7 per cent. of that of its neighbour, Israel. That shows the scale of the challenge faced to secure the economic development that all of us in this House want to see as part of finding a way forward in the middle east. My immediate travel plans are still being formulated, but I assure my right hon. Friend that I will give consideration to visiting the Palestinian territories, along with other areas.

David Tredinnick (Bosworth) (Con): Will the Secretary of State remind his counterparts when he speaks to them that much of the equipment that the EU supplied to the Palestinians in the past was destroyed during Israeli incursions, including the air traffic control equipment at Gaza airport, and many of the computers used in the civil administration? Will he make it clear through channels to the Israelis that it is totally unacceptable for that to happen to European aid to Palestine?

Mr. Alexander: Of course, there is consensus in the House about wanting the aid not only from the United Kingdom but from the European Union—and the broader support of the Quartet—to be in the hands of those who need it, and ensuring that it does not suffer the sort of difficulties that the hon. Gentleman described. Of course, as well as the contact that has already taken place between the new Prime Minister and President Abbas, contact will continue with the Israeli Government. I assure the House that we discuss such issues in our continuing dialogue.

Richard Burden (Birmingham, Northfield) (Lab): I, too, welcome my right hon. Friend to his new post. If we are to alleviate the humanitarian position in Gaza, it is vital to do something about the crossing at Rafah, where literally thousands of people have been stranded because Israel closed the crossing, even though it is not Israel's border. Will he consider the presence of EU monitors there and the role that they can play in alleviating the suffering that is taking place?

Mr. Alexander: I am at one with my hon. Friend in recognising the difficulties that are being experienced at Rafah. My understanding is that approximately 6,000 people are in Egypt waiting for Gaza's border with Egypt at Rafah to open. Indeed, between 400 and 700 people are receiving help from Bedouin in a deserted area around Rafah. The tragic death of a mother of four children occurred recently, and that has added a specific poignancy and urgency to trying to find a way forward on Rafah. When my right hon. Friend the Foreign Secretary last addressed the House on those matters, he made clear his intention of speaking directly to the Egyptian Foreign Minister. I assure my hon. Friend that I will consider his point about the UN monitors.

Lynne Featherstone (Hornsey and Wood Green) (LD): I welcome the Secretary of State to his role and wish him well.

The stringent restrictions of movement that are imposed on the Palestinians continue to exacerbate the humanitarian position. They undermine all the aid and humanitarian work that is going on. What will the Secretary of State do to persuade Israel to remove those restrictions?

Mr. Alexander: When my right hon. Friend the Foreign Secretary last addressed the House, he made clear the three principles whereby we will move our work forward on the matter in the months ahead. He said that first, we would be unyielding in our support for finding a two-state solution; secondly, we should express a genuine willingness to work with all those who would renounce violence as a way forward; and thirdly, we need to continue to address the immediate humanitarian challenge while recognising the social and economic development needs of the Palestinians. It is right to place on record the fact that restraints on movement and access are a severe constraint on the capacity of the Palestinian economy to grow. Although, of course, it is necessary to provide humanitarian assistance with immediate effect, there is no substitute in the longer term for a sustainable, developed Palestinian economy. For that to happen, we need the restrictions on movement and access to be removed.

Mr. Mark Lancaster (North-East Milton Keynes) (Con): The recent Select Committee report underlined the effectiveness of the temporary international mechanism in providing much needed support to the most vulnerable Palestinian groups. Given that the mechanism was set up to avoid distributing funds to Hamas, and in the light of recent events in Gaza, does the Secretary of State believe that the fund is still an acceptable method of delivering aid to the Palestinian population beyond its current extension to September?

Mr. Alexander: Following a decision that the former Foreign Secretary made on 18 June, we are now working to put in place practical and financial assistance to establish normal relations with the Palestinian Authority. That will inevitably take time and it is entirely appropriate for the EU to have reached a recent judgment that we should continue the temporary international mechanism until September. We have provided £15 million to the temporary international mechanism to date. That support was necessarily provided to both the Gaza strip and the west bank. While we are in the process of transition, and given that the position continues to be fluid, I support the actions to extend the temporary international mechanism to September.

Doha Trade Round

2. **Mr. Peter Bone** (Wellingborough) (Con): What steps he is taking to secure agreement in the Doha trade round. [148659]

The Parliamentary Under-Secretary of State for International Development (Mr. Gareth Thomas): The breakdown in the G4 talks in June was disappointing, but does not mean the end of the Doha round. Negotiators from all countries are working hard in Geneva now and we expect new proposals soon. We are working with EU member states and other World Trade Organisation members to help to break the deadlock.

Mr. Bone: I thank the Under-Secretary for that frank answer. Does he agree that the best method of relieving poverty in developing countries is by developing trade with industrial countries? Has not appalling EU protectionism in the current round of discussions let developing countries down?

Mr. Thomas: I agree with the hon. Gentleman's first point that increasing trade as a vehicle to drive economic growth in poor countries is absolutely fundamental if we are to see progress made towards the

millennium development goals, which both sides of the House hope to see. We are now witnessing significant reform of the common agricultural policy, which has given Peter Mandelson, the Trade Commissioner, the flexibility to offer progress in the negotiations on the EU side. We need further concessions from our American allies, as well as from our Indian and Brazilian colleagues in the areas where they are able to offer them.

Ann McKechin (Glasgow, North) (Lab): Given the current stalemate in the World Trade Organisation talks, will my hon. Friend consider extending the EU "Everything But Arms" scheme, which would effectively provide more jobs in the developing world and reach out to countries such as Kenya?

Mr. Thomas: I should say to my hon. Friend, whose interest in this issue over a number of years I acknowledge, that the gaps between the key G4 countries did narrow at Potsdam, so we believe that there is continuing hope for progress in the round. My right hon. Friend the Prime Minister has made very clear his determination that we should do all we can to maintain momentum in this round. That is why he has made a series of calls, not least to the Prime Minister of India and the President of Brazil, and also why progress has been made in talks with key interlocutors such as the director-general of the World Trade Organisation. It is also why there will be a Cabinet Committee to take forward co-ordination across the Government in this area.

Mr. Andrew Mitchell (Sutton Coldfield) (Con): We welcome the Secretary of State to his new responsibilities and the Minister to his expanded responsibilities on trade. Further to the Minister's remarks about the need for the Americans to move in these negotiations, is he aware that while exports of clothes and garments from African countries to America have increased sevenfold over the last five years, the same exports to Europe have actually declined? What plans does he have to increase the ability of African countries to sell into Europe, and is he seeking to change the rules of origin requirements, which are at least partly to blame for the problem?

Mr. Thomas: The hon. Gentleman is right to highlight the importance of these trade negotiations in the effort to reverse the decline in the share of trade to Africa, particularly in respect of agricultural products. He is right to say that we need radical reform of the rules of origin requirements and we continue to press the EU to offer a more generous system for those rules. That is why my right hon. Friend the former Secretary of State for Trade and Industry and current Chancellor of the Exchequer, in partnership with colleagues in other European countries, wrote to a number of Commissioners to press for progress on those rules of origin. We do need greater progress from our American allies, particularly in respect of allowing Africa to increase its trade of cotton into American and EU markets.

Mr. Mitchell: On the issue of the EU, the Minister will be closely following the discussions between the European Commission and developing countries about economic partnership agreements. If EPAs cannot be negotiated and agreed by December, will the British Government accept the Commission's imposing the generalised system of preferences, or will the Minister press for an extension of the WTO waiver?

Mr. Thomas: The hon. Gentleman is also right to highlight the importance of the economic partnership agreement discussions that are currently under way. They have the potential to deliver considerable economic benefits and contribute to poverty reduction across Africa, the Caribbean and indeed the Pacific. We are pleased with recent progress made in the negotiations, particularly regarding flexibility and the generous market access offer that the Commission has put forward. We are also pleased with the renewed enthusiasm across all six negotiating groups in the ACP to conclude negotiations by the end of December.

Mr. Tom Clarke (Coatbridge, Chryston and Bellshill) (Lab): Many who follow these discussions understand fully the need for the American Administration to respond to its somewhat vocal farm lobby. Nevertheless, does my hon. Friend agree that if there is to be further penetration of the depleted markets in developing countries, where farmers in many cases are still earning less than $1 a day, that would not only be unfair, but we simply would not achieve the millennium development goals?

Mr. Thomas: My right hon. Friend makes a particularly important point on the United States. The World Bank has estimated that farmers in Africa lose out on between $75 million and $100 million per year as a result of cotton subsidies, particularly in the United States. We need some additional flexibility from our American allies, as well as from the EU, India and Brazil.

Tibet

3. **Norman Baker** (Lewes) (LD): what support his Department has provided for projects working with the indigenous people of Tibet. [148660]

The Parliamentary Under-Secretary of State for International Development (Mr. Shahid Malik): We are providing £500,000 a year to support Save the Children's work in Tibet. The support runs from 2005 to 2010. The programme seeks to improve the economic and social status of children in Tibet, by enhancing their rights to education, health care and basic protection.

Norman Baker: I congratulate the Under-Secretary on his appointment and wish him well in his post. I am pleased to hear of the work going on in Tibet, but will he assure me that the moneys will help Tibetan people? As he may know, the Chinese authorities operate, effectively, a policy of apartheid, discriminating against Tibetans in education, employment and health. What steps will he take to ensure that the money allocated gets to the Tibetans, rather than being siphoned off by the Chinese?

Mr. Malik: May I formally acknowledge the considerable energy directed at Tibet by the hon. Gentleman? There is considerable investment in China in the run-up to the Olympics. The opening of Tibet is creating more economic opportunities for all those resident in Tibet, including

the indigenous Tibetans. Economic growth in Tibet over the last three to five years has been above the national average and the extension of the railway has created a tourism boom from which Tibetans benefit. However, anecdotal evidence suggests that there are inequalities within Tibet. The hon. Gentleman has raised those issues and issues of human rights on numerous occasions. At the last UK/China human rights dialogue on 5 February, many of these concerns were raised and we handed over a list of individual cases of concern to the Chinese Government, including the names of Tibetan prisoners.

Mr. Lindsay Hoyle (Chorley) (Lab): Will my hon. Friend ensure that when these projects go ahead, we will also enter into talks with the Chinese on the self-governance of Tibet by its people and on an end to the illegal occupation?

Mr. Malik: We are constantly speaking to the Chinese on human rights. We recognise Tibet as autonomous but having a special relationship within China. In February of this year and September of last, the Prime Minister raised issues and concerns about Tibet. Through our programme in Tibet, we are doing some work, but we also have considerable investment in China itself to help health and education programmes that will impact across the piece, including within Tibet.

David Simpson (Upper Bann) (DUP): I welcome the Under-Secretary to his new post and wish him well. Will he take time from his busy schedule to meet the Foreign Office to discuss China's policy in Tibet and, in particular, safeguards for religious freedom?

Mr. Malik: I would be happy to do that. We believe that religious freedom is a fundamental right for everyone in the world. I would also be happy to discuss the issue with the hon. Gentleman.

Bolivia

4. **Colin Burgon** (Elmet) (Lab): Which projects his Department is funding in Bolivia. [148661]

The Parliamentary Under-Secretary of State for International Development (Mr. Shahid Malik): The Department for International Development supports initiatives that enable poor people to benefit from markets and improve how Government systems respond to the needs of poor people. We do that through three routes: first, through the World Bank and the Inter-American Development Bank, whose projects include improving social services and helping municipalities to be more responsive to their constituents; secondly, through the European Union, whose projects include supporting indigenous farmers; and thirdly, through UK non-governmental organisations which support grass-roots groups.

Colin Burgon: I welcome my hon. Friend to his new post. Can he assure me that rumours of the planned closure of the UK's only remaining presence in Bolivia—a regional office—are unfounded? Will he also consider having a direct bilateral programme with Bolivia, free of the shackles that are often imposed by the Inter-American Development Bank?

Mr. Malik: Let me first acknowledge my hon. Friend's efforts in building mutually beneficial and strong relationships between the UK and much of Latin America. As a fellow socialist, I am sure that he will be pleased to learn that DFID allocates 90 per cent. of the bilateral programme to low-income countries. As Bolivia is a middle-income country, our bilateral programme with it is relatively small. We believe that we can better support the Government of Bolivia's development efforts by using the expertise of our advisers in the office in Bolivia to influence the World Bank and the Inter-American Development Bank, which together lend about £75 million a year to Bolivia. In respect of the office in Bolivia, I will review our Latin America policy in the autumn in the light of consultations on a new DFID strategy for Latin America, and I will, of course, take my hon. Friend's views into account.

Failed Asylum Seekers

6. **Mr. Anthony Steen** (Totnes) (Con): If he will increase UK aid to countries to which children and young people have been returned after their asylum claim in the UK has failed. [148663]

The Secretary of State for International Development (Mr. Douglas Alexander): The Department's overall aim is to reduce poverty, and we have made a commitment to channel aid to the poorest countries. *[Interruption.]*

Mr. Speaker: Order. The noise level is very high, which is unfair to Members who are present in the Chamber to hear and contribute to questions on international development.

Mr. Alexander: Thank you, Mr. Speaker. I have the disconcerting sense that the Chamber is filling up; I usually have the opposite effect.

Aid is distributed on the basis of need and the likelihood of its effectiveness in reducing poverty. Many of the countries to which the Government return failed asylum seekers receive considerable amounts of aid, including programmes to improve the lives and opportunities of children and young people.

Mr. Steen: Is the Minister aware that increased numbers of Vietnamese boys and girls are being trafficked into Britain and are illegally working in cannabis factories in our home towns in England, Wales and Scotland? Is he also aware that when they are returned to their country of origin they will be retrafficked to Britain unless the Government do more in those countries to stop that happening? Will the Secretary of State do that?

Mr. Alexander: First, let me pay tribute to the hon. Gentleman's work as chairman of the all-party group on trafficking of women and children. The House is united on this matter, and we are determined to do all we can to stop this abhorrent practice. DFID has spent £14 million specifically on addressing trafficking, but we are also determined through our poverty reduction work to attempt to address the push factors that lead to people being trafficked from countries such as the one mentioned by the hon. Gentleman.

Ms Dawn Butler (Brent, South) (Lab): I welcome my right hon. Friend to his new position. Will he make it clear that we will work with non-governmental organisations in those countries to ensure that the push factors that lead to such children being trafficked into our country are addressed and that trafficking is not repeated or continued?

Mr. Alexander: I am happy to give the House the assurance that my hon. Friend seeks. We will continue to work with NGOs, and to target the specific problem of trafficking of women and children. That is why, for example, in China, we are working with the International Labour Organisation to support projects addressing directly the challenge of trafficking from that region.

PRIME MINISTER

The Prime Minister was asked—

Engagements

Q1. [148621] **Mr. Henry Bellingham** (North-West Norfolk) (Con): If he will list his official engagements for Wednesday 11 July.

The Prime Minister (Mr. Gordon Brown): Before listing my engagements, I am sure that the whole House will wish to join me in sending our profound condolences to the families and friends of the three servicemen killed in Iraq at the weekend. They were Private Edward Vakabua of 4th Battalion the Rifles, Lance-Corporal Ryan Francis of 2nd Battalion the Royal Welsh, and Corporal Christopher Read of 3rd Regiment Royal Military Police. They died doing vital work for our country. We owe them a deep debt of gratitude.

This morning, I had meetings with ministerial colleagues and others. In addition to my duties in the House, I shall have further such meetings today.

Mr. Bellingham: Is the Prime Minister aware that the ringleader of the 21 July terrorist attacks, Mukhtar Ibrahim, was allowed to travel backwards and forwards to Pakistan to a terror camp, despite the fact that he was wanted on extremism charges in the UK? Throughout this time, he was given succour and encouragement by Hizb ut-Tahrir. Does this case not illustrate the overwhelming argument for banning this evil organisation, and for bringing in a dedicated UK border police?

The Prime Minister: I have looked at the argument put to me last week about the banning of the organisation. This will be kept under continuous review. Equally, I have looked at, and continue to look at, the argument for a national border police force, but it is the combination of an e-border system that operates in airports and ports way outside our country that prevents people from coming in in the first place, and the introduction of identity cards that would do the best to deal with the problem.

On the particular person who has been found guilty and sentenced to life imprisonment, there are three instances that we have got to deal with, and I have looked at all of them. First, when he was guilty of crimes in Britain in the early and later 1990s, under the new laws he would have been deported from this country. Secondly, he applied for citizenship of this country and received citizenship because all his offences as a juvenile had been wiped off. That would not happen now, and he would not get citizenship of this country. I am also looking very carefully at the circumstances that surround his visit to Pakistan.

Q2. [148622] **Mr. Andy Reed** (Loughborough) (Lab/Co-op): As the Prime Minister knows, many in the faith community and elsewhere, like me, still have concerns about super-casinos, believing that they will add to the current problem of the 400,000 people who suffer from gambling problems. Given that a majority of the public believes that these super-casinos will add to gambling problems and social breakdown, will he use this period of reflection and change in policy to look again at the policy on super-casinos, and to go back to the original purpose of the Gambling Act 2005, which was to regulate gambling and reduce gambling problems?

The Prime Minister: It is true to say that this is an issue on which no consensus is found within the two Houses of Parliament, and it is an issue that is now subject to reflection over the next few months. In September, we will have a report that will look at gambling in our country, and at the incidence and prevalence of it and its social effects. I hope that during these summer months, we can look at whether regeneration in the areas for the super-casinos may be a better way of meeting their economic and social needs than the creation of super-casinos.

Mr. David Cameron (Witney) (Con): I join the Prime Minister in paying tribute to Corporal Christopher Read, to Lance-Corporal Ryan Francis, and to Rifleman Edward Vakabua, who died serving their country.

Last week, the Government announced a fundamental review of the NHS. Will the Prime Minister confirm that no hospital closures or service reductions will take place until that review is completed?

The Prime Minister: What I can confirm is that the seven proposals before the Secretary of State will be referred to the medical panel—an independent medical panel—which will make recommendations on what is the right way forward. I can also confirm that, as the review is taking place throughout the country, all decisions will be based on medical and clinical need. We will report back to the House on the review at the time of the pre-Budget report in October, and that will be the basis on which we will proceed further.

I should also point out to the right hon. Gentleman that there are 108 new hospital developments in this country as a result of what this Government have done, and that the difference between the two sides of the House is that we are prepared to spend more money on the health service. He has never guaranteed an extra penny on the national health service.

Mr. Cameron: So the answer is no. The cuts go on, the closures go on and the service reductions go on. What is the point of holding a review if one is not

going to stop and wait for its conclusions? Let us take a specific example. Will the Prime Minister confirm that the "Healthcare for London" report, published today, will lead to the closure of accident and emergency departments and maternity wards all over London? A simple yes or no will do.

The Prime Minister: This is not correct. Lord Darzi has conducted the review, which is for consultation and then local decision making. I shall quote to the leader of the Conservative party what he said. He said:

"I don't think there will be any"

need for hospital closures.

Mr. Cameron: The Prime Minister is getting a bit ahead of himself, as the person in question is not even Lord Darzi yet. I asked a simple question. The author of the report says:

"The days of the district general hospital... are over",

and that we need

"fewer, more advanced hospitals".

What can that mean if not cuts in departments and closures in existing hospitals?

The Prime Minister: It means more money for the national health service this year, next year and the year after—money that the Opposition will not match. It means a proposal for 150 new polyclinics, which will mean that GPs will be able to undertake operations. It means an improvement in specialist care in London. It means this Government are prepared to finance the NHS.

If we are updating ourselves about Conservative party policy, let me remind the House that not only will the Opposition not match us on health service spending, but they have just issued a report on the future of hospitals in which they say that, because of their funding mechanism, hospitals are at risk

"of financial failure"

and this will

"entail risks to the assets necessary for the provision of essential national health services."

Who is closing hospitals—the Government or the Opposition? It is the Conservative party.

Mr. Cameron: I think that people will start to conclude that this Prime Minister just cannot answer a straight question. He says that he wants to listen to people, so will he confirm that the report says specifically that people do not want these changes?

The Prime Minister: The report's author specifically says about closures:

"I don't think there will be any"

need for hospital closures.

The Opposition want to run a scare campaign about the future of the NHS. In 1997, 300,000 people had to wait six months or more for operations, but that figure is now in the low hundreds. That is thanks to the investment made by a Labour Government; it would not happen under the Conservatives.

Mr. Cameron: Again, the Prime Minister will not answer the question, and again he has not done his homework. I asked him whether Londoners supported the changes. Paragraph 36 of the report states:

"58 per cent. of Londoners would choose existing hospitals as opposed to investing in...fewer, larger hospitals".

So people do not like the Prime Minister's plan. Will he listen to them?

The Prime Minister: Lord Darzi is not proposing the closure of existing hospitals. It is hardly surprising that if people are asked, "Do you want your hospital closed?", they might say no, but Lord Darzi is not proposing that. He is proposing 150 new polyclinics, which will mean that doctors can get consultants into their surgeries to perform much needed operations that can be done there. He is proposing the expansion of specialist care, and that the teaching hospitals be able to do more research. I think that the Leader of the Opposition would do better to look at the report before commenting on it.

Mr. Cameron: Let me just remind the Prime Minister of what Sir Ara Darzi says. He says:

"the days of the district general hospital...are over"

and that we need

"fewer, more advanced hospitals".

That would mean that maternity units, accident and emergency units and specialist services will go. Is not the truth that his health policy—*[Interruption.]*

Mr. Speaker: Order. The hon. Member for Crosby (Mrs. Curtis-Thomas) should not shout, and neither should the hon. Ladies behind her.

Mr. Cameron: The truth is, they know that it means cuts in NHS services. Is not the truth that the Prime Minister's health policy is exactly the same as it ever was: more closures, more removal of services and more job losses? Does not the report, out today, show that all we shall get is more of the same from a Government who have failed?

The Prime Minister: The right hon. Gentleman says more job cuts, but there are 80,000 more nurses in the national health service. There are 30,000 more doctors and 5 million more A and E attendances every year as a result of investment. As for him and his policy on the national health service, he can spout the slogans, he can hold his press conferences and issue his glossy booklets, but we will get on with running the national health service better. He can go for his PR—I will go for being PM, and we will get on with the job.

Mr. Don Touhig (Islwyn) (Lab/Co-op): My right hon. Friend will not need reminding of the momentous event that took place two weeks ago today: on 27 June a grateful nation celebrated—veterans day. Will the Government undertake to ensure that the 35,000 veterans of the Malaysian campaign are allowed to wear the Pingat Jasa Malaysia medal next veterans day?

The Prime Minister: I am grateful to my right hon. Friend who as Minister for Veterans brought in the veterans medal and enabled it to extend to a large

number of people who would not otherwise have been able to have it. In all our constituencies, we can see thousands of people who are benefiting from the award of a veterans medal, which is a recognition of their service to our country. I shall certainly look at his proposal and report back to the House.

Sir Menzies Campbell (North-East Fife) (LD): Once again, I join the Prime Minister in his expressions of condolence and sympathy.

What is the Prime Minister's assessment of the sums wasted by fraud, error and overpayment in the tax credit system he set up three years ago?

The Prime Minister: It is very interesting that the leader of the Conservative party did not ask anything about the married couples allowance or tax credits and that it has been left to the leader of the Liberal party to pick up the baton. Tax credits are the most successful policy in removing child poverty in this country: 6 million families benefit from tax credits. Yes, there was computer error to start with, but it is being substantially reduced and the right hon. and learned Gentleman should admit that 600,000 children are not in poverty today because they are receiving tax credits.

Sir Menzies Campbell: But as the Prime Minister said on the radio this morning, there is still a long way to go. The truth is that the money wasted is heading towards £9 billion—£9 billion that could have been better spent. Behind that figure there are 2 million families whose lives have been made miserable by error and overpayment. Is not that the responsibility of the Prime Minister?

The Prime Minister: I can tell the Leader of the Opposition he knows what it means, saying a long way to go. Child benefit was £11 when we came into power; it will be £20 in 2010. The child tax credit was £27 and it is rising for the poorest families to more than £70, compared with £28 when the Conservatives were in power. We have done more through these measures to take children out of poverty than any previous Government in the past 30 or 40 years. The right hon. and learned Gentleman should be supporting the tax credit system, not condemning it.

Alan Simpson (Nottingham, South) (Lab): The Prime Minister will know that tens of thousands of families around the land fear that their housing future will be plagued by the prospect of regular flooding and ultimate uninsurability. Given the pressure that he is under to approve further development on floodplain land, will he consider making the developers liable for full insurance cover for development on such land for the first 20 years of the life of the developments, rather than leaving the tenants and owners of properties to be both victims financially and victims of flooding?

The Prime Minister: I shall certainly look at my hon. Friend's proposal, but we are increasing flood prevention moneys from £600 million to £800 million. I have visited the areas subjected to the worst of the floods over the past few weeks. On Saturday, I visited a number of people who are not insured, and we have to do something to help them in those circumstances. I talked to local authorities and we gave them special help to get over the difficult circumstances now. We also have to help them with reconstruction, but I hope my hon. Friend agrees that to increase the flood prevention budget from £600 million to £800 million, at a time when we have other priorities to meet, is a sign of our determination to deal with the proper defences against floods.

Q3. [148623] **Sir Peter Tapsell** (Louth and Horncastle) (Con): Can the right hon. Gentleman think of any ministerial decision in the domestic sphere that has been taken during his time as a Member of this House that has caused more lasting harm to the British people than his withdrawal of £100 billion from the pension funds as a result of his abolition of dividend fair play?

The Prime Minister: I think that the hon. Gentleman is referring to dividend tax credit. Despite the stock exchange crash and despite what he says about tax changes, the assets of pension funds in this country have risen from £500 billion in 1997 to more than £1 trillion now. I believe that the pensions of the people of this country are better protected because of the Pensions Bill that we will bring in, and I hope that there will be all-party support for it.

Mrs. Joan Humble (Blackpool, North and Fleetwood) (Lab): Further to the Prime Minister's earlier answer on super-casinos, does he recall that in the debate on this issue there was an acknowledgement that locating a super-casino, or indeed any of the casinos, in a resort location would minimise the impact of problem gambling and maximise the regeneration potential? When he looks in the autumn at the report that he referred to on problem gambling, will he take into account the special needs of a town such as Blackpool when it comes to regeneration?

The Prime Minister: I thank my hon. Friend for speaking up at all times for the needs of the people of Blackpool. She does so with great eloquence. Of course we will look at the proposal that she is putting forward, but I have to say that there are means to regeneration for our coastal towns—and particularly our great holiday resorts—and those means include investing in local infrastructure, and in hotels and conference centres. At the same time, we know that Blackpool has put forward proposals: first, for a tramline, secondly, for a museum of the theatre, and thirdly, for a better conference centre. I want to look with her at all those proposals and see how Government can help.

Q4. [148624] **Andrew Rosindell** (Romford) (Con): I am delighted that the Prime Minister has at long last decided to join my campaign to fly the Union flag from every public building throughout the United Kingdom, but when is he going to start treating my constituents in England in the same fair way as he treats his constituents in Scotland and give us English votes for English laws?

The Prime Minister: There is one United Kingdom Parliament. We are all part of the United Kingdom—Scotland, Wales, Northern Ireland and England—and I hope that the hon. Gentleman will agree that there are not two classes of citizens in this House.

Anne Moffat (East Lothian) (Lab): This is from a Scots MP: my brother, Gregor Moffat, left last month

to serve in Afghanistan with the British Territorial Army. Does my right hon. Friend have a message for the brave volunteers who leave their families to serve their countries in war?

The Prime Minister: I am grateful to my hon. Friend and I am grateful for the service that is being given by her brother. I was in Afghanistan, and also in Baghdad and then Basra in Iraq, and I have nothing but praise for those people in the Territorial Army who have volunteered—with their skills—to help in Iraq and Afghanistan. I believe the whole House will want to say that we owe a debt of gratitude to them as well.

Q5. [148625] **Mr. David Evennett** (Bexleyheath and Crayford) (Con): How can the Prime Minister justify the fact that nurses in his constituency are paid a lot more than nurses in mine, in the London borough of Bexley, for doing exactly the same job? Is he aware that the point that my right hon. Friend the Leader of the Opposition raised about potential closures of hospitals in south London is a real issue?

The Prime Minister: That is why I read to the Leader of the Opposition what Lord Darzi said this morning about the purpose of his report. The purpose of his report is to improve health services in London. It is to create a system of polyclinics that will mean that people will get access to health care nearer their homes. Those proposals are now out to consultation and I hope that the hon. Gentleman will join that consultation. From 1 November, every nurse will receive the same rate of pay.

Q6. [148626] **Mr. Jim Cunningham** (Coventry, South) (Lab): Is my right hon. Friend aware that two Coventry police officers have been nominated for the police bravery award? Officers Owen and Rudnicki arrested two men, one of whom was armed with a sawn-off shotgun. Does not that say a lot about the bravery of the British police force?

The Prime Minister: I am grateful to my hon. Friend. I will be hosting a reception at Downing street for the brave policemen and women who will be receiving those awards this week. Again, I have nothing but praise for what they are doing. They undertake very difficult work with great courage, increasingly in circumstances in which we face a terrorist threat. They deserve the full-hearted support of the public. Everyone who receives those awards for their absolute and tremendous courage should be thanked by all of us.

Mr. Elfyn Llwyd (Meirionnydd Nant Conwy) (PC): Will the Prime Minister explain how, after a £24 million grab from the Welsh lottery fund, people in north Wales will in any way—economically or otherwise—benefit from the Olympic games in London?

The Prime Minister: Despite the difference in party labels, I hope that hon. Members on both sides of the House will support Britain holding the Olympic games. All the opinion polls show that in every part of the country, including Wales, people welcome the Olympic games. When I go around the country, I find young people in every part, including Wales, who want to compete in the Olympic games and represent our country.

Q7. [148627] **Lembit Öpik** (Montgomeryshire) (LD): The Prime Minister's predecessor was hugely supportive of the Motor Neurone Disease Association's campaign to raise £15 million to find a cure for this dreadful and terminal disease. As a direct result, we have raised almost £4 million so far this year from private donors. Will the new Prime Minister meet representatives of the MND Association to maintain the momentum and help us to achieve a goal that I believe we all share: a world free of MND?

The Prime Minister: I understand the hon. Gentleman's interest in this. He has been a long-standing campaigner for support for both the Medical Research Council and others to carry out greater research on motor neurone disease. As someone who has also seen people die of motor neurone disease, I support the research that is being done. I will do my best to support everything that he is doing. I will be happy to meet him and all those associated with this good work in Downing street at the soonest possible opportunity.

Mr. Jamie Reed (Copeland) (Lab): On behalf of 40,000 British nuclear workers and 17,000 workers in my constituency, may I thank the Prime Minister for his unequivocal support for the industry at the Dispatch Box last week? Will he join me in urging hon. Members on both sides of the House to support the Government's energy Bill when it comes to the Floor of the House?

The Prime Minister: My hon. Friend knows that we put our nuclear proposals out to public consultation on 23 May. The Government's preliminary view is that nuclear has a future role in providing our homes and businesses with the low-carbon energy that we need. Let me emphasise that the Government will make their decision in the autumn, after, and in the light of, the consultation.

Q8. [148628] **Angela Watkinson** (Upminster) (Con): The Prime Minister claims to treat everyone equally, so why do nurses in his constituency earn more— *[Interruption.]*

Mr. Speaker: Order. Allow the hon. Lady to speak.

Angela Watkinson: The Prime Minister did not answer the question asked by my hon. Friend the Member for Bexleyheath and Crayford (Mr. Evennett).

The Prime Minister: The hon. Lady is referring to a decision in relation to nurses in Scotland that was made by the Scottish Parliament. I have to tell her that from 1 November, all nurses will be paid exactly the same rate.

Dr. Nick Palmer (Broxtowe) (Lab): My constituent, Dr. Aziz, who is a leading Muslim scholar, has asked me to congratulate the Prime Minister and the Home Secretary on their moderate tone in response to the terrorist attacks. He asks me to ask the Prime Minister

to confirm this: does he see this as a struggle not between different civilisations, but between ordinary people of all religions and none, and the people who seek to kill us?

The Prime Minister: I am grateful to my hon. Friend. The number of organisations of different faiths in our country that have come out to condemn the attempted attacks in Britain over the past few days has been encouraging. All mainstream opinion will want to stand up against extremism. In the next few months, I hope that we can set up inter-faith councils in every constituency and community of our country so that we can bring together the faiths and all moderate opinion against those extremists who are trying to disrupt our civilisation and who, at the same time, of course offend every decent value of human dignity.

Volatile Substance Abuse

Q9. [148629] **Mr. Philip Hollobone** (Kettering) (Con): What steps the Government are taking to combat volatile substance abuse by young people.

The Prime Minister: I pay tribute to the hon. Gentleman's work, and we will support his campaign on combating volatile substance abuse by young people.

Mr. Hollobone: Volatile substance abuse involving glue, lighter fuels and sprays kills more young people aged 10 to 16 than die from illegal drug use. Three Departments are involved in combating that nuisance—the Department of Health, the Department for Children, Schools and Families, and the Home Office. Does the Prime Minister share my disappointment that prior to the reshuffle, Solve It, a Kettering-based charity doing much good work on the issue, was refused a meeting with a then Education Minister? Will the Prime Minister, under his Government, facilitate a meeting with that Minister's replacement?

The Prime Minister: Of course I will, and I apologise if that meeting did not take place; I will make sure that it does. We have published a national framework for dealing with substance abuse. The hon. Gentleman is a campaigner on the issue, and I pay tribute to Barbara Skinner, one of his constituents, who set up the charity in 1998. We are very happy to work with her, and with all people who are interested in finding better solutions, so that we can combat that terrible problem.

John Mann (Bassetlaw) (Lab): A proposal based on a single, unpublished academic paper and anecdotal sources was put forward yesterday that would end the hugely successful general practitioner-led drug treatment programme in my constituency. Will the Prime Minister confirm that his drug treatment policy will be based on evidence and proven success, rather than on the political prejudice of the Commission on Social Justice?

The Prime Minister: I am grateful to my hon. Friend for raising the issue. It is true that Britain has a major drug problem. It is also true that we need a new and better strategy for dealing with it, and I have already announced that we will formulate such a strategy. At the same time, Opposition Members should acknowledge that the number of people receiving help with drug rehabilitation has doubled in the past few years, and that we are attempting to help to solve a problem that has ruined the lives of many young people. If the Opposition wish to work with us on that, they must admit that the public spending that is necessary for doing that must be found, and they should resist the third fiscal rule, which would mean that they spent less, not more, in the future.

Engagements

Q10. [148630] **Mr. John Baron** (Billericay) (Con): The Prime Minister talks about the need for more open and transparent politics, so can he explain why his Government continue to defy the Information Commissioner by refusing to publish the first full draft of the Iraq dossier, which was produced by the Foreign Office press officer, John Williams, on 9 September 2002—one day before John Scarlett produced his first draft? Does the Prime Minister not believe that actions speak louder than words?

The Prime Minister: The hon. Gentleman should recognise that that is a process in which the Government have rights under the Freedom of Information Act 2000 too, and we are pursuing a policy in which we are defending our rights in relation to it, but a decision will be made in due course.

Mrs. Louise Ellman (Liverpool, Riverside) (Lab/Co-op): Yesterday, the House heard welcome proposals for tackling deprivation. Will the Prime Minister start to put those plans into action by supporting pilot schemes in areas such as Liverpool that address the particular problems of young people who leave school and do not go on to further education or training, and who do not have a job?

The Prime Minister: I agree with my hon. Friend that that is a major challenge that we now face. While there are far more young people in education than there were before, and far more young people in work than ever before, there is a group of young people that the new deal has not yet got to, and that is the group of people we want to help with their transition so that they can undertake apprenticeships and can have a path to a career. If Opposition Members want to support us in doing that, they will have to say that they will provide the equivalent funding to do so; that is what is lacking in everything that the Conservative party says at the moment.

Q11. [148632] **Martin Horwood** (Cheltenham) (LD): The whole House will be aware of the acute personal importance to the Prime Minister of one particular NHS issue. In his new home, he is within just 9 miles of 19 consultant-led maternity wards. If plans go ahead, that will compare with none at all in Cheltenham. Will his Government reverse the trend towards less choice further from home in maternity care for so many parts of the country?

The Prime Minister: What we are trying to do with maternity care is to give every mother a choice. Having had access to a midwife, women will have the choice of

having the birth at home, in a midwife-led unit, or in a maternity unit staffed by consultants and doctors. That choice will be open to every mother from 2009, and I hope that the hon. Gentleman will support that extension of choice, which means that there are more doctors and more nurses, and more midwives helping them.

Mrs. Sharon Hodgson (Gateshead, East and Washington, West) (Lab): Is the Prime Minister aware of the plight of over 1,000 Kwik Save staff struggling to feed their families following the company's closure? Will he do all he can to ensure that those people are not left high and dry, and also back USDAW, the shop workers' union, which is striving to secure seven weeks' back pay and redundancy money for the Kwik Save workers?

The Prime Minister: We are sad about any redundancy that hits people and their livelihoods, and we will try to do everything we can. I hope we can provide help for those workers through the new deal, and look at their financial circumstances. If my hon. Friend wants to contact me, we will have a meeting to discuss it.

Q12. [148633] **Mr. Ben Wallace** (Lancaster and Wyre) (Con): The Prime Minister can scrutinise health policy in my constituency but, because I represent an English constituency, I cannot scrutinise health policy in his constituency. Is that not an example of the fact that we already have a two-tier Parliament? When will he put the fairness back into the United Kingdom?

The Prime Minister: The hon. Gentleman should understand the devolution settlement. This Parliament voted the right to make decisions on health to Scotland and Wales. It also voted the right to make decisions on specific issues to London. It is right that the House of Commons can make those decisions, but now that they have been made, and the Conservative party has said that it accepts devolution, it is a bit much for Conservatives now to change their minds.

Draft Legislative Programme

12.31 pm

The Prime Minister (Mr. Gordon Brown): For over one and a half centuries—*[Interruption.]*

Mr. Speaker: Order. Hon. Members should leave the Chamber quietly, and those who are in the Chamber should be quiet as well.

The Prime Minister: For over one and a half centuries, the annual Gracious Address has been drafted inside Government and agreed by the Cabinet far from the public arena, but I believe that it is right, in the interests of good and open government and public debate, that each year the Prime Minister make a summer statement to the House so that initial thinking, previously private, can be the subject of widespread and informed public debate. Today, in advance of final decisions, the Leader of the House is publishing details of our initial list of proposed legislative measures, inviting debate on them in both Houses this month and making provision for region-by-region deliberation and responses.

To respond to the rising aspirations of the British people we must deliver new and better opportunities in education, employment and the provision of housing and health care, and ensure that in a fast-changing world there is opportunity and security not just for some people, but for all British people. A new educational opportunity Bill will mean that for the first time not just some but all young people will be able to stay in education or training until the age of 18. The new pensions Bill will ensure that, for the first time, not just some but all working people have the right to a workplace pension, with a duty on every employer to contribute towards it.

Putting affordable housing within the reach of not just the few but the many is vital both to meeting individual aspirations and to securing a better future for our country, so for housing and planning in the 2007-08 Session there are three proposed legislative measures. Let me tell the House the scale of the new opportunities for home buying and to rent that we are proposing. In two eras of the last century—the inter-war years and the 1950s onwards—Britain made new house building a national priority. Now, through this decade and right up to 2020, I want us, in environmentally friendly ways, using principally brownfield land and building eco-towns and villages, to meet housing need by building over 250,000 more homes than previously planned. That would be a total by 2020 of 3 million new homes for families across the country. For England, we will raise the annual house building target for 2016 from 200,000 houses a year to 240,000 new homes a year.

We propose a new housing Bill that will support and encourage initiatives on the ground by local authorities and other authorities. We will bring together English Partnerships and the Housing Corporation to create a new homes agency charged with bringing surplus public land into housing use to deliver more social and affordable housing and to support regeneration. This work will include new partnerships with local authorities, health authorities and the private and voluntary sectors to build more housing made affordable by shared equity schemes and more social housing responsive to individual needs.

The planning Bill will implement the Eddington and Barker reports to speed up the development of major infrastructure projects that Britain now needs to facilitate economic and housing growth, and it will speed up planning generally. The planning gain supplement Bill—to ensure that the public benefit from planning gain—is provisional, because if, prior to the pre-Budget report, a better way is identified of ensuring that local communities receive significantly more of the benefit from planning gain, enabling them to invest in necessary infrastructure and transport, and it is demonstrated that it is a better alternative, the Government will be prepared to defer next Session's legislation.

To move housing supply forward, English Partnerships is negotiating a new deal with the Ministry of Defence to acquire at least six major redundant sites. Similar discussions are being undertaken with the Department for Transport, the Highways Agency and the British Railways Board residuary body, and the Department of Health is undertaking an urgent review of surplus land owned by NHS organisations and trusts. I can announce that in total over 550 sites owned by central Government are now being examined for housing development, with the potential for up to 100,000 new homes. In addition, we estimate that another 60,000 homes can be built on brownfield land currently owned by local authorities. The Minister for Housing will publish further details next week in a Green Paper to this House.

The Chancellor of the Exchequer is announcing today that he will consult on creating a new regime for "covered bonds" to help mortgage lenders to finance more affordable 20 to 25-year fixed-rate mortgages, and he will report by the Budget on how to overcome other barriers that prevent lenders from offering people long-term mortgages, including the case for changes to instruments used by the Debt Management Office.

At the same time as building more affordable homes we must reduce the environmental impact, so we will consult local councils on using the New Towns Acts to enable eco-towns with zero or low-carbon housing to be built, and to ensure that they are built more quickly. I assure the House that we will continue robustly to protect the land designated as green belt.

Alongside this, measures in the Climate Change Bill, which was published in draft on 13 March, will make Britain the first country in the world to introduce a legal framework for reducing carbon emissions by setting targets for carbon emission reductions for each five-year period to 2050. The energy Bill will also provide greater incentives for renewable energy generation. The local transport Bill will support the Government's strategy to tackle congestion and to improve public transport.

I turn to some of the other proposed Bills in our programme. As we approach the 60th anniversary of the NHS, we will do more to put power in the hands of patients and staff and ensure that every patient gets the best treatment. Alongside the NHS review announced last week, the health and social care Bill will create a stronger health and social care regulator, and there will

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be a clear remit to ensure improved access, clean and safe services, and high-quality care.

The children in care Bill is an attempt to do more to protect vulnerable children. The child maintenance Bill will do more to prevent children from falling into poverty when parents split up. Behind the unclaimed assets Bill is our determination that money in dormant bank accounts will be used to improve our country's youth and community facilities. The Human Tissue and Embryos Bill has already been published in draft for discussion.

Measures to support British businesses as they strive to succeed in the new global economy and to break down the barriers holding enterprise back include the enforcement and sanctions Bill, which will keep the burden of regulation on compliant businesses to a minimum while effectively targeting and penalising those deliberately disregarding the law. The employment simplification Bill will deliver simpler and fairer enforcement of the national minimum wage.

Protecting the security and safety of the British people is paramount for every Government. We stand ready to introduce new measures into the Criminal Justice Bill, which will be carried over into the next Session, including measures that come from the review of policing by Sir Ronald Flanagan, which will report later this autumn. We are committed to building a broad consensus on the right balance between protecting our national security and safeguarding the civil liberties of every individual in this country, so the Home Secretary plans to consult on, and we will seek an all-party consensus on, new measures to ensure more successful prosecutions against terrorist suspects and increased penalties for terrorists charged with other criminal offences. We will consult on, and hope to achieve a consensus on, the period of pre-charge detention where, for terrorism alone, exceptional circumstances in my view make it necessary, while ensuring rigorous judicial oversight and parliamentary accountability, that we extend the time. As the House knows, we shall review the use of intercept material in prosecutions.

The full and final programme will be set out in the Queen's Speech in November. Many of the proposals that I set out to the House last week will also be taken forward in a constitutional reform Bill. Just as with the challenge of securing justice and security for all, the challenge for the Government and the foundation of next Session's legislative programme is to support all parents with children, not just some; to invest in the educational chances of all young people, not just a few; to offer more people the chance to get on the housing ladder for the first time; to help more people into work; and to give all patients the best health care. In this way, we respond to the rising aspirations of the British people, by ensuring that the opportunities that are today available to only some are available to all. I commend the statement to the House.

Mr. David Cameron (Witney) (Con): I thank the Prime Minister for his statement. I know that it is meant to be some great constitutional innovation, but most of what he announced sounded rather like the Queen's Speech last year, the year before and the year before that—a long list of Bills, the same priorities and the same failures, and we have heard it all before.

The Prime Minister says that he wants to build more homes, but did he not say that in 1994, 1998, 2005 and 2006? Is it not the case that every year the Government have built less social housing than was built in any year under their predecessor? Was not the announcement about building on MOD land made in May 2006, and again today? He says that he wants 25-year mortgages, but did he not first announce that four years ago? He wants apprenticeships and universal education after 16, but I have checked the record and he told us that in 1996—a year before he even came to office. For 10 years he has plotted and schemed for the top job, but all we have got is a sort of re-release of the 1997 manifesto. The country has moved on, but he simply has not.

Let us deal with whether the Prime Minister is really listening to people's priorities, which is what he told us on the radio this morning. Some 86 per cent. of people in this country want a referendum on the European treaty, so where is the Bill for a referendum? Does that not show that his promise to listen is a complete and utter sham? *[Interruption.]*

Mr. Speaker: Order. Hon. Members should please allow the right hon. Gentleman to be heard. He is the Leader of the Opposition and he is entitled to be heard—*[Interruption.]* Perhaps the hon. Member for City of Durham (Dr. Blackman-Woods) will listen to me and will know what not to do, and that is to start speaking.

Mr. Cameron: Let us take a look at the areas where we agree. As I have said before, we shall work with the Government on anti-terror legislation to make this country safe from terrorists. I am glad that the Prime Minister has agreed to my proposal for the Privy Council committee to consider the use of intercept evidence. He has also taken up our idea of interviews after charge. He has said again today that he is considering our border police proposals. Will he confirm that they could be introduced in the Queen's Speech this year?

Let us look at other proposals. On housing, the Prime Minister says that it is difficult for people to get their foot on the housing ladder, but who does he think is responsible for that? It was his Government who doubled the council tax, restricted the right to buy and increased stamp duty, including for first-time buyers. Will he confirm that as a result, home ownership in Britain is actually falling for the first time since figures were published? Is that not Labour's record on housing? As Chancellor, he launched the planning gain supplement in a great blaze of glory, but is he not back-pedalling on it today? As he broke the housing ladder, why should anyone think that he is the right person to mend it?

The Prime Minister promised action on the NHS. Why does he not listen to his own Health Secretary, who has said that there is

"confusion and frustration in the NHS"?

Who has been running the NHS for these past 10 years? The Health Secretary has said:

"Doctors, clinicians and nurses complain that they are fed up with too many top-down instructions".—[*Official Report*, 4 July 2007; Vol. 462, c. 961.]

Who has been responsible for the top-down instructions over the past decade? Today, we have an NHS in which nurses are being sacked, accident and emergency units are closing and junior doctors are having to leave the country to look for work. A week ago, the Prime Minister announced a fundamental review of the NHS. Today, he is promising fundamental legislation on the NHS. Either the review is bogus or the legislation has not been thought through, or—knowing this Government—probably both.

Ten years ago, the Government said that education was their priority, yet 10 years later almost half of our 11-year-olds cannot read, write or add up properly. The number of young people not in work, education or training has actually gone up under this Government to over 1 million. The one change that the Prime Minister and his new Secretary of State for Children, Schools and Families are making seems to be going in entirely the wrong direction. Does not the Prime Minister intend to dilute the reform agenda by giving academies less independence? What we need is more freedom for schools, more power for head teachers and more choice for parents. While the previous Prime Minister was beginning to move in the right direction on education, is this one not moving in the wrong direction?

The Prime Minister has talked about the constitution. We proposed, and will support, measures that genuinely strengthen Parliament and decentralise power. However, real change means giving the House of Commons the right to determine its own timetable; real change means a proper bill of rights to replace the Human Rights Act 1998—and, I have to say to the Prime Minister, real change means addressing the West Lothian question. I ask him again: where is the fairness in allowing Scottish MPs the right to vote on hospitals, schools and housing in my constituency, while no MP is allowed to vote on hospitals, schools and health in his constituency?

So much for what was in the draft Queen's Speech; let us see what was left out. There was nothing in this speech to address Britain's broken society. Where are the measures to address teenage pregnancy, drug addiction and personal debt? Where are the measures to strengthen families and marriage? Where is the package to tackle the highest rate of family breakdown in Europe? The Prime Minister knows that he cannot tackle social breakdown because he has presided over social breakdown.

The Prime Minister tells us that he wants to be accountable to Parliament, so let us see whether he can ditch the usual pre-prepared rant and answer three questions. First, he says that there will be a pensions Bill. Will it give faster help to the 125,000 people who have been left with no pension under his Government? Secondly, will he announce a moratorium on A and E and maternity unit closures, and an end to the top-down targets that are leading to NHS cuts? Thirdly, will he give the British people a referendum on the European constitution, which they all want? Three straight questions; let us have three straight answers.

Will not people conclude from what they have heard today that all this Prime Minister has to offer is more of the same from a Government who have failed?

The Prime Minister: The answers to the right hon. Gentleman's three questions are: first, we will deal with the problems that are facing those who have lost their pensions as a result of their companies collapsing. We have instructed a review of the assets of bankrupt companies and their pension funds, and we believe that we will be able to move the 80 per cent. guarantee that we have given further towards to 90 per cent. We will make an announcement very soon.

On the second issue of A and E, I say to the right hon. Gentleman exactly what I said to him at Prime Minister's questions: all seven reconfigurations have been referred to the medical committee, which will review them on medical and surgical grounds. I would have thought that he would be gracious enough to support that move. On his third question, on the European referendum, I think that he should listen to some other voices in his own party. The debate within his own party is raging at the moment, with Lord Heseltine saying that, as a result of our achieving our red lines in the negotiations, if we can secure the amending treaty, there is no case for a referendum. Perhaps, in the spirit of consultation, the right hon. Gentleman should consult his own party on these matters.

On housing, we have just raised the level of house building commitment to 240,000 houses a year. We have just released a lot of public sector land, and announced that 500 more sites are being examined with a view to releasing land for housing. At the same time, we are creating the new homes agency to bring together all the agencies that can help. I am disappointed, therefore, that the right hon. Gentleman says that there is nothing in that for the Conservative party. The reason there is nothing in it for the Conservative party in that the shadow housing Minister has said that

"you cannot build your way out of housing problems."

The leader of the Conservative party has something to answer for, too. He told the Conservative party conference, when he was trying to speak to young people:

"If we are to be the party of aspiration...that means building more houses and flats for young people."

He then spoke to Age Concern, the pensioners organisation, and said that his policy was

"fewer homes designed for young single people."

I hope that the Conservative party will find a way to support many of the measures that we propose. There was general agreement in this House about some of the measures in the constitutional reform Bill. I hope that the right hon. Gentleman will support us on the counter-terrorism Bill. Employers and trade unions have agreed on the employment simplification Bill. I believe that there is a growing consensus about what we have to do on human tissues and embryos. I hope that on the unclaimed assets Bill, which will give money to youth services, we will not find a reluctant Conservative party unwilling to support it.

I hesitate to think what a Conservative Queen's Speech would look like in the present circumstances. "No more grammar schools" was a policy that was

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publicised one week, but abandoned the next; then there were to be museum charges—publicised one week, abandoned the next; then there was to be VAT on airline flights—publicised one week, abandoned the next; and then, this week, there were to be taxes on alcohol—said on Monday, abandoned by Tuesday. Then, of course, the shadow education Secretary, who led the clause 4 moment on grammar schools, was himself abandoned by the Conservative leader. It is U-turn after U-turn after U-turn in the Conservative party. The Conservative leader may U-turn if he wants; it is clear that the Conservative party is not for turning.

Sir Menzies Campbell (North-East Fife) (LD): If these proposals represent a genuine attempt by the Government to consult in advance of the Queen's Speech, they most certainly should be welcomed, but I say to the Prime Minister that we should be concerned about the quality of legislation as much as we are about the quantity. I hope that he feels it appropriate to ensure that there is much more pre-legislative scrutiny during his time in No. 10 Downing street than there has been hitherto. It is worth pointing out that during the past 10 years, there have been 382 Acts of Parliament, including 10 health Acts, 12 education Acts and 29 criminal justice Acts, and more than 3,000 new criminal offences have been created. The mantra might have been, "Education, education, education", but the reality has been, "Legislation, legislation, legislation."

I shall deal with some of the points raised in the Prime Minister's statement. On the issue of education, he said that it is the Government's intent to raise— *[Interruption.]*

Mr. Speaker: Order. There is far too much noise in the Chamber.

Sir Menzies Campbell: The Prime Minister has said that the Government intend to raise the school-leaving age to 18 years. How will the curriculum be made relevant to those who find themselves in school between the ages of 16 and 18, who might otherwise have anticipated leaving? What funding will be made available to ensure that that curriculum is worth while and constructive?

On housing, I state right at the outset that local planning gain should be locally located and controlled. I hope that in the consideration the Prime Minister is obviously willing to give to this issue, he will ensure that local authorities can reap the benefit of development within their areas, and determine in consultation with their citizens how that benefit should be supplied.

Since 1997, the number of families on social housing lists has risen by 50 per cent., from approximately 1 million to 1.5 million. That is a measure of the seriousness of the crisis, which is why I welcome the Prime Minister's attention to the issue. I suggest that we probably need as many as 1 million socially rented houses by 2020. He would help the House if he gave a more detailed breakdown of how the 3 million target will be made up. I hope that he and the whole House are sympathetic to the fact that by 2020, less than 10 per cent. of the total housing stock will be carbon neutral. If we are serious about dealing with climate change, surely more has to be done in relation to housing.

We do not have to go very far in the national health service to meet doctors, nurses and health professionals who are demoralised and confused by constant reorganisation. Any legislation that the Government introduce must surely focus on standards, and not on yet another restructuring.

We will obviously consider with care any proposals that the Government make on terrorism. We, of course, have previously argued for the use of intercept evidence—phone-tap evidence—in court proceedings, and for the notion of questioning suspects after charge, subject to proper judicial protection.

On climate change, to which I already referred, I hope that the Government will look again at annual emission reduction targets. How will we know whether we are making progress unless we have some annual figure on precisely what is happening as a result of Government policies? Should not the aim be a carbon-neutral Britain? The Prime Minister must remember that green taxes fell as a percentage of national income during his period at the Treasury.

On climate change and the environment, will he categorically state today that there will be no open—or, indeed, hidden—public subsidy for the nuclear industry, bearing in mind the fact that we already have a liability of about £70 billion to clean up existing nuclear power stations?

Finally, I hope that the Government will embrace the idea that legislation, once passed, should not simply be allowed to lie on the statute book. It is time that we had a proper system of revision to repeal out-of-date, inept and ineffective legislation. If we are going to be better engaged with the quality of legislation through pre-legislative scrutiny, surely we should be equally conscientious in striking from the statute book provisions that have long since lost their use.

The Prime Minister: I am grateful for the support that the right hon. and learned Gentleman offers. I hope that it will be forthcoming on the counter-terrorism legislation, and I hope that there will be all-party consensus by the time we finally legislate. I hope, too, that he will be able to support the major measures of our constitutional reform Bill. I understand what he says about the number of Acts that come before this House and the House of Lords, but the House of Commons Library tells me that the number of Acts has, if anything, declined over the past 20 to 30 years. Between 1987 and 1997, there were 40 Government Bills per Session, and now the average is fewer than 35 per Session.

On the right hon. and learned Gentleman's specific points about the nuclear subsidy, we say in our consultation document that the nuclear industry will have to pay the full share of storage and the total costs of building and running, but that is very much part of the consultation we are having at the moment, and I look forward to hearing his comments, and those of others throughout the country.

On the issue of young people, I assure him that as we raise the education leaving age to 18, the plan is to

provide a vocational stream as well as an academic one—both of high status—that will enable young people at 14 to choose a vocational route that could lead to an apprenticeship and, certainly over time, to a career and job. Our investment in education means that we will have more than doubled the amount spent per pupil over the past 10 years.

I am sorry that the right hon. and learned Gentleman is reluctant to support what we have tried to do on the environment. We introduced the climate change levy but did not receive a great deal of support from other parties in the House. We did not have full-hearted support on the fuel duty escalator, even from the right hon. and learned Gentleman's party, when we tried to take those measures to deal with climate change. I hope that he will recognise that it is very difficult and that it is better to have a five-year target in the Climate Change Bill, given the performance of the economy in any one year. The amount of carbon used, therefore, is dependent on the growth rate of the economy, the weather and a whole series of incidental factors such as the price of oil and commodities. But of course, there is annual reporting.

There is an increase in social housing: there has been a 50 per cent. increase in the past three years in social housing built for rent. I agree with the right hon. and learned Gentleman that if we can find a solution on the planning gain supplement that allows us to achieve far more planning gain to enable us to build more houses and the infrastructure at the same time, we will support that. I hope that people will understand that the country's attention must be on building more houses, and that that means making difficult decisions nationally as well as locally. We are determined to build as much of that housing as possible on brownfield sites—that is why the percentage of brownfield sites used has increased under this Government and will continue to be high. I hope that over time—despite current evidence—we can get an all-party consensus on the need to build more homes.

Dr. Roberta Blackman-Woods (City of Durham) (Lab): I welcome the proposals on affordable housing. Will my right hon. Friend confirm that, unlike the current position in my constituency with the local Lib Dem planning authority, which simply approves plans for luxury apartments for investment purposes, his proposals will deliver housing for families and those in housing need?

The Prime Minister: My hon. Friend is right. The new housing developments should be for mixed communities and include a high proportion of affordable housing. I hope that all councils will bear in mind the fact that there is an outstanding demand for more housing, especially more affordable housing, in this country.

Mr. Kenneth Clarke (Rushcliffe) (Con): I welcome in principle the idea of publishing for consultation at this stage a list of Bills that might be included in the Queen's Speech. Does the Prime Minister agree that if the proposal is to have any practical purpose, as opposed to being just a gesture, it would now be a good idea to refer to the appropriate Committees of the House the question of how much time should properly be allocated to each Bill for debate and scrutiny—and for the Government to contemplate dropping from the programme such Bills as need to be dropped to make sure that we can make a sensible reality of debating and scrutinising Bills without the pressure of totally unrealistic timetables?

The Prime Minister: I take on board the right hon. and learned Gentleman's remarks. I know that he chaired the Conservative party's constitutional committee, which made several recommendations about the management of business in the House. The Liaison Committee will discuss the matter, and I look forward to its comments. Several Bills have already been published in draft, and that practice will increase. There will be a debate in Government time on the draft legislative programme before the summer recess. I hope that there will be a similar debate in the House of Lords. At the same time, it would be good for this country if region by region consultation took place, whereby people in their constituencies and communities could take a view on some of the more controversial measures. Of course the purpose of consultation is listening to what people say, and that means that we must be prepared to make changes as a result.

Mr. Graham Allen (Nottingham, North) (Lab): I warmly welcome the Prime Minister's statement, which contrasted with the churlish Punch-and-Judy effort from the Leader of the Opposition. I suspect that parliamentarians throughout the House will welcome my right hon. Friend's comments today. Will he examine the relationship between Parliament and the Executive? Government and Parliament are stronger in partnership than when one dominates the other. In that context, will he ensure that all Bills are introduced in draft, so that the House can discuss them properly? Will he also ensure the fullest pre-legislative scrutiny? If we have that, we will end up with better law and better government.

The Prime Minister: I am grateful to my hon. Friend, who takes a huge interest in those constitutional matters and has made several very good proposals about how we can improve the workings of the House. Yes, we want more draft Bills for scrutiny before they are given a Second Reading—but it is not always possible to do that, especially in relation to justice and counter-terrorism. However, I hope that the practice can become more widespread, that the House will play a bigger role in examining such matters before legislating, and that over time there will be all-party support for the procedures. My intention is to devolve power from the Executive to Parliament in some vital matters.

Mr. Michael Fallon (Sevenoaks) (Con): Why has it taken so long to develop the housing that was already planned for the Thames Gateway? Was the reason lack of co-ordination between Departments and agencies —or was it the Prime Minister's own dead hand, as Chancellor, in refusing to finance the necessary infrastructure that Kent county council demanded?

The Prime Minister: I think that the hon. Gentleman knows that planning permission was given for the Ebbsfleet project only in the past few days. One of the great difficulties is the amount of time taken in the

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planning process—often for legitimate reasons and to deal with legitimate complaints that people want to make. The new planning Bill will make some provision to speed up planning applications in future. In addition, I hope that local authorities will co-operate and want to work with a strategy that is intended to build more houses—and more environmentally friendly houses—so that, with some of our proposals for eco-towns and eco-villages, we can move beyond the old debate about housing being an alternative to a good environment. Again, I hope that there will be all-party support for that.

Kali Mountford (Colne Valley) (Lab): May I tell my right hon. Friend that for many people, the subject of climate change feels remote and distant, and that consultation will give people the opportunity to think about climate change in a real way? Will he, as part of the consultations, consider the virtuous circle that could be created, through investment in innovators in microgeneration, such as those in my constituency, so that people can make genuine choices about fuel efficiency in their homes? People can thus make for themselves choices that have an impact on climate change.

The Prime Minister: My hon. Friend is right to say that microgeneration has an important role to play in future. We set up a new microgeneration fund, which is heavily oversubscribed because of demand for wind turbines, solar power and other means of using energy more efficiently and in a low carbon way. We will extend that in future, but it is one part of the solution to meeting our energy needs in an environmentally friendly way. I hope that my hon. Friend will understand that the debate about nuclear power, as well as that about the future of coal, oil and gas, is important to the supply of energy.

Mr. Edward Garnier (Harborough) (Con): Is the Prime Minister aware that in the century before 1914 there were only 13 criminal justice Bills, and between 1914 and 1997 there were 40, but that since 1997 there have been approximately 64, and we are about to embark on the 65th? May we have a little less legislation and rather better government? May we then perhaps have a reduction in the prison population, adequate capacity for prisons and a reduction in the rate of crime? At the moment, we seem to be getting a lot of bad legislation and a lot of bad crime.

The Prime Minister: I hesitate to make a partisan point—but I will. The reason why we have had to legislate more on criminal justice is that crime doubled under the Conservative Government, and we had to take action to deal with it. I agree with the hon. and learned Gentleman that we want to consider better alternatives to prison in some cases, but we also need to build prison places. Again, I hope that there will be support from the Conservative party for doing that.

Chris Bryant (Rhondda) (Lab): One of the biggest issues that faces my constituency continues to be the number of people on incapacity benefit—nearly one in five people of working age—largely thanks to economic measures that previous Governments took. Nearly 50 per cent. of those people are on incapacity benefit with mental health problems. We are trying to get more people into work, but are we going to ensure that proper mental health services are available, so that instead of popping pills and sitting on benefits, people can be in work and lead a productive life?

The Prime Minister: My hon. Friend is right; I know that he has taken a big interest in those issues. Getting the numbers of people on incapacity benefit down is one of the Government's major strategic objectives. The numbers on incapacity benefit have fallen in the past year, despite a big rise over a 20-year period. I accept my hon. Friend's point that many people could benefit from special help to deal with mental health problems. I hope that, as a result of some improvements in the new deal in particular, we can give people better advice, better support and better counselling, and help them get from benefit into work.

Mr. Elfyn Llwyd (Meirionnydd Nant Conwy) (PC): May I tell the Prime Minister that the announcement is a good idea, but there is more than a whiff of déjà vu about the content?

Today, the Plaid Cymru leader in Cardiff will be sworn in as Deputy First Minister. He will, in effect, be acting First Minister during Mr. Rhodri Morgan's indisposition. Will the Prime Minister confirm that he will commit himself to co-operating fully with that Administration in seeing through the various changes for which the National Assembly calls?

It is pleasing that the Government are reconsidering planning gain supplement. On business, the Prime Minister mentioned regulation of the minimum wage. Will there be something on corporation tax—perhaps export assistance through research and development?

A week ago, together with my hon. Friend the Member for Moray (Angus Robertson)—[Hon. Members: "It's pronounced 'Murray'."] Whatever. Together with the hon. Gentleman sitting beside me, I wrote to the Prime Minister to say that we in Plaid Cymru and in the Scottish National party were fully committed to talks about changes in terrorism legislation. We have received no answer to that letter yet. Will the Prime Minister please confirm that he will include us in those discussions?

The Prime Minister: I will write to the hon. Gentleman today. On the other issue that he raises, I am sure that the whole House will want to send our best wishes to the First Minister in Wales and wish him a speedy recovery. I will, as I have already said, co-operate with the devolved Administrations in every respect and work with them for the benefit of the whole country. As for the research and development tax credit, we continually examine the matter and I have no doubt that in the run-up to his pre-Budget report and Budget, the Chancellor will be looking into how to improve our ability to service the research and technology companies of this country so that we can become world leaders in a whole range of areas where we deserve to be so, and where support from the Government can be of help. If the hon. Gentleman has any specific proposals, will he put them to the Chancellor?

Jeremy Corbyn (Islington, North) (Lab): I thank the Prime Minister for his statement, and I welcome the concept of having a discussion about legislation before the state opening of Parliament. I am particularly pleased with the section on housing, but is my right hon. Friend aware that typically, more than three quarters of the population living in inner London have no possibility whatever of buying their homes in their communities? For them, the only way out of the housing crisis is the construction of social homes, particularly council housing, so will the Prime Minister ensure that legislation promotes that? Will he also give real consideration to the plight of people living in private rented accommodation and the need for real accountability of social landlords such as housing associations, as part of the package for dealing with a very real crisis affecting many people in inner London whose lives are blighted by bad housing?

The Prime Minister: It is precisely because of what my hon. Friend says that we are publishing our proposals, and the Minister for Housing will present our Green Paper next week. I agree with my hon. Friend about the special problems that people in London face, and I know that the Mayor is planning to publish a housing strategy paper by the end of the month. We will attempt to support him in his efforts to increase the amount of social housing in London. As for the rented sector, we are looking at the Hills report on social housing. We are interested in improving accountability to tenants in the housing system, and we will consider any proposals that my hon. Friend puts forward.

Mr. Edward Leigh (Gainsborough) (Con): What proportion of the 240,000 new houses to be built every year are accounted for by the move towards smaller households, and what proportion are accounted for by net migration? If the Prime Minister cannot give an accurate reply now, I would be grateful if he would write to me later.

The Prime Minister: The biggest increase will be in respect of housing for single people, where there is clearly a deficiency at the moment. The hon. Gentleman should view the figures not as an attempt to create more houses out of the same sites, but as an attempt to increase the number of sites available. I said earlier today that we had identified 500 additional public sector sites where the land can be released and housing can be built. I hope that within that development, the amount and proportion of affordable housing will be very high. This is an attempt to release more land in order to get the housing market moving, and to increase the supply in a way that I believe both sides of the House should welcome.

Mr. Michael Meacher (Oldham, West and Royton) (Lab): I very much welcome my right hon. Friend's setting out his plans for consultation in this way. What plans does he have to deal with the unacceptable growth of inequality in our country, particularly in view of the indefensible non-domiciled tax status, and the frankly Babylonian excesses of private equity?

The Prime Minister: The tax status of private equity is the subject of a review that the Treasury set up in March. It will report in time for the pre-Budget report. I think that my right hon. Friend knows that inequality is an issue in every advanced industrial country, but he should also know that the numbers of children and pensioners taken out of poverty in our country have been very substantial over recent years. We will continue to press forward our programme to get more children out of poverty and to ensure that every pensioner has dignity and security in retirement.

Sir George Young (North-West Hampshire) (Con): Further to the Prime Minister's reply to my right hon. and learned Friend the Member for Rushcliffe (Mr. Clarke), when he confirmed that there would be a debate on the legislative programme in Government time later this month, is he aware that at last Thursday's business questions, the Leader of the House suggested that that debate should coincide with the debate on the summer Adjournment just before the House rises? Does the Prime Minister agree that his statement, and the legislative programme, deserve a better offer than that?

The Prime Minister: Yes, and when the Leader of the House makes a statement to the House tomorrow, the right hon. Gentleman will find that his points have been taken fully on board. There will be a debate in Government time, outside the Adjournment debates, so that the full text of the draft legislative programme can have a full airing in this House.

Mr. George Howarth (Knowsley, North and Sefton, East) (Lab): I welcome the innovative process that my right hon. Friend described in his statement and I welcome the measures listed in it, particularly the local transport Bill. May I urge him to include, as part of the integrated transport strategy that he proposes, light rail and trams?

The Prime Minister: I hear what my right hon. Friend says.

Mr. Nigel Dodds (Belfast, North) (DUP): I welcome the statement on the draft legislative programme. The Prime Minister mentioned a Bill to deal with deregulation. I urge him to be as bold as possible in reducing the burden on business in that regard—consistent, of course, with the need for proper enforcement, where necessary. On the pensions Bill, I urge the Prime Minister finally to take the opportunity to put an end to the terrible injustice suffered by those who have lost their occupational pensions through no fault of their own. I welcome the Pension Protection Fund and the financial assistance scheme, but will he use the pensions Bill to implement the conclusions of the parliamentary ombudsman in that regard?

The Prime Minister: I take it that the hon. Gentleman is referring to people who lost their pensions when their companies went bankrupt. If so, we are talking about 120,000 workers, for whom we have guaranteed for the first time an 80 per cent. pension at a cost of something in the order of £8 billion over the next few decades. As I told the leader of the Conservative party, we are looking into further measures to enhance that pension beyond the 80 per

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cent. by seeing what funds remain in the companies that went bust. We will report back to the House in due course.

As for burdens on business, the hon. Gentleman knows that the new Department for Business, Enterprise and Regulatory Reform will be working on precisely the points that he raised. The first Bill will come forward in due course, and the new Ministers are looking carefully at what they can do to cut burdens on business.

Clive Efford (Eltham) (Lab): I welcome my right hon. Friend's statement and the innovative way in which he has introduced consultation on future legislation. I would like to comment particularly on the unclaimed assets Bill. The Prime Minister will be aware of the great concern about antisocial behaviour in all our communities. Parents are becoming increasingly concerned about the lack of facilities to divert young people from involvement in antisocial behaviour in the first place. I welcome my right hon. Friend's determination to use dormant money to improve youth services, and I would ask for two particular things. First, this money should be additional to the resources that councils currently make available. Secondly, councils should be encouraged to engage with the local community before the money is freed up. It is crucial to engage the local community. I find a lot of good will out there, particularly among parents, many of whom would like to get involved in such activities if only the resources and the capacity were made available.

The Prime Minister: One of the great causes of the next decade will be to improve youth facilities and amenities in all our communities. As I go around the country, I meet people who rightly say that we must be tough on antisocial behaviour, but people also tell me very clearly that there is little for many young people to do. The law-abiding decent majority of young people need better facilities, and we have to do something about that. That is why the unclaimed assets Bill will provide additional money for youth services and facilities. At the same time, there will be improvements in the method by which the money can be dispensed. As the hon. Gentleman probably knows, in a previous Budget we set up youth budgets for local areas, whereby young people themselves can take decisions about how the money is spent. We will review how that is working and take a decision on the best way forward. I look forward to hearing my hon. Friend's views on how we can best achieve that.

Mr. William Cash (Stone) (Con): On what specific grounds does the Prime Minister rule out legislation authorising a referendum on the fundamental constitutional changes in the European reform treaty? That, on an unprecedented mandate, would merge the treaty on economic union with the treaty on European union, collapse the pillars, impose new legal duties on this Parliament that are enforceable by the European Court of Justice, and alter the structural relationship not only between Britain and Europe, but between the Government and Parliament and this country's electors, which is the basis of all referendums.

The Prime Minister: The text of the statement issued after the Brussels summit started by saying that the constitutional project—the project to set up a totally new constitution—had been "abandoned". That was the term used at the Council.

Judy Mallaber (Amber Valley) (Lab): In pursuing the challenge of helping more people into work, will my right hon. Friend encourage and support his Ministers in tackling issues of occupational segregation and the difference in skill levels between men and women, so that we can enhance the skills of the whole population and tackle the gender pay gap? Will he confirm his continued support for the Government's programme of further child care facilities, children's centres and the Sure Start programme, which is doing so much to support families and parents?

The Prime Minister: I am grateful to my hon. Friend, who has led the way in her constituency in pushing forward the children's centre programme, which, over time, should mean that there are half a dozen children's centres in each constituency of England; roughly 3,000 or more centres by 2010. We will continue to support children's centres and provide the money necessary for their expansion. I agree also that we have to do more to break down the barriers of discrimination and inequality that have been a problem for women seeking employment over many years.

Mr. Edward Davey (Kingston and Surbiton) (LD): If the Prime Minister is to introduce new housing legislation, will he reform the housing revenue accounts subsidy scheme, through which Whitehall takes 29p in every pound paid in rent by Kingston council tenants to spend elsewhere in the country, preventing essential and basic repairs from being made to council homes in my constituency? How can it be fair for his Government to force council tenants on estates in places such as Kingston to pay for council house repairs elsewhere in the country?

The Prime Minister: There has been a great deal of investment, but I shall look at the very specific examples from the hon. Gentleman's constituency. Over time there will be reforms of the housing revenue accounts system and how it is dealt with.

Mr. David Clelland (Tyne Bridge) (Lab): When he was in his previous job, I drew my right hon. Friend's attention to some of the problems faced by carers, and work is still outstanding on that subject. Last Friday, I met Gateshead Alzheimer's Society and we discussed these and other issues. The society raised with me the Government's proposals for the use of dormant funds under the unclaimed assets Bill. The society put it to me that as it was likely that those funds belong or belonged to elderly people, it would only be reasonable for some, if not most, to be used to support carers. Is that an argument that my right hon. Friend finds persuasive?

The Prime Minister: Any argument that comes from my hon. Friend is a persuasive one. We have set up a review into what we can do to help carers more. We are trying to provide more respite care, more training, more help and more support. I will take on board what

he says specifically about Alzheimer's and the particular problems that carers and families face in relation to that. I hope that he will find that he can feed into the review, and that the report, when it is eventually done, will be to his satisfaction.

Mr. Nick Gibb (Bognor Regis and Littlehampton) (Con): Will the Prime Minister give to state schools the same freedom to adopt the international GCSE exam that independent schools have? Would not that be a key way of ensuring academic rigour in our exam system and of extending educational opportunity to all children, regardless of their background?

The Prime Minister: Obviously I will look at that. Proposals have been made over time as to how the baccalaureate could be used in the state sector, and I shall write to the hon. Gentleman on that.

Ms Diane Abbott (Hackney, North and Stoke Newington) (Lab): The Prime Minister will be aware that many Members on both sides of the House are alarmed at the prospect of an increase in the time limit for pre-charge detention. We believe that far from making us safer, detaining people for months at a time without trial could exacerbate community tensions. He said that any change would apply to terrorism alone. Will the Bill state that the increase in pre-trial detention applies only to people prosecuted under terrorism legislation?

The Prime Minister: That is what the debate is about. I hope that in dealing with such an important national security issue as the terrorist threat, the whole House can come together to agree measures that balance the need for security with attention to a matter in which, historically, this House has been most interested—the civil liberties of the people of this country. When we have the discussion, I hope that my hon. Friend will feel able to support our measures, along with Opposition parties.

Mr. Phil Willis (Harrogate and Knaresborough) (LD): On 25 July, the Joint Committee that has been looking at the draft Human Tissue and Embryos Bill will report back to Government, as we were charged to do. There are two crucial issues: the regulator and the future of research, particularly into embryos and using animal and human elements. Will the Prime Minister give an assurance that that Bill will be in the Queen's Speech and that we will get it on to the statute book within his first Session as Prime Minister?

The Prime Minister: That is the plan—but it is in the hands not just of the Government but of the House. The hon. Gentleman would want us to look at the report that is being written on the Bill and at these two particularly controversial measures, and that is exactly what we will do.

Emily Thornberry (Islington, South and Finsbury) (Lab): May I warmly welcome the Government's renewed efforts on affordable housing? Will my right hon. Friend bear in mind the fact that what is affordable in some areas is not affordable in others? In Islington, where a first-time buyer's flat costs £300,000, owning a flat is not an option; even part-ownership may not be an option. Affordable rented housing is what we need in Islington. Also, I hope that he will not take a moment's time to listen to any advice from the Liberal Democrats, who in my constituency—

Mr. Speaker: Order. This is a statement. There are other occasions on which the hon. Lady can attack whichever party she wants, even her own.

The Prime Minister: I am grateful to my hon. Friend, a persistent campaigner who has talked to me on many occasions about the cost of housing in her constituency and the need for more affordable homes. Further to my earlier comments, of the 223,000 households created in this country, the biggest increase has been in single-person households. Of the 240,000 houses that we want to build by 2016, we want more to be family homes. I want that to be clear to the House, and if I was misunderstood, I apologise.

Damian Green (Ashford) (Con): Clearly there is a consensus that we need more affordable housing, but will the Prime Minister expand on the implications on the new raised national target, which presumably means new raised regional targets as well? He may be aware that the current south-east regional target has been reached after a long, difficult and passionate consultation. If he is to tear up the results of that consultation and announce a new top-down central national target, I am afraid that his attempt to present himself as a new listening Prime Minister will be greeted with scepticism in that area.

The Prime Minister: The country will have this debate. We believe that to provide fairness for families and single people, the amount of housing that we have announced must be built over the next few years. Obviously we have to persuade many decision makers, including local authorities, that that is the right thing to do. But I hope that we can move to a consensus that it is essential to build more homes, and then look at how we can do that in a way that is environmentally friendly. We must also look at how we can make housing more affordable for people who are missing the chance of being on the housing ladder.

I know that the South East England regional assembly is not in favour of an expansion of house building in the region as we are, but it should reconsider the view of its Conservative chairman that there is no evidence that simply building more houses makes it more affordable to buy a home. We must build more houses if we are to make housing more affordable. I am ready to work with the assembly and local councils to do that and, as can be seen, we are ready to release a lot of public sector land to make that possible.

Mr. Nick Raynsford (Greenwich and Woolwich) (Lab): I warmly welcome the Prime Minister's announcement of the greater priority for housing and his willingness to reconsider the planning gain supplement. Does he recognise that there is a considerable variation in the performance of individual local authorities and that if he can find the mechanisms to raise the performance of the weakest up to those of the best—whether through section 106 or

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tariff agreements—we will get a substantial increase in the planning gain yield for necessary infrastructure and social investment?

The Prime Minister: I applaud my right hon. Friend's work as a Housing Minister and as a campaigner for more affordable housing for his constituents and the rest of this country. The Government are offering a deal: we would be prepared to withdraw the planning gain supplement Bill if we could find a means of extracting more planning gain for local communities as new housing and new infrastructure are built. We await the consultation and the responses of those who can help us to achieve that high level of planning gain.

Bob Russell (Colchester) (LD): During the last 10 years of the new Labour Government, only 4,000 council houses were built. In the first 10 years of the Thatcher Government, 400,000 council houses were built. The Prime Minister was silent on the building of council houses. Why is he hostile towards council houses? How many of the 240,000 new homes a year will be council houses?

The Prime Minister: The first thing the hon. Gentleman should recognise is that the priority after 1997 was to modernise and improve the existing stock. A huge amount of investment, worth billions of pounds, went into improving more than 1 million council housing and social housing tenancies. As a result, many children, pensioners and other people who were living in substandard accommodation are now living in decent accommodation. Therefore, it is wrong of the hon. Gentleman to portray the last 10 years as a period when we failed to renovate stock. *[Interruption.]* Exactly: we have renovated stock. We now have to build more stock. *[Interruption.]* The hon. Gentleman is right: he says that we have done well, and I hope that that will be included in *Hansard*.

Bob Russell: I said, "You could have done both."

The Prime Minister: Having renovated, we now must build. I hope that we can find a means by which social housing partners, housing associations and local authorities can be involved in that.

Mr. Tom Clarke (Coatbridge, Chryston and Bellshill) (Lab): I welcome the Prime Minister's statement, as well as yesterday's statement by my right hon. Friend the Secretary of State for Children, Schools and Families. I chaired the all-party review on the needs of disabled children, and may I remind the Prime Minister that we strongly recommended that there should be a statutory minimum entitlement to short-term breaks and respite care? On the basis of the evidence we received, if that were to be included in legislation it would have great support from disabled people and their carers and families.

The Prime Minister: No Member has done more to promote legislation in the interests of disabled persons than my right hon. Friend, and we are grateful to him for being a pioneer in this area. I will look into what he has said. The carers review will report soon, and I hope that he will be able to contribute to its work and that we will be able to make the progress that he wants.

Several hon. Members *rose—*

Mr. Speaker: Order. We must move on. I will keep a note of the names of the Members whom I have not called.

Proof of Age Scheme (Purchase of Restricted Goods)

1.31 pm

Mr. Robert Flello (Stoke-on-Trent, South) (Lab): I beg to move,

That leave be given to bring in a Bill to establish a national compulsory proof of age scheme for persons aged between 16 and 21 years in connection with the purchase of alcohol, tobacco, knives, air weapons and other items; and for connected purposes.

Because of the current absence of a national biometric identity card, the Bill is necessary for reasons I shall set out.

Every day in Britain, hard-working shop workers ensure that we can get hold of everything from A to Z—from apples to cuddly zebras—and are involved in millions of transactions, many of which involve age-restricted items such as alcohol, cigarettes, knives and airguns. Conflict does not usually arise over sales of apples or cuddly toys but, sadly, it all too frequently arises over the sale of age-restricted items. Research shows that the refusal to sell age-restricted products is the most common cause of verbal abuse towards shop staff and that it can also provoke physical violence. It is believed that as many as 90 per cent. of shop workers have suffered some form of abuse, and many of them do so daily.

As well as verbal abuse, shop workers are often subjected to physical abuse, ranging from being spat at to violent assault. For example, a shop worker who refused to serve a bottle of beer to someone whom they thought was under age was told that they would be knifed. Other shop workers report being beaten up for refusing to sell alcohol to young lads. Thankfully, according to the most recent figures, incidents of violent abuse against shop workers have declined. That is in part owing to initiatives such as the Union of Shop, Distributive and Allied Workers' successful "Freedom from Fear" campaign, and USDAW is today celebrating its "respect for shop workers" day. I pay tribute to it for its work in raising the profile of the millions of shop workers who serve us each and every day.

One way of addressing the problem of assault on shop workers is to foster a culture of "No ID, no sale", so that customers know that if they look under 21, they will need to show proof of age. That would help to defuse tension and reduce opportunities for confrontation when a customer is challenged about their age.

I fear that the problems associated with selling age-restricted products will peak this autumn when the age at which tobacco products can be sold rises from 16 to 18. Many young people who are approaching their 18th birthday will have been buying cigarettes legally for almost two years but will no longer be able to do so. Similar increases in the minimum age for purchase will rightly apply to knives, airguns and crossbows.

I am particularly concerned about the availability of so-called pendant knives. They look like a piece of jewellery, but they contain two blades that fold out. I was horrified to learn that that item can be sold legally as it is not a concealed blade and the blades are not long enough to make it illegal. I fail to understand how such items can be justified, but I look forward to the date when at least no one under 18 can buy one.

The Bill has two key points: it proposes that we have a nationally recognised, Government-controlled proof of age scheme, and that that be compulsory for those aged 16 to 21 who wish to make restricted purchases. Let us be clear about what we are addressing. Tobacco and alcohol are not the only items whose purchase is age-restricted. Other age-restricted products include fireworks, which can cause great misery in the hands of people who misuse them, DVDs, videos and solvents—the problems associated with solvent misuse have been raised with the Prime Minister. Other items include aerosol paints—young people sometimes use them to put their tags on walls—lottery tickets, petrol and crossbows. It is right and proper that such items are sold only to those who are deemed to be of a suitable age.

It would be wrong to claim that there are no voluntary schemes already in place to train and support shop workers in order to help them meet their legal obligations and check the age of customers. Many Members will be aware of the pass scheme, and I pay tribute to all involved in that, including the drinks industry, which plays an active role. The pass scheme is supported by robust audits carried out by trading standards bodies, and only accredited cards may bear the registered hologram. About 2 million such cards are in use, and where they are applied, their use is beneficial. However, as well as the four national card schemes that are accredited by a pass, there are also about 20 local authority entitlement cards, which also provide proof of age, and numerous other non-accredited schemes. More worryingly, there are cards showing false details that can be downloaded and printed from the internet. Furthermore, in some parts of the country it is more usual for young people to use passports or driving licences to prove their age. I understand that it is estimated that about two thirds of those aged 18 and 19 have passports, and that a similar proportion have driving licences. Inevitably, there is a significant overlap between those two groups, so perhaps a quarter of all those aged 18 and 19 do not have some form of official Government proof of age.

Apart from the costs involved, what are the dangers in carrying around such documents? Identity theft dangers are heightened. Passports and other documents can easily be stolen when people are on a night out. Replacing them is both costly and time consuming. It is an administrative burden for the young person, the police and the passport agency.

There is currently a variety of proof of age cards and documents, and, although the pass hologram should be widely recognised, a young person who visits elsewhere in the country—perhaps a person from Stoke-on-Trent visiting a friend in Portsmouth—might find that his proof of age card is not recognised there. A single, national, Government-run scheme would simplify the position on proof of age by removing the myriad schemes. Its establishment would also raise the profile of the single scheme in the minds of customers.

If we were to have compulsion, that would help create the culture we need to foster whereby anyone who looks under the age of 21—I can only wish that that included me—automatically shows their proof of age when purchasing age-restricted items. If showing a

[Mr. Robert Flello]

proof of age card is compulsory, that should take off the shop worker the pressure of having to ask to see such proof. That in turn should lead to less scope for confrontation and less abuse and assault of our shop workers. Regardless of how well a voluntary scheme might be run, I do not believe that it would stop abuse of shop workers. The scheme must be compulsory.

Although we may no longer be described as a nation of shopkeepers, we should celebrate the work our shop workers do—often at times when the rest of the population is not at work, such as early in the morning, late in the evening, at weekends, and during holidays and bank holidays. Our shop workers deserve the greatest respect, and to be treated properly. My Bill would add to the protection of those hard-working men and women. I commend the Bill to the House.

Question put and agreed to.

Bill ordered to be brought in by Mr. Robert Flello, Mr. Adrian Bailey, Lyn Brown, Mr. David Kidney, Sarah McCarthy-Fry and Lynda Waltho.

Proof of Age Scheme (Purchase of Restricted Goods)

Mr. Robert Flello accordingly presented a Bill to establish a national compulsory proof of age scheme for persons aged between 16 and 21 years in connection with the purchase of alcohol, tobacco, knives, air weapons and other items; and for connected purposes: And the same was read the First time; and ordered to be read a Second time on Friday 19 October, and to be printed [Bill 143].

Opposition Day

[16th Allotted Day]

Stroke Services

Mr. Deputy Speaker (Sir Michael Lord): We now come to the first debate on the Opposition motions. Mr. Speaker has selected the amendment in the name of the Prime Minister.

1.40 pm

Mr. Andrew Lansley (South Cambridgeshire) (Con): I beg to move,

That this House notes that stroke is the third most significant cause of death and the leading cause of adult disability; believes that stroke prevention and care have received insufficient attention despite £2.8 billion in direct care costs to the NHS; welcomes the report of the National Audit Office (NAO), Reducing brain damage: faster access to better stroke care, HC 452, and the subsequent Report from the Committee of Public Accounts (PAC), of the same title, HC 911; further welcomes the Government's publication of a consultation on a national stroke strategy; commends the Stroke Association, the Different Strokes charity and the Royal College of Physicians in raising awareness of stroke and the needs of stroke patients and survivors; calls for the rapid implementation of the NAO and PAC recommendations thereby saving over 10 lives a week, delivering high-quality stroke care and securing value-for-money for NHS resources; is concerned at the continuing deficiencies in stroke care and wide disparities in access to specialist stroke services disclosed in the 2006 National Stroke Audit published in April 2007; and urges the Government to give priority and urgency to the measures needed to deliver improving outcomes for stroke patients.

I am grateful to my colleagues for permitting me to use Opposition time to raise the important issue of stroke. I declare an interest as chair of the all-party parliamentary group on stroke, and I am also grateful to the Secretary of State and his colleagues for their support of the all-party group and for the Government's amendment. Unfortunately, I cannot prefer their amendment to our motion, because the latter faces up to the reality of international comparisons in stroke care and the wide discrepancies and deficiencies in it across the UK. I wish that we could have had a combined motion, because the purpose of this debate is not to engage in partisan argument, but to raise the priority of stroke care. It has been more than four years since we have had a debate on stroke in this House, including in Westminster Hall, so it is right to do so now.

I wish to pay tribute to some people who have been instrumental in raising the priority of stroke. There are voluntary organisations, including patient representative groups such as the Stroke Association and Different Strokes, and national organisations, such as the Royal College of Physicians, which through the National Sentinel stroke audit has brought forward much vital information about the quality of stroke services and helped to push forward the improvements that have been occurring. I do not want to leave out clinical leaders such as Tony Rudd at St. Thomas', Peter Rothwell in Oxford and Gary Ford in Newcastle, or the work of the Department of Health in the past 18 months, led by Roger Boyle, the national clinical director, and the team of officials.

Nor should we ignore the role of the National Audit Office. The report that it produced in November 2005 was a remarkable example of the value of the NAO, not only in considering issues of value for money and public expenditure, but in examining how services can be improved in ways that have radically changed attitudes in the Government about what can be achieved in stroke care.

Mr. Edward Leigh (Gainsborough) (Con): My hon. Friend kindly mentions the NAO report and I am proud of the work that it and the Public Accounts Committee have done in this area. I hope that we can do for stroke what we did for methicillin-resistant Staphylococcus aureus in bringing it to the forefront of the political agenda. I hope that we are now doing that for dementia, as well. Will he comment on our particular view that so many people are left debilitated, and therefore become an increased cost to the NHS, because of the lack of early scans in hospitals?

Mr. Lansley: I am grateful to my hon. Friend for the work of not only the NAO but the Public Accounts Committee, which has followed up on the issue in the same way as it followed up the original inquiry into health care-acquired infections. It revisited that subject and made further important recommendations, which have helped to raise the importance of the issue. He makes an important point: one of the NAO's recommendations was the need for immediate access to screening.

At the conference organised by the NAO last October, at which my hon. Friend the Member for Gainsborough (Mr. Leigh) spoke, Professor Anthony Rudd outlined the 2006 National Sentinel audit results and explained that across England, Wales and Northern Ireland, 226 hospital sites were offering CT scanning, but only 18 per cent. were able to provide scanning within four hours. On weekdays, the vast majority of trusts were able to do a scan within 48 hours, although 7 per cent. could not. However, at weekends, 35 per cent. were taking longer than 48 hours. So scans for stroke patients are being delayed, even though we know that time lost is brain lost in those circumstances.

At that same conference, Professor Norrving from Lund university in Sweden said that his country had a virtually 100 per cent. delivery rate for CT scans within 24 hours and Professor Bladin from Melbourne, Australia described how all patients at his hospital have immediate access to scanning. Those international comparisons should serve to demonstrate to us what a dramatic difference there is in the quality of stroke care being provided in this country compared with some of the leading examples across the world.

Mr. Tim Boswell (Daventry) (Con): My hon. Friend is rightly concentrating on acute care, but does he agree, given his stated interest in public health, that it is important for the health and welfare of the nation that, wherever possible, we avoid stroke incidents at source? There is still a huge national problem of undiagnosed, undetected and unremediated hypertension. Will he encourage the Department to do everything possible, through GPs and otherwise, to ensure that that is tackled, alongside the acute services to which he rightly draws attention?

Mr. Lansley: I am grateful to my hon. Friend. I was not intending to dwell on that important point, but the evidence, not least from Stroke Association surveys, is that the public have far too limited an awareness of what stroke is. They have become confused about the issue and perhaps just a bare majority understand that a stroke is a brain attack. Even fewer have a clear understanding of what leads to a stroke. In recent examples, such as the Food Standards Agency's campaign on salt reduction, raising the public awareness of the need to reduce salt intake has been focused on the risk of a heart attack. That is valid, but it was done on the basis that the public did not understand the relationship between salt intake, hypertension and stroke. In fact, in terms of mortality and morbidity, stroke is the greater risk, so we need to work harder on that.

The quality and outcomes framework for general practitioners rightly includes the management of hypertension, but—as my hon. Friend suggests—many people do not yet know their blood pressure and, in cases in which it is appropriate, are not properly monitored or attempting to address the problem through diet and exercise or even medication. We need to make that happen, because reducing the incidence of stroke must be one of our key priorities. The awareness of stroke and how to prevent it should form part of our strategy, and the NAO made that clear.

Mr. Andrew Turner (Isle of Wight) (Con) *rose—*

Hon. Members: Hear, hear.

Mr. Turner: My hon. Friend draws attention to the need for better care for stroke sufferers. Some 110,000 people suffer from stroke each year, and last December I was among them. I was extremely lucky, because I received excellent care from the specialist stroke unit at St. Mary's hospital on the Isle of Wight. I owe them so much for that and would like to thank them all publicly for it. Does my hon. Friend agree that other people in other places need care as good and as local as ours is on the island?

Mr. Lansley: I am delighted, on behalf of colleagues on both sides of the House, to welcome back my hon. Friend. I know that he has already been active in his constituency, but we are delighted to have him here. I share entirely his view, and we should not forget the many staff working in stroke care who are delivering excellent care. However, we need to be aware of the lack of stroke physicians and services. As the Sentinel audit recently made clear, we have limited numbers of consultant nurse posts and a quarter of hospitals have no specialist stroke nurses available. Those are essential parts of the process of delivering high-quality stroke care. However, I entirely share my hon. Friend's view about the need to match what has been achieved on the Isle of Wight.

Mr. David Jones (Clwyd, West) (Con): Does my hon. Friend not agree that one of the most lamentable aspects of the National Sentinel audit to which he refers is the state of affairs prevailing in Wales? Only 45 per cent. of eligible hospitals in Wales have a specialist stroke unit, compared with a figure of 97 per cent. in England. The conclusion reached was that patients in

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Wales are more likely to die from stroke, and that, if they do survive, they will have higher levels of disability than patients in England or Northern Ireland. Does that not reflect the lamentable state of affairs in Wales and a failure on the part of the Welsh Assembly Government?

Mr. Lansley: I am very grateful to my hon. Friend for making that point. I was about to come to the findings of the 2006 National Sentinel audit of stroke care. The first of its top 10 recommendations is that

> "The Welsh Assembly Government, Commissioners, Managers and Clinicians should urgently address the growing divide in quality of stroke care between Wales and the rest of the United Kingdom. The highest priority should be given to the development of specialist stroke services, both in hospital with full provision of stroke units and in the community."

I am afraid that it felt compelled to say that the very low rate of stroke unit admission in Wales was unacceptable. My hon. Friend, given his responsibilities, will be pressing for precisely that priority to be given in Wales. It is important for us to recognise that today's debate—from our point of view—is about stroke services in the United Kingdom, not just in England. I hope that the Government hear that message and communicate it to the Welsh Assembly Government. I know that my hon. Friend will do exactly that.

In looking at the Sentinel audit, I do not want to diminish the progress that is being made, in part, precisely because stroke physicians have been pressing for it. For example, there has been an increase in the number of specialist stroke units in hospitals in England—up to 91 per cent. from 79 per cent. in the previous audit—but only 62 per cent. of patients are admitted to a specialist stroke unit. However, that is an increase on previous figures. There has been an increase in the number of neurovascular clinics, which means that transient ischaemic attacks—mini-strokes, as it were—are increasingly followed up in clinics. However, we need to do more. As I said, there are too few stroke physicians and too few specialist stroke nurses, and only 22 per cent. of hospitals have an early supported discharge team.

One central issue in the development of stroke care is acute care—treating stroke as an emergency. Here, I pay tribute to the Stroke Association, which ran a campaign entitled "Stroke is a medical emergency" and uses the FAST protocol—the face, arm, speech test protocol—developed by Gary Ford and his colleagues at Newcastle university. The publishing and dissemination of such developments across the country is a vital part of raising awareness of the fact that stroke is an emergency.

Of course, we must not allow the situation to arise whereby, when stroke symptoms develop, they are identified, an ambulance is called for and it takes the victim to an accident and emergency department, only for time simply to pass and brain function to be lost. We must take urgent action to ensure that that does not happen. I have been involved in the all-party group on stroke, of which I am now chairman, since its inception in early 2003, and we have argued for the taking of such action since early 2004. The protocols and structures required have become increasingly clear; indeed, on visiting other places throughout the world—the NAO visited Australia—one can see precisely how they can be achieved.

The Sentinel audit tells us how far we have come. In Australia, after immediate CT scanning, all those patients for whom thrombolysis is appropriate get access to it. About 10 per cent. of stroke patients get such access. According to the audit, however, in the preceding year 218 patients in this country were thrombolysed, representing 0.2 per cent. of all such patients. That is an enormous disparity. Some 18 per cent. of hospitals in this country still have no specialist acute stroke unit, and only 10 per cent. of hospitalised stroke patients are admitted directly to an acute stroke unit.

Those two elements are central: patients should be admitted directly to a unit capable of undertaking immediate CT scanning; and, where appropriate, they should undergo thrombolysis. In any case, such patients should be admitted directly to specialist stroke units, and should in virtually all cases spend their time in hospital in such a unit. We have known about these issues for some time, but we have by no means made sufficient progress on them. The NAO report was clear on the benefits that could accrue from treating such cases as emergencies.

The point was brought home to me some three or four weeks ago, when I attended the memorial service for Sir Arthur Marshall. After the service, a gentleman named Ivan came up to me and said, "You're interested in stroke and involved in Westminster's all-party group on stroke—I'd like to help. I used to work at Marshall Aerospace, and I woke up one night a year or so back and I couldn't speak, couldn't feel anything and couldn't move the left side of my body. I was taken to Addenbrooke's hospital"—Addenbrooke's is in my constituency—"and I had a CT scan straight away and I was thrombolysed." Presumably, he is one of the 218 patients to whom I referred earlier. I looked at him and said, "Well, it's clearly gone very well." The extent of his subsequent loss of brain function is that occasionally he has pins and needles in his left hand. Previously, he would probably have had full left-side paralysis. So, dramatic differences have been made, and we need to be aware of the scale of what we can achieve if we take such steps.

Mr. Hugo Swire (East Devon) (Con): My hon. Friend is making a very good point. It is absolutely critical that we get patients scanned as quickly as possible, but in rural areas such as my own in Devon, that is not always possible. Will he join me in congratulating Devon air ambulance on its continuing work? It gets no money from the Government whatever, but it plays an absolutely critical role in getting people from remote areas to the hospitals that can treat them quickly.

Mr. Lansley: I am very happy to share my hon. Friend's support for the air ambulance service, which also plays a central role in parts of East Anglia. As I drive into Exeter, I always note the shop that the service has there. Perhaps I will stop next time I pass it, in order to support Devon air ambulance. The fundraising for the service provides a dramatic benefit.

The health service supports the paramedics and the other medical and clinical aspects of the service, but putting the helicopter in the sky and maintaining it is funded entirely from voluntary support.

The NAO report makes certain things very clear. For example, it estimates that admitting stroke patients to, and treating them in, a stroke unit could save up to 550 lives. It says that transient ischaemic attacks should be followed up rapidly in a clinic, given that there is a 20 per cent. risk of a stroke immediately following a TIA. Such action can forestall and prevent major strokes. For many patients who suffer from artery occlusion, sclerotic artery surgery produces benefits within 14 days. Interestingly, the PAC and the NAO identified that such changes, which would substantially improve outcomes for patients, would not cost the NHS more. If all those measures were implemented, there would be an overall saving to the NHS, not an additional cost. The aim is a change in the design of services, and to get the NHS to respond by prioritising service delivery, which would be better for patients and better for the NHS in value-for-money terms.

Where do we go from here? One purpose of the debate is to raise the profile of the issue of stroke. Another purpose was to try to make sure that the Government publish their consultation on a national stroke strategy before the House rises for the summer, but I am delighted to say that the Secretary of State did that on Monday, which means that we can debate it. Happily, plenty of Opposition Members are present, and a few Labour Members are too, but I hope that more colleagues are listening to the debate, or will read it.

I want to encourage colleagues in all parties to include in their constituency engagements a visit to their local hospitals to talk about the stroke services that are provided. In addition, I hope that hon. Members with a branch of the Stroke Association in their areas will talk to its members—for myself, I am patron of the Stroke and Dysphasia Association in Cambridgeshire. We should all make sure that we have conversations with everyone involved over the next three months, as the consultation on the national stroke strategy ends on 12 October, which means that the scope will be limited when we return after the recess.

I welcome the Government's publication of the document "A new ambition for stroke". Clearly, it was a very inclusive process, and many of the people I know to be leaders in the field were engaged in the working groups that led to the document. It is very important that the Government show that priority is now attached to stroke. Unfortunately, a top-down system such as the NHS needs to show top-down priority, so it is important that the Department of Health has published a document.

I do not want to be at all churlish but, although the document published on Monday sets out very well the sort of ambitions that we must have for a stroke service in the future, there were few surprises or novelties on top of what the National Audit Office produced 20 months previously. I am therefore slightly at a loss as to the purpose of having a consultation on a national stroke strategy now, given that the document makes it clear that the Government know what they think the stroke service should be like. As I understood it, the Government's document was intended to turn the NAO recommendations of 20 months ago into an action plan. It was supposed to show how we should get from here to there, but in many respects the document that has been produced does not achieve that.

As some of my hon. Friends made clear earlier, the availability of CT scanning is absolutely fundamental. Does the national stroke strategy make clear how, for example, diagnostic contracts and the like will be used to ensure that CT scanning is available 24/7? The strategy presents the model of a hub-and-spoke system, as we always knew it would, but its parameters are still too wide. For instance, we need to be clear about the scale of population to be covered by such a system, and the length of time that people will stay in each hyper-acute stroke unit. We also need to be sure that such questions are followed up in individual locations.

A month ago, Manchester started work on producing its local service plan. The document that has been produced there says that patients admitted to a hyper-acute stroke unit should be scanned and given immediate treatment—including thrombolysis, if necessary—and also be given access to the earliest possible rehabilitation. However, what is interesting is that the document suggests that people need spend only 24 hours in such a unit. I have visited many places across the country, and talked to a lot of senior managers. They tend to imagine that creating better acute care for stroke sufferers will involve concentrating stroke units into larger units at specialised hospitals. In contrast, the people in Manchester have not adopted that approach. Instead, they seem to be saying that the hyper-acute phase needs to be concentrated, but that patients should be referred back to their local hospitals 24 or 48 hours later; each such hospital should have a specialist, multi-disciplinary stroke unit, where hospital treatment can be concluded and people discharged early.

That is different from the approach adopted by many in the NHS around the country. Sir Ara Darzi's report, "Healthcare for London: A Framework for Action", does not appear fully to have taken on board the thinking in Manchester, as it continues to propose a limited number of specialist stroke units in a limited number of specialist hospitals. That does not have to be the structure at all.

Mr. James Gray (North Wiltshire) (Con): My hon. Friend is making an extremely interesting point. In my area, Chippenham hospital has one of the best stroke rehabilitation units in the country, and it recently won the Sentinel award for the best in England. However, it is not in the same PCT as Swindon's Great Western hospital, which is where the acute unit is located. A number of patients have been stuck in the acute unit because Wiltshire PCT cannot afford to move them to the rehabilitation unit down the road. Is that example not especially worrying?

Mr. Lansley: I am grateful to my hon. Friend, as he has illustrated very well the point that I hope I was making. His intervention leads me to the related point that a critic of the national stroke strategy would want to make sure that the incentives and levers available are being used to deliver the standard of stroke care that

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we want to achieve. For some time we have argued that unbundling the tariff—that is, dividing the acute phase from the subsequent rehabilitation phase—is important. The Department of Health has done that, but the structure proposed in Manchester would require dividing the tariff into three phases: the hyper-acute first 48 hours, the subsequent initiation of rehabilitation and support, and then rehabilitation in the community.

The tariff is anything but clear about how it will support and incentivise the process of commissioning. Unfortunately, if it does not reflect the best possible standard of care, it can substantially inhibit the introduction of such care. For example, a manager at Kingston hospital told me that his hospital wanted to be able to provide acute stroke care in the form advised, but that the tariff did not support that. We therefore need to concentrate on the tariff: although I hesitate to talk about something that can be a preoccupation for NHS anoraks, it is very important that we get it right.

The document "A new ambition for stroke" contains many elements that read extremely well and are clearly the right things to do, but one or two criticisms remain. For example, GP protocols for the referral of patients after a transient ischaemic attack were set out first in the national service framework for older people in 2001. They were supposed to be implemented across the country by April 2004, but now they are being repeated in a document published in July 2007. It is not good enough for policy makers to publish documents which reiterate the standards of service that we want to achieve but find that progress is inadequate and that the available levers to ensure that those standards are achieved are not being used.

Obviously, the Secretary of State cannot add very much to a document that he published on Monday, but his foreword says that it is the "first step" to a national strategy. It is not the first step—it is about the 13th, and we need the strategy to be turned, rapidly, into action. I have talked to ambulance service staff across the country, and they know that in a few months they will be delivering emergency patients in acute need to hospitals. That is already happening in some places, but it will be no good if the NHS fails to treat patients as emergencies from that point onwards. The evidence is absolutely clear that such patients must be treated in specialist units, and that subsequent support by multi-disciplinary rehab teams in the community is vital.

Too often, stroke patients tell us that they feel that going out into the community is like falling off the edge of a cliff. They leave a supported service in a hospital context and move to a place where the social services and the NHS services do not join up and the necessary teams do not exist. From the Healthcare Commission's report, we know that six months after leaving hospital 50 per cent. of patients feel that they are not getting the standard of care they should, and that 12 months afterwards the number has risen to 80 per cent. Half the stroke patients who want to be involved in a local support group are not; 28 per cent. feel that they are not getting help when they need it to deal with mobility problems; 49 per cent. do not receive help with emotional problems when they need it; and 26 per cent. feel they are not given help with speech problems when they need it. It is tragic that large numbers of physiotherapists and speech and language therapists cannot find jobs in those services when they leave college, even though we know there is a specific need for them to provide such therapy for stroke patients. Their participation is needed in community multi-disciplinary teams.

At the risk of borrowing a phrase, the purpose of the debate is to say that a lot has been done, but there is a lot more to do.

The Minister of State, Department of Health (Mr. Ben Bradshaw): Thanks for that.

Mr. Lansley: It was just to welcome the new ministerial team to their onerous but rewarding duties.

As I said earlier, the Secretary of State's document is not the first step towards a national stroke strategy; the strategy should rapidly be put in place, because we already have the evidence base for it. International comparisons tell us just how far we need to go and how important it is that we make rapid progress. Even on adjusted mortality data, there are differences of between 10 and 30 per cent. between the UK and a range of European countries. We have higher than predicted levels of mortality from stroke, so we need to bring the rates down and match the best in Europe and, in this context, the best in countries such as Australia. We need to do it now.

I share Professor Roger Boyle's view, expressed in his introduction to "A new ambition for stroke". He said:

> "As a nation we spend more money than most on stroke services—and a greater percentage of our health budget—yet, overall, we have worse outcomes."

We spend £2.8 billion a year on direct care costs in the NHS—a large part of the overall budget—and, in terms of stroke services, we have a real possibility of using that money more effectively. We should adopt the recommendations of the NAO and the PAC and work with stroke patients, the Stroke Association and others to deliver better services. We must enable stroke physicians, stroke nurses and staff across the NHS to provide the quality of stroke care that they know is achievable, but that they feel unable to achieve at present.

I commend the motion to the House.

2.13 pm

The Secretary of State for Health (Alan Johnson): I beg to move, To leave out from "House" to the end of the Question, and to add instead thereof:

"commends the dedication and energy of the doctors, nurses, therapists and other professionals working tirelessly to help the 110,000 people affected by stroke each year; notes the significant recent progress made in stroke care with falling premature mortality rates and more people treated in stroke units than ever before; further commends the work of the National Audit Office, the Committee of Public Accounts and the All-Party Parliamentary Group on Stroke in scrutinising progress on stroke care and recommending further improvements; welcomes the opportunities offered by new treatments and the growing evidence on effective rehabilitation; celebrates the investment of £29 million in the UK Stroke Research Network to help ensure stroke medicine fit for the 21st century; further welcomes the additional training places made available in stroke medicine;

further welcomes the new guide and tools available to support improved commissioning of stroke services; thanks the Stroke Association, Different Strokes, Connect, the Royal College of Physicians and over 100 individuals for their work in developing proposals for a new stroke strategy; and commends the consultation document 'A new ambition for stroke.'."

I start by paying tribute to the hon. Member for South Cambridgeshire (Mr. Lansley) for his work over many years, both in a personal capacity and as chair of the all-party stroke group, in raising awareness of the terrible impact that strokes can have upon individuals and their families. He was kind enough to point out that we pay tribute to his work in our amendment, but he rather modestly neglected to mention the all-party group in his motion. I welcome the spirit in which the hon. Gentleman opened the debate. This is an issue where parliamentarians can get together to move things forward. There are many such subjects in health, but this is one of the most important on which we need to find consensus.

On behalf of Members on the Government Benches, I echo the hon. Gentleman's welcome back to the hon. Member for Isle of Wight (Mr. Turner). We have missed him since December and are pleased to see him back looking so fit and well.

Every year, 110,000 people in England have a stroke, which is one every five minutes, so given the time available for this debate, between 15 and 20 people could have a stroke during its course. With 50,000 deaths, strokes represent the third biggest killer after cancer and heart disease—killing three times as many women every year as breast cancer. Strokes are the greatest cause of severe disability. More than 300,000 adults in England suffer lasting disabilities as a result of a stroke. The cost to our economy runs to billions—but that is, of course, immaterial when set against the terrible turmoil that befalls survivors and their families, whose lives can be devastated, literally overnight, by such attacks.

I disagreed little with the comments of the hon. Member for South Cambridgeshire; his analysis was right, in terms of both the debilitating nature of strokes and, more important, the need to give stroke prevention and care much greater attention and priority. It is true that the Department of Health has focused particularly on cancer and heart disease, which are the country's two biggest killers, and we have made huge progress. Cancer deaths are down by 15.7 per cent. since 1997, saving more than 50,000 lives; while cardiovascular deaths are down by almost 36 per cent., saving almost 150,000 lives.

At the same time, attention has been paid to the third major killer. In 2001, as the hon. Gentleman mentioned, we published the national service framework for older people, pledging that every trust in England would have a specialist stroke service—a necessary target that has been achieved. We have also helped to improve standards. A recent study by the Royal College of Physicians showed that 95 per cent. of stroke units now have most of the necessary elements for a good-quality service, compared with just 72 per cent. in 2001. Our efforts to improve public health—on smoking, fitness and obesity—have played a vital role in our quest to reduce the number of strokes. Since 1993, deaths from strokes have fallen by 30 per cent. for over-65-year-olds and are down by 23 per cent. for those under the age of 65.

I fully accept, however, that there is more we must do to remedy the failings highlighted in the reports by the National Audit Office and the Public Accounts Committee. We are able to build on strong foundations. We now possess far greater knowledge about lifestyle factors and how they can cause strokes than we did 10 years ago. We have learned more about techniques in rehabilitative long-term care and how acute care can be managed in the community. Technology has advanced considerably, particularly for brain imaging and scanning, so we can now dramatically reduce the number of people killed or left severely disabled by a stroke. Through greater investment and reform, the NHS infrastructure is now equipped to provide the rapid response reactions that strokes require.

In response to the NAO and PAC reports, Professor Roger Boyle, the national director for heart disease and stroke, produced an excellent report, "Mending hearts and brains". I point out to the hon. Member for South Cambridgeshire that it is a consultation document to enable us to arrive at a strategy, and I shall take his comments into account as part of the consultation. Yes, there are issues in respect of tariffs that we have to tackle, and the all-party group has raised many issues that are not fully covered in the text of Roger Boyle's report, but the document turns an NAO-PAC issue into something that has had input from a vast variety of physicians, as well as from discussions with the Stroke Association and other voluntary groups, so that we could present it before arriving at a final strategy by the end of the year.

After detailed follow-up work by Professor Boyle and his six clinically led specialist project groups, my Department published a draft stroke strategy. I take this opportunity to thank the many leading clinicians and voluntary sector organisations who took part in the project groups, especially the Stroke Association, Connect and Different Strokes. I hope that Members on both sides of the House will give the document careful consideration and take the advice of the hon. Member for South Cambridgeshire to use the impending recess to contribute fully in their constituencies so that we can produce a final strategy by the end of this year.

I do not believe that improving our performance in this area is related purely to funding. As the hon. Gentleman said, England spends more on stroke services than many other nations, both in absolute terms and as a share of total health spending, and yet we do not get the best results. Many hospitals and primary care trusts, such as King's College hospital, which I visited on Monday, are already achieving great things. We know that clot-busting thrombolytic drugs can make the difference between someone who has suffered a stroke leaving hospital on their feet or in a wheelchair. However, overall in England last year, a tiny percentage—less than 1 per cent.—of patients received thrombolysis. King's has already achieved rates of 18 per cent. this year. The hon. Gentleman referred to Australia, which is achieving 10 per cent. As a result of a dramatic reconstruction along the lines suggested in the consultation document, Ontario is now achieving 37 per cent. thrombolysis, which is up from 3.2 per cent. just four years ago.

Mr. Swire: I think that I am right in saying that there are 640 patients per stroke consultant, compared with 360 patients per cardiac consultant. Does the Secretary of State hope to reassess and address that figure in some way?

Alan Johnson: Yes, it is absolutely essential that we do that. I will come on to say something about that when talking about the report. That is obviously a mismatch. I believe that Professor Roger Boyle says in his report—he certainly said it to me—that the whole stroke area is where heart disease was 10 years ago. We need to bring it up to today's levels, particularly in terms of the number of consultants and clinicians who specialise in the area. The key to success will be ensuring that more people do the right things at the right time at all stages of the patient pathway. Strokes, perhaps more than any other illness, are time-critical, so speed is of the essence.

There are three elements to the consultation report. First, there is prevention. Historically, strokes have been a poorly understood condition. They are inevitably linked to the over-65s and to old age. In the past, the fatalistic approach was to wait until a stroke occurred and then deal with the consequences afterwards—at great personal cost to the victim, and, incidentally, greater expense to the health service. About one in four long-term beds in the NHS are occupied by stroke patients.

Some strokes have genetic causes, but many people suffer needlessly because they do not recognise that they are risk or know what they can do to lessen that risk. Early action can help to prevent many strokes. We must ensure that better co-ordinated support is available for those at risk so that they are encouraged to monitor their blood pressure and cholesterol, take regular exercise, stop smoking and reduce their salt intake.

We must refute the myth that strokes affect only older people. One in four victims are under 65. We must also promote awareness among communities that are most at risk. People from African, Caribbean or south Asian backgrounds are twice as likely to suffer a stroke as the rest of the population. We have already funded some pilot publicity campaigns, together with the Stroke Association, and will look very carefully at the results.

Some people do not know how to recognise the symptoms of a stroke, either in themselves or in others. That can prove tragic when someone has suffered a minor stroke—known as a transient ischaemic attack or TIA. TIAs indicate a serious problem: part of the brain is not getting enough blood. Without treatment, around one in four people will go on to have a full stroke—most within the following few days. Provided that people are aware of that, it can be prevented—sometimes with something as simple as aspirin and sometimes with an operation to unblock the arteries in the neck. We need a radical transformation of attitudes and actions to prevent strokes from occurring. The consultation document sets out an ambitious new vision: people who are assessed as being at high risk of a stroke should be seen by specialists and scanned within 24 hours.

Secondly, we must ensure that there are quicker emergency treatments for those who have suffered from a stroke. Advances in technology mean that we can dramatically reduce the number of people who die or are left with severe disability after a major stroke—again, provided we get to them quickly enough. There is a window of only three hours in which patients must be seen, scanned and treated. With 2 million neurons lost for every minute of delay, we need a much faster pathway to treatment, as identified in Professor Boyle's report. With all paramedics properly equipped to identify the patients in greatest need and proper specialist care readily available, we can resolve the problem.

On Monday, I saw the impressive speed with which people were moved from the accident and emergency department to a stroke unit at King's, having been seen by a specialist and given a scan on the way. Professor Boyle says that if strokes were treated as emergencies, more than 1,000 stroke victims every year would regain independence, which makes a compelling case for reconfiguring acute services to ensure that highly specialised care is concentrated at centres that can offer round-the-clock expertise.

Mr. Lansley: That is an interesting point. I was talking to the chair of Peterborough and Stamford Hospitals NHS Trust, which does not directly serve my constituency, but serves people around Cambridgeshire. The service design that he and people in a number of other places are looking for is direct admission of emergencies to the acute specialist stroke unit. I know that in Addenbrooke's hospital in my constituency, people are brought to the accident and emergency department and then transferred to the specialist unit, but direct admission is what we should be aiming for. It does not make sense for the specialist team to have to go down to the accident and emergency department to collect somebody.

Alan Johnson: That is interesting, as was the view expressed about Manchester. King's has a triage nurse in the accident and emergency department. I guess that, in effect, the system means that someone is in the stroke unit as soon as they come in, although it happens to be located in a different place. The philosophy is to get people through the system as quickly as possible, making sure that scans are available and that TIA is taken into account if appropriate. Having specialists available 24 hours a day, seven days a week is the key issue at King's and other such centres.

We should also look at improving ambulance response times. We are consulting about upgrading strokes from category B to category A events so that ambulances arrive within nine, rather than 18 minutes.

Thirdly, we must ensure that there is better aftercare for those who have suffered strokes. The best way to improve care for such people is by engaging with them and ensuring that they feed into the consultation, which is why we have produced an easy-to-read version of the document for stroke survivors who have communication difficulties. Often, stroke survivors say that they wish to be at home during the rehabilitative stages. Early supported discharge schemes get people home more quickly, provided that there is better rehab care available.

Recovering from a stroke can take many years. Our strategy needs to ensure that the NHS is able to remain on hand, helping patients to gain increased independence, with enhanced support available from local specialists,

providing them with action plans and progress reports. There is still a huge gap between the number of cardiologists and the number of stroke specialists, as was mentioned in an intervention. We need to increase the work force capacity to resolve that, and we have already worked with the Stroke Association to fund an additional three specialist posts. We will invest in training 10 further specialists this year alone.

Having brought about huge reductions in cancer and heart disease, we must now promote the treatment of strokes to become our top priority. In the 1970s, England was the heart disease capital of Europe, but that has changed. We can, will and must ensure that a similar transformation takes place in this area. With record investment, new technologies and health professionals who are already gearing up to tackle this challenge we will succeed, thus truly transforming the lives and prospects of thousands of people and their families who are affected by this debilitating condition. I commend the amendment to the House.

2.29 pm

Sandra Gidley (Romsey) (LD): I, too, welcome the debate. However, the difficulty with going third, especially after the hon. Member for South Cambridgeshire (Mr. Lansley) has carried out his usual detailed and forensic analysis of the subject, is that quite a lot of one's material has been snitched. However, it is worth repeating several points. This will be one of those occasions when hon. Members on both sides of the House will speak as one, and I hope that we can work together.

Dr. Ian Gibson (Norwich, North) (Lab): Just congratulate us.

Sandra Gidley: Well, I was going to start on a positive note.

According to a recent audit by the Royal College of Physicians, the death rate from stroke in a range of age brackets has fallen by approximately a third, which must be good news. Well over 90 per cent. of English hospitals now have a dedicated stroke unit. The vast majority of health boards and NHS trusts have achieved their targets, and stroke registers have been established in more than 60 per cent. of GP services.

Now comes the "but". We have heard about the problems caused when stroke patients who are admitted to hospital receive insufficiently rapid access to a stroke unit. I shall outline problems all along the patient pathway later, but there are general problems that have a great impact on stroke services. For example, people have difficulty accessing therapists and social workers. Although we are training loads of physiotherapists, we are not deploying them where they could benefit patients. It has been pointed out that the tariff for supporting stroke patients is inappropriate and there is no financial incentive for hospitals to provide stroke services subsequent to initial treatment. Most importantly, there is little public awareness of the problem. A quarter of hospitals have no form of senior stroke nurse specialist, yet the national clinical guidelines on stroke say that specialist stroke services should be available in the community as part of an integrated system of care to facilitate early supported discharge.

The new Health Minister who will sit in the other place recently had something to say about stroke services. In May, he pointed out that of the 30 hospitals in London providing stroke services, only four treated more than 90 per cent. of patients in a dedicated unit. He said that although patients should receive a CT scan within three hours, in only seven out of 30 hospitals did 90 per cent. of patients receive a scan within that time.

The number of patients receiving clot-busting drugs has been highlighted. My immediate assumption was that the situation was due to a lack of resources, but as hon. Members have pointed out, "A new ambition for stroke", which the Department released on Monday, rebuts that because, importantly, Professor Roger Boyle states:

> "As a nation we spend more money than most on stroke services—and a greater percentage of our health budget—yet, overall, we have worse outcomes."

That raises serious questions. Given that the money and the national service framework for older people have been in place—a whole chapter of the NSF is dedicated to stroke services—what went wrong, and why was the money not targeted properly? We have hospitals such as King's that provide a brilliant service, so why have stroke clinicians and workers in other parts of the country had difficulty getting together and achieving the same sort of outcome? Have they been blocked by hospital management, or was there no initiative on the ground? If we are to move forward positively, it will be worth considering such basic questions to determine what has happened and how we can learn from the mistakes that have been made.

The problem with the NSF for older people was that no funding was attached to it. Perhaps money was in the system, yet people did not know how to access it. I surveyed several PCTs to determine whether stroke targets were being met. It was clear that a number of proactive people had used the NSF as a lever to get local health commissioners and PCTs to go a little further. Such a thing can be done, but we need to learn why in many cases that has not happened.

The real tragedy is that, according to the Stroke Association, approximately 80 per cent. of strokes are preventable. I am pleased that several Health Ministers are in the Chamber. It would be nice to have official notice of which Minister is responsible for public health and their specific responsibilities—*[Interruption.]* I welcome the Minister of State, Department of Health, the right hon. Member for Bristol, South (Dawn Primarolo), to her job. It is difficult when people do not quite know which Minister to go to about what.

The public health aspect of stroke is important because there are many simple steps that can have an impact on outcomes relating not only to stroke, but to heart disease and cancer. According to the National Stroke Association, about 20,000 strokes a year could be prevented if health professionals and the public gave sufficient attention to awareness of people's blood pressure, determining whether people have a normal heartbeat, and stopping smoking. Other steps that can be taken are the usual culprits in messages on public health and healthy living: cutting down on alcohol, keeping cholesterol under control and following a healthy diet. It has been proven that simple things such

[Sandra Gidley]

as eating more fruit and vegetables can reduce people's risk of stroke. I hope that greater emphasis will be given to such messages.

Alan Johnson: I cannot resist mentioning this. Will the hon. Lady have a word with the Lib Dem authority in Hull, which has cancelled the free healthy school meals service that was specifically aimed at tackling obesity and raising educational attainment? It is a great shame that the service has been cancelled, but perhaps she can influence the leader of the council.

Sandra Gidley: I notice that the programme was aimed at children, among whom the rate of stroke is low. I understand the Secretary of State's point about establishing healthy eating patterns, but I would like to know whether the meals were being eaten, because if healthy meals are not eaten, we have to look at the problem in a different way. If he sends me more details, I will follow that up.

Exercise is another factor. It is worrying that only 37 per cent. of men and 25 per cent. of women meet exercise guidelines. Even moderate activity can reduce the risk of stroke by up to 27 per cent. As has been suggested, people need to recognise the symptoms of stroke, so a public awareness campaign is needed. It is obvious when someone has had a full-blown stroke, but TIAs can result in minor symptoms. Patients who have had a TIA need to be examined by a doctor, because if they are treated properly we can reduce the overall impact of stroke.

We see the problem when we look at the timeline. A patient will first seek a GP appointment. The good news is that patients are supposed to be able to get an appointment within 48 hours. Although there can be problems if people do not ring their surgery at a certain time of day, access to GPs has generally improved. However, if a patient is not aware that their symptoms could be serious, they might write them off as something not worth worrying about.

There can be a lack of awareness among GPs. Even among GPs who are aware of the symptoms, a fifth do not refer TIA patients for further investigation, as was revealed in a recent survey. There have been attempts through the quality and outcomes framework to improve the situation, but things do not seem to be working at the moment. Only 55 per cent. of GPs say that they would refer TIA patients immediately.

If a patient is referred, there can be delay in accessing a clinic and getting the requisite tests. Only a third of people with TIA are seen in a clinic within 14 days, but the recommended time set out in most clinical guidelines is seven days. Attention is being given to improving patient pathways, but I hope that the obsession with the 18-week target, which in itself is a good thing, does not mean that attention is diverted away from the seven-day target, which also needs to be reached.

David Taylor (North-West Leicestershire) (Lab/Co-op): Will the hon. Lady acknowledge that there has been great improvement in some hospitals? Just a few weeks ago, a family member who had a suspected small stroke went from the general practitioner's surgery to accident and emergency and on to a specialist stroke unit in another hospital in the city of Leicester within an hour or two. That shows the sort of service that can be provided, even by a large accident and emergency unit covering a million people in Leicester and the county of Leicestershire. That is a beacon for others, is it not?

Sandra Gidley: I understand that the hon. Gentleman has not been here for the whole debate. I do not know whether he was here for my opening comments, but his point was acknowledged: some places are beacons of excellence, and we should work towards ensuring that their standard applies in all places. If he has an excellent service locally, he is one of the lucky ones.

To return to the subject of the clinics to which patients who have had a TIA are referred, many of them are now run as one-stop shops. That can be a good thing, but sometimes, once tests have been performed, there is a delay in communicating the results to the GP. That is another part of the pathway that needs looking at. If attention is paid to the pathway, there is a strong chance that we will significantly reduce the number of people who have to call an ambulance because they have had a stroke. I, too, pay tribute to the Stroke Association for its campaign to have stroke treated as a medical emergency. In Hampshire, all the hospitals, the ambulance service and community nurses are working together to try to ensure that services are much more joined-up. They also work with groups that come into contact with patients soon after they have had a stroke, including St. John Ambulance and the Red Cross, to make sure that they are aware of the FAST—face, arm, speech test—campaign.

People have to recognise that they have had a stroke, and that can be a problem in itself. More public awareness would be helpful. Once the patient's condition has been recognised, there is still the problem that only 10 per cent. of hospitals have a system, like that at King's, which enables thrombolytic drugs to be administered quickly enough. As that system saves lives, we should really focus on it when considering how we can improve our services.

The clinically optimal model for stroke care is for care to be delivered in a specialised stroke unit, but we need clarity about what a stroke unit is. That might sound an odd question, but many stroke units have a high proportion of rehab patients, and a relatively small proportion of their resources are used to treat patients in their first couple of days in the unit. All the evidence seems to show that treating patients early delivers much better outcomes, so in many hospitals it may be a case of shifting attention or of providing slightly more resources for treatment at the earlier stage, because when the impact of the stroke is minimised, the long-term costs are reduced. According to Professor Boyle, that would make financial sense.

The hon. Member for South Cambridgeshire mentioned problems accessing scans—sometimes, people may be unlucky if they have their stroke at the weekend. The provision of stroke services is very much a lottery. In some parts of the country, systems are in place, everything works well and the process is smooth, so people in those areas will have a good outcome. In

other parts of the country, the process is not so joined-up, and that is where joined-up working is really needed.

I want to talk about aftercare. A third of acute stroke patients are left dependent or moderately disabled and our aim must be to reduce that figure, and taking some of the steps outlined earlier in the debate would make that possible. During their hospital stay, patients have access to help and care, but when they go home, they must suddenly readjust their lives. Figures for south London show that three to 12 months after discharge, only 26 per cent. of patients in need received physical and occupational therapy, and 14 per cent. received speech and language therapy. If an individual cannot do the things that they are used to doing, or cannot communicate properly, it is very frustrating for them. That leads to problems with depression, and to problems for other people in the house who have to adapt to the condition, too. We have a network of local stroke clubs that do excellent work in helping people to feel that they are, in many ways, once more part of society, and I pay tribute to them.

Mr. John Horam (Orpington) (Con): I entirely agree with the hon. Lady about stroke clubs. She mentioned south London, which includes Bromley, an area that I represent, where there is a shortage of space for stroke clubs. It would be helpful if the Secretary of State put pressure on primary care trusts to give more space to those very simple groups, which do a huge amount of good.

Sandra Gidley: I appreciate the hon. Gentlemen's problem. Some of our local clubs are well funded by the people involved, but I appreciate that in other areas of the country that arrangement is not feasible or practical. Anything that helps the rehabilitation process should be considered. Often, there are rooms available that are not being used, and they could be used for such purposes. I ask that attention be given to aftercare. Perhaps we could use more therapists; we should consider carefully whether more of them will be needed for the future. The Select Committee on Health recently produced a report on work force planning, which highlighted the fact that there does not seem to be much in the way of such planning. The recent example of the training, and lack of recruitment and use, of physiotherapists highlights the problem. We also need to assess how much occupational and speech therapy we will need in future. We must ensure that people have access to those services, so that they can live a full, proper and useful life.

2.47 pm

Dr. Ian Gibson (Norwich, North) (Lab): May I welcome the Front-Bench team to the debate? It is nice to see them. I have not spoken with, or against, the Secretary of State for Health since the debate on top-up fees; I had fond memories while I listened to this debate.

An exhibition is on at the Wellcome Trust's science foundation on Euston road. It is about all parts of the vascular system—the heart, veins, arteries and so on—and it takes us right from the day when William Harvey first showed that blood coursed around the body through arteries and veins. We have to remember that there was a time when people did not understand that; we have come such a long way since.

I suffered a mini-stroke some three years ago, a month after I played Kenny Dalglish off the football field as part of the parliamentary team; I remember that well. It showed that strokes can happen to people who are fit and lively and that people do not see them coming. I did a lot of things that I should not have done; I say that now that I know first-hand what a stroke can look and feel like. After a hectic, busy week, in which I remember voting in the House on fox hunting—for the 20th time or something like that—I dashed off to Tel Aviv. I travelled overnight and had no sleep, and then I found myself out in Gaza with my right hon. Friend the Member for Southampton, Itchen (Mr. Denham), who is now Secretary of State for Innovation, Universities and Skills. We were shown around, and at night we dined and sang a few Irish songs; it was quite a jolly occasion. I went to bed wobbling a little, but I knew that that was not down to drunkenness. I absolutely knew what the problem was, but I thought, as all men do, "I'll sleep it off, and then I'll be okay again." The next morning, I had a little problem shaving and so on. I phoned up my right hon. Friend, and then the fun really started.

I remember that we were in Ramallah at the time and were heading out to visit the Gaza strip. There was a bit of a hoo-ha—a fight—about which ambulance I should travel in. I instinctively wanted to be in a Palestinian hospital and ambulance, for various political reasons. We went through several checkpoints with guns pointed at us, and I was taken out of the Palestinian ambulance and stuck into an Israeli one. I have never seen anything like it—when we went into the Palestinian hospital at gunpoint with Israeli soldiers, the whole accident and emergency department emptied immediately.

The treatment was amazing, with an immediate scan, although we had probably taken about four hours to get from the hotel, through the checkpoints and so on. It was marvellous to meet UK surgeons who had given up their holidays to work with young people with heart problems who came in from the Gaza strip. The House can imagine the difficulties that that causes. We are fighting hard to get a heart unit in that Palestinian hospital, because those surgeons still go out there.

I take the opportunity of this gentle debate to say something about the subsequent treatment and what happened at the Norfolk and Norwich university hospital, which does not always win plaudits. It was one of the first PFI hospitals and it takes a lot of knocks, but the service is amazing, particularly in the stroke unit. I speak to the consultants quite often. I was lucky, given the delays in my treatment.

Norfolk and Norwich university hospital's excellent 36-bed stroke unit was set up in 2002. It services about half a million people in the Broadland district, Norwich and south Norfolk. Before it opened, patients were scattered in various surgical wards. In the short time it has been open, the unit has brought them all together and it offers language therapists, physiotherapists and specialist nurses.

The unit has a great record for treating TIAs—mini-strokes. Major strokes after TIAs are quite likely in a small percentage of cases. They are medical emergencies and should be treated as such, just like an acute coronary

[Dr. Ian Gibson]

syndrome of some sort. Immediate, co-ordinated care, is essential on those specialist wards, and I am pleased that we have such a unit in Norwich. It is ambitious, and I shall speak about its plans.

Access to the unit and assessment is an interesting point. I welcome the Secretary of State's recommendations in "A new ambition for stroke". We have some fantastic services in the UK, and that will add to them, and to the one in Norwich, in particular. It is time to build on our successes. Stroke must be treated fast. Time is of the essence, and the document highlights the fact that the fastest access to treatment will lead to the greatest success.

Like most hospitals, Norfolk and Norwich university hospital admits stroke patients via their GP or accident and emergency, so patients may be assessed several times before they see a stroke specialist. An experiment is being conducted at Edinburgh university, where the specialist stroke nurse carries a portable phone and exchanges information with those in the ambulance. Attempts are being made to staff ambulances with people who understand strokes and can diagnose and even treat them immediately by administering drugs. The nurse at the hospital can be ready for the specialist process of stroke triage and can administer the first line of defence—clot-busting drugs—and arrange for CT scans before the patient arrives. About 30 patients have been through the procedure, which is highly successful. The experiment, which involves no great expense, is just a better way of doing things.

Other research programmes are under way at the hospital. At present it is thought that stroke treatment must be administered within three hours. An international stroke trial is investigating whether that period can be extended.

I am very involved in stem cell research, and I declare an interest as a member of the UK Stem Cell Foundation, which Sir Richard Sykes chairs. Another member is Sir Richard Branson. If one knows the right people who are interested in this area, it is possible to collect £90 million overnight, from great champagne merchants and so on. We are trying to induce the Medical Research Council to talk to us about conducting joint experimentation and joint assessment of treatments. I think that that will eventually work out, after a few initial problems.

Stem cells seem to migrate to the damaged part of the brain, which is interesting because it might repair some of the cells. There is great hope that stem cells might be one way forward. That is why I am so pleased that the House has passed legislation, which has proved difficult in other countries.

Work is also being done on atrial fibrillation irregularity—the abnormal heart rhythm that the previous Prime Minister, for example, had. That can often increase the risk of stroke. Much exciting work is going on in the UK. We are examining the effects of increases and decreases in blood pressure. Amazing rehabilitation work has been done. I missed only one day of work after my mini-stroke, but I went to the rehab unit to see how it worked. Amazing treatments are available, both in hospital and in the community, depending on the patient's requirements.

Some of the drugs that have been invented, many of them in the UK, are essential to help people get through the difficult periods. Warfarin, for example, and statins are often used. I bet that at least 80 per cent. of the Members of the other place are on statins and do not talk about it. I know quite a few people who are, and there is nothing wrong with that. Whether statins need to be made so widely available is a matter for debate, but they are handed out to try to prevent heart or blood problems of some sort.

Yesterday afternoon the unit at Norfolk and Norwich hospital presented to the PCT new plans for better services in ambulances and for educating people. Many people still do not know the difference between a stroke and a heart attack. There is a great deal of confusion about that.

I have mentioned the multidisciplinary nature of the unit's work. The people involved are passionate about their work. The unit works with a unit for older people, and the combination of services, which is a small initiative, seems to help to produce results. The system will be a roaring success with such dedicated, highly trained people working in those units. Much good work is being done but much more, as we have heard, is still to be done. With the services of the scientists and medics in this country, we are just about world class. When we have the debate next year, I think the Opposition will have to admit it.

2.58 pm

Mr. Hugo Swire (East Devon) (Con): I join in the universal gratitude in the House at seeing my hon. Friend the Member for Isle of Wight (Mr. Turner), who has just absented himself. He is the living evidence that with the right medical care and the right mental attitude, one can recover pretty quickly from a stroke. It is great to see him back.

The word "stroke" is perhaps the wrong word to describe a terrible affliction. It afflicts people in different ways, and some doctors now refer to it instead as a brain attack, which better conveys the severity of it. It is a cruel and tragic affliction, and I very much welcome what we have heard about the change in the perception of sufferers. Most European countries rightly regard strokes first and foremost as a neurological condition rather than as an older people's condition, but we still have a considerable way to go in trying to raise awareness. Three times more women die of strokes than of breast cancer each year. When one thinks about the excellent publicity generated about the appalling disease of breast cancer, it is clear that strokes have not had the same attention to date.

I want to make a couple of points about the need for speedy medical treatment and the importance of suitable rehabilitation facilities. I am extremely glad that the Minister, the hon. Member for Exeter (Mr. Bradshaw), who is now also Minister for the South West, is in his place, because he will no doubt wish to support me in what I say about many of our local facilities, some of which are in his constituency rather than in mine.

My first point concerns the need to get patients and stroke victims to a place where they can be assessed and treated as quickly as possible. I alluded earlier—the Minister was not here at the time—to the incredibly

important work of the Devon air ambulance service, which can get people from any part of the county into a hospital within about 15 minutes. It would be most welcome if Ministers at least acknowledged the work of air ambulances, which are funded entirely by voluntary contributions, and perhaps looked at how they can be supported in the longer term. Air ambulances are enormously expensive to run and maintain. Other charities in the county will say that it is more difficult for them to raise money because Devon air ambulance requires so much, but if one lives on Dartmoor or Exmoor or in the other more rural areas of our part of the world, one is very glad to know that it exists.

There is a difference in the statistics on the treatment of stroke victims in the county. Torbay and Newton Abbot hospitals in south Devon have won awards for their stroke treatment. It is interesting to note that on average they CT scan 60 per cent. of their stroke victims within 24 hours. Royal Devon and Exeter hospital, which is in the Minister's constituency, scans only 30 per cent. of its patients within the first 24 hours, although it is in the upper quartile for stroke care. That postcode lottery is simply not acceptable. We need some assurances that the Minister will look closely at seeing how that disparity can be erased as quickly as possible.

Secondly, I want to talk about the shortage of acute stroke units. In my own constituency of East Devon, there is no acute stroke unit, just an eight-bed rehab unit in Budleigh Salterton. There was talk of having another one in Honiton, but that might not now happen, despite the fact that the county has a higher prevalence of strokes, at 2.8 per cent., than the national average of 1.57 per cent. My hon. Friend the Member for South Cambridgeshire (Mr. Lansley) said that only 22 per cent. of hospitals have early support discharge teams. We need to consider that carefully in terms of Devon's provision. Does the Minister agree that an average wait of between five and 24 hours for a CT scan, rising to 25 to 48 hours at weekends, is unacceptable, given that CT scans offer the best chance of a successful rehabilitation?

Rehab is incredibly important. I should like to cite the example of a constituent who has come up against the postcode lottery of the current system. Adam Giles-Wilson has been in contact with me since as far back as April, and I have been trying to help him to sort out his problems. I cannot put it better than the words of his original letter to me:

"I had a 'massive' brain haemorrhage...at 31 in Sept 04, I underwent a 10 hour operation followed by another 10 hour operation in March 05. I was transferred to Taunton (from Frenchay) learnt how to walk, talk, etc. I was discharged & admitted as an outpatient to my local trust whom I've had to fight with to get any support, I had to fight to get a speech & Language therapist to treat me to teach me how to swallow properly as I was still having difficulties, I was told I was a low priority as I was under 65. I received Physiotherapy by someone not that experienced & unfortunately the treatment I needed was complex so we together saw an 'expert' once every 6-8 weeks"—

that is Heather Bright, the clinical specialist in neurological physiotherapy. He continues:

"All throughout my treatment I was paying for private treatment to get me better as quickly as possible & therefore getting me off of the NHS list too. My local trust has just reassessed me again following some specialist treatment by the world expert Mary Lynch-Ellerington. Heather wrote to Mary asking for her opinion which concluded with Mary saying that I could get better & possibly back to 'normal', I realise there are no guarantees but I'm too young to give up & I don't believe the trust should either. I have asked for alternative help i.e. a referral to another nearby trust that could possibly help or funding so I can do whatever & however much I feel I can do."

He goes on to say that he raised £11,000 for the NHS by running the marathon a year after he learned to walk. That is just one example; I am sure that other hon. Members can give similar ones. I am still trying to argue with the new primary care trust that he should receive the treatment that he needs.

What we have heard from Ministers is welcome. I am glad that we are taking strokes and the issues surrounding them seriously and giving them the publicity that they deserve. However, we should not congratulate ourselves too much. I said that the problem is not necessarily age related, and the case that I cited is living proof of that. However, I represent a constituency with a large elderly population, and it is important that they get the same treatment—the same access to scans and, vitally, the same aftercare—as people in other parts of the country. There was much talk at one point about using some of our community hospitals. I am fortunate to have community hospitals in Budleigh Salterton, Sidmouth, Seaton and Axminster, all of which have dedicated staff and good facilities. Perhaps it is to them that we should be looking for this kind of post-care treatment. I am not talking about people going in one or two times a week—there is often 24-hour care, certainly in the early days. The more quickly people come to terms with their disability, however temporary, caused by a stroke, the more quickly they learn how to live with it, combat it and overcome it, and the more quickly they recover and the fewer strains will ultimately be placed on the NHS and local services.

I am glad that this subject is being debated in the spirit of consensus. There is not much politics in it; it is too serious for that. I hope that the Under-Secretary will have a word with the Minister. As I said, he is now also Minister for the South West and will no doubt wish to ensure in that new capacity that we in my part of Devon are treated the same as those in Torbay and south Devon, so that we can reach the extremely good figures that are being achieved there.

3.9 pm

Mr. Lee Scott (Ilford, North) (Con): I have relatives and friends who have suffered strokes, so I am aware how debilitating strokes can be, in both the short and the long term. I should like to pay tribute to the two local hospitals serving my constituency, King George hospital and Whipps Cross hospital: may they long continue to offer services to my constituents.

Every year, more than 110,000 people in England will suffer a stroke, while more than 750,000 live with disabilities caused by strokes. After heart disease and cancer, strokes are the third biggest cause of death in Britain and the largest single cause of severe disability. Almost one third of patients die in the first month after a stroke, with about one in 20 surviving stroke patients needing long-term residential care. As we have heard, three times more women die of strokes than of breast cancer. The NHS pays out more than £2.8 billion

[Mr. Lee Scott]

treating strokes. Overall, they cost the wider economy about £4.2 billion in lost productivity, disability and informal care. I fully recognise what has already been achieved, but we need to ensure that the public are fully aware of the dangers of strokes and of the crucial need to call 999 immediately if someone is suspected of having a stroke.

The Healthcare Commission has stated that

"there is still too much variation, too many places and regions that are not responding as well as they could to minimise the harm done by this serious and common condition",

and that service providers need to do more. The reality is that patients can face a postcode lottery in the provision and standard of their treatment. There are 640 patients per stroke consultant, compared with 360 patients per cardiac consultant.

The risk of stroke among African, Caribbean and south Asian men has been found to be far higher than that among the general population. That obviously puts a particular strain on hospitals in London. The risk of stroke increases with age, but each year around 1,000 people under the age of 30 suffer a stroke. I recently met some and was quite shocked by how young they were and how debilitating the condition would be for years to come. I hope that they will be fully cured.

The key question that needs to be answered is: what can be done to address the shortage of health professionals with stroke training, which the Public Accounts Committee highlighted as a limiting factor in stroke care provision? If patients are not scanned on the day of admission, they normally have to wait until the next working day. That is a particular problem if they are admitted at the weekend. The sad fact is that only 22 per cent. of victims have a scan on the day they suffer the stroke, and most patients end up waiting for two days or more. In the first few crucial hours after suffering a stroke, it is vital that victims have rapid access to scans to diagnose their condition fully.

It is not acceptable that only half of all patients receive rehabilitation services that meet their needs in the six months following discharge from hospital, and that after a year that figure falls to a quarter of patients. The Department of Health should evaluate the merits of early supported discharge initiatives and other ways of improving access to treatments. The Department should promote the early adoption of treatments that can be shown to reduce hospital stay and improve patients' chances of recovery. Rehabilitation services must take into account the needs of stroke survivors who live on their own. They may be vulnerable to being overlooked by health and social care services.

There are difficulties with stroke patients getting access to physiotherapists and social workers. One third of patients who have difficulty swallowing have not been assessed by a speech and language therapist within 72 hours of admission to hospital. The situation is similar for physiotherapy and for occupational therapy, and for social work it is even worse.

In December 2006, Professor Roger Boyle, the national director for heart disease and stroke, issued the report "Mending hearts and brains—Clinical case for change", which was published by the Department of Health. Professor Boyle noted that the overwhelming majority of cases of heart disease, stroke and related conditions are preventable through healthier lifestyles and preventive medicines. However, he stated that

"as we—like all developed countries—struggle to defuse the obesity 'time bomb', we cannot afford to be complacent about the threat these diseases pose in the future."

We could see vast increases in strokes over future years. Professor Boyle suggested that changes in treatment for heart disease also need to be considered for stroke victims. The report noted that if strokes were treated as an emergency, more than 1,000 victims a year would regain independence, rather than dying or being left disabled. Although not all local accident and emergency units are best placed to treat stroke victims, we need to have services on the doorstep or as close as possible for victims.

A few weeks ago, I joined constituents and my local paper, the *Ilford Recorder*, to deliver to No. 10 Downing street a "Hands off our hospital!" petition that had been signed by more than 10,000 people. King George hospital is only 13 years old, but it now faces the prospect of losing some of its key services. That would have a detrimental effect on my constituents. We heard earlier from the Prime Minister that no decisions had been taken, but I have a document, which I am willing to make available to the Under-Secretary, saying that unfortunately certain decisions have been made regarding my local hospital. It is an internal document, given to me by somebody who obviously wishes to remain anonymous, but I would be happy to pass it on to the Under-Secretary, because I am sure that the Prime Minister would not have said what he said if he had been aware of it.

The hon. Member for Norwich, North (Dr. Gibson) who is not in his place now, mentioned the treatment he had received while out in the middle east. I should like to mention Bar-Ilan university, which treats Palestinians and Jews in Israel, and the services that it is doing for brain research. Perhaps we could see twinning with that facility, to help prevent people from having to suffer such a terrible condition and to lead to a better future for all.

3.16 pm

Dr. Doug Naysmith (Bristol, North-West) (Lab/Co-op): I do not really want to say an awful lot, as much of it has been said already by the hon. Member for South Cambridgeshire (Mr. Lansley), who is a fellow officer of the all-party stroke group, by the hon. Member for Romsey (Sandra Gidley), who is a colleague of mine on the Select Committee on Health, and by the Secretary of State. All three have covered carefully most of the main points, which are pretty well known.

The point that the hon. Member for South Cambridgeshire made—that we have known for quite a long time some of the things that we need to do to improve our stroke care services—is true. Like him, I thought for a while about why we are putting out a consultation document now—and I see that there is great merit in doing so because, despite what my hon.

Friend the Member for Norwich, North (Dr. Gibson) said about world-class services, there are only odd islands of world-class services in this country, and we are very far from having a world-class service throughout the country as a whole.

The questionnaire should be used to say to every primary care trust responsible for commissioning services and to every acute trust responsible for providing them, "We want your response in the light of what is in the document prepared by Roger Boyle over quite a long period"—although as we have heard, Professor Boyle has been working on strokes for only a year, whereas he worked on heart disease for a much longer period. If we can get a response back from everyone who is responsible, that will at least mean that they will have read and studied what is in the document. Many of those things have been said before in documents, but I should like the Minister, when she replies to the debate, to give an undertaking to try to ensure that there is a response from all those responsible for commissioning and providing services.

Mr. Lansley: The hon. Gentleman will have seen that one of the proposals in "A new ambition for stroke" is, in effect, that there should be clinical networks for stroke. From his knowledge, derived from the Health Committee and elsewhere, he will be aware that clinical networks made a considerable difference to cancer services, but I am sure that those involved in cancer clinical networks will have told him that they had access to ring-fenced resources for that purpose. Does he share my view that we need to think about whether that is the right way to go? Simply to wish for clinical networks to come into being but not to give them an opportunity to shape services will probably not be successful.

Dr. Naysmith: The hon. Gentleman makes a good point. There is no doubt that clinical networks have made a real difference in cancer services. The fact that funding was available focused minds and gave them the funds to spend for that purpose. This obviously works. The trouble with having too many priorities, however, is that nothing ends up being a priority. I have had personal experience of a stroke, and it is important to me—and, I think, to many stroke sufferers—that there should be the money available to ensure that the services improve quickly. Otherwise, people who are being asked to commission these services are simply going to say, "Unless we get more money, what are we going to spend less on in order to make the funds available?" Extra funds would therefore be useful. I am conscious, however, that large amounts of extra funds have been put into the NHS over the past 10 years, and a higher proportion is still going in now than ever before. We must ensure that those funds are used wisely, so the hon. Gentleman has made a good point.

I want to make two further points. First, an early scan is essential, as we have heard. Quoting statistics on the percentage of cases scanned within 24 hours is not useless, but it is not much use. What we need is a three-hour target, and it needs to be met to improve our use of thrombolytic drugs. We must also have 24-hour working, seven days a week, to achieve that. In my opinion, any unit that does not offer that should not have the right to call itself a specialised stroke unit.

Secondly, I want to emphasise the how important it is for the break between the acute phase—in the consultation document, this is referred to as "time is brain", which is an apt phrase that should be well used—and the beginning of rehabilitation, which is referred to as "life after stroke", to be short. In many if not most cases, rehabilitation can and should begin within a few days of the initial event. This means that therapies such as physiotherapy, too, must be available and ready to be used seven days a week.

I welcome the consultation document. It lays out many things that we in the all-party group have talked about over the past two or three years, and that we know should be put into effect. I hope that the document will provide the means for bringing that about.

3.22 pm

Anne Milton (Guildford) (Con): I, too, welcome the debate today. Stroke is often forgotten, and placed at the unglamorous, unsexy end of health care. I trained as a nurse and worked in the NHS for 25 years, and I am only too aware how great the suffering can be, not only for those who have suffered a stroke but for their friends, relatives, neighbours and other carers.

We have heard many statistics today, and statistics really do matter. They are our only means of emphasising the importance of stroke. It is the third most common cause of death, and the leading cause of disability in adults. Just under 1 million people in this country are living with the after-effects of stroke, and about 300,000 are dependent on others for help with their day-to-day activities. We should remember that for many of those people, even putting on their socks in the morning, or having a piece of toast, cannot happen without the assistance of someone else.

The Secretary of State has apologised for not being able to be in the Chamber at this moment. He talked about the national service framework for older people, in which stroke is mentioned, but stroke is not just about older people. Twenty-five per cent. of the people affected by stroke are under the age of 65. My hon. Friend the Member for East Devon (Mr. Swire) referred to the fact that the national service framework did not recognise stroke as a neurological disability. It is recognised as such in most countries, but not here, and that has an impact on services.

I have no doubt that the Government will tell us how much things have improved, and, in the spirit of this debate, it has been important to listen to other Members congratulating the Government, where congratulations are due, on the improvements that have taken place. However, service provision is very patchy. The 2006 National Sentinel audit showed that almost three quarters of people with minor stroke are not being managed in specialist units. Only 15 per cent. of patients are admitted to a stroke unit on the day that they have the stroke, and only one tenth of patients are scanned within three hours. These are all crucial indicators for giving people the level of care that they need to improve their outcomes. Some of the work that needs to be done to improve the figures is recognised in the Government's report, but, despite the successes, we must understand how poor some of those figures are.

[Anne Milton]

If we look a little more deeply into the care of people with stroke, we find that about a third of those who have difficulty swallowing have had no speech or language assessments within the first 72 hours. Early intervention by the non-medical professions is crucial to the outcomes of people following stroke. Those with communication problems can wait up to seven days for that treatment, and it can be even worse for those who want physiotherapy, occupational therapy or a social worker. We are talking here about the acute phase following stroke, not the chronic phase that follows.

For many of our constituents, it is life after the acute phase of stroke that is important, yet that is when they receive the least attention. My hon. Friend the Member for South Cambridgeshire (Mr. Lansley) mentioned that 80 per cent. of people were unhappy with the services and care that they were receiving a year after stroke. Some of our rehabilitation hospitals are doing a superb job, and I make no apology for mentioning Milford hospital, near my constituency, which is threatened with closure, but is held in considerable affection because of the fantastic work that it has done on rehabilitation.

I welcome much of the Government's national strategy consultation document, but it also makes the point that there is

"scope to improve the transition from hospital to the community. Once care in hospital has finished, it can be more difficult to access the support needed".

I would suggest that for those who are languishing in the community and feel that they were abandoned when they were discharged from hospital, that would seem to be an understatement. It would make frustrating reading for people who are battling away to get the services that they need. I am not making a party political point, but I was a district nurse in the early 1980s, and I remember doing a dissertation at college about discharge from hospital, yet here we are, 25 years on, still saying the same things, and wishing, hoping and fighting for changes in the care of people who have had a stroke.

Improvement after a stroke continues well beyond the first year. Access to services such as physiotherapy, occupational therapy, speech therapy and advice from dieticians, psychologists and psychiatrists all form a vital part of the care. I would add to that list the housing requirements of people who have had strokes, such as adaptations of people's homes. People can wait up to three, six or even nine months to have a stair rail put into their house, which can transform their ability to manage at home.

A much disregarded part of care following a stroke is people's mental health, which can be a significant factor in the outcome of someone's illness. Depression, both acute and chronic, can be as debilitating as physical mobility problems. There is also the inability to speak or communicate. The frustration of knowing what word it is one wants to say, but not being able to say it out of one's mouth, is immense, and cannot be understood by any of us who have not suffered it. Depression over the physical limitations on one's body while one's mind remains active can be extremely severe. That is much overlooked and under-diagnosed, and is very rarely treated.

David Taylor: The hon. Lady describes effectively the emotional and mental health difficulties that can be associated with life after a stroke. Does she agree that the social contact already referred to, through stroke clubs and elsewhere, is a crucial part of the rehabilitation process? It is a great pity that so many of these organisations—I declare an interest as president of the Ibstock stroke club—have to depend on raising funds themselves for their premises, day trips and all the other aspects of their work. Surely there ought to be a more coherent plan for financing such vital aftercare work. It does not exist at the moment.

Anne Milton: I thank the hon. Gentleman for bringing up those crucial groups that are out in the community. To some extent, they have arisen because of the paucity of provision for people to form social networks, and they have a significant impact on the outcomes for people following stroke. With regard to the question of mental health, people have to believe that there is life beyond a stroke. If a person is disabled or unable to communicate, it is only those groups that give that ray of sunshine—that light at the end of the tunnel—to make them believe that that is possible.

Mr. Swire: My hon. Friend makes an extremely good point, which we discussed earlier, about long-term care following a stroke, and the importance of rehabilitation being something that goes on 24 hours a day, and is not just hit and miss. Once the patient has undergone care, more often than not they go home. That is where their partner, or anyone they live with, has to take on the burden previously undertaken by the hospital or the rehab unit. Depression is an important matter, but is my hon. Friend alarmed, as I am, by the fact that about 50 per cent. of all the carers looking after people who have suffered from strokes are not receiving needs assessments?

Anne Milton: I share my hon. Friend's alarm that carers are not receiving the needs assessments they require—an issue that has been raised with me by carers groups. Frequently, such an assessment is referred to as a carer's assessment, and unfortunately carers often feel that they are being assessed, when it is actually the carer's needs. I hark back to personal experience; we have been talking about caring for the carers for decades, and it is crucial. We have talked about the mental ill health of people who have had a stroke, but we must also consider the mental health of those caring for people who have had strokes.

Mr. Scott: Does my hon. Friend agree that it is vital for all the agencies—local authorities and social services—to work together to ensure that the right package is in place? Sometimes, it can increase the distress of the patient when the left hand does not know what the right hand is doing.

Anne Milton: Indeed, the left hand and right hand both have to know what the other is doing. We have talked about partnership working, joint planning and integration, which are all terribly "Government-sounding" words, but we want joined-up services on the ground. The only arbiter of whether that is working is the care that people receive in their homes. Whether the services are joined up enough will be well

articulated by patients receiving care, and their carers. It is a vital matter, and for years we have battled over it. I hope that the start of the consultation will produce a real discussion so that we can find some answers as to how we produce a truly seamless service.

Many interventions have made the point that all too often, when people leave hospital they feel abandoned, and the care that they get in the community is something of a lottery. The insecurity of not knowing where care is coming from serves only to increase the burden on carers.

Several hon. Members have spoken in the debate, and I want especially to thank the hon. Members for Bristol, North-West (Dr. Naysmith) and for Norwich, North (Dr. Gibson) for relating their personal experiences. We are discovering this afternoon how many people in the House have been affected by stroke. I also welcome the intervention by my hon. Friend the Member for Isle of Wight (Mr. Turner), who is not in his place at the moment.

Mr. Lansley: Understandably.

Anne Milton: Indeed. The courage of my hon. Friend the Member for Isle of Wight in facing life after stroke is a lesson to us all. We all applaud his coming to the Chamber today and intervening in the debate.

My hon. Friend the Member for East Devon recounted the case of a constituent. There is nothing quite as powerful as somebody's personal story. Those who have experienced stroke can articulate better than we can the burdens and problems that people face. He said that we should use the term "brain attack". There are many terms, but something along those lines emphasises the significant effect of stroke.

My hon. Friend the Member for Ilford, North (Mr. Scott) drew attention to the postcode lottery of care. The hon. Member for Bristol, North-West said that figures can be cited too glibly, but I do not agree. I believe that they can have an impact, and we must continue citing them, because most of us who are able-bodied and have not suffered a stroke have no idea that it is the leading cause of disability in adults.

Dr. Naysmith: I said that to argue that a specific percentage of scans was achieved in 24 hours misses the point, because to distinguish the two types of attack one has to have a scan in three hours; I appreciate that the hon. Lady knows that. I was certainly not casting doubt on statistics and their use in general.

Anne Milton: I thank the hon. Gentleman for clarifying that. He is right about the necessity for treatment in a tight time frame during the acute phase.

As has been said, stroke affects others besides the victims. I urge the Government and the Under-Secretary to remember during the consultation that stroke affects family, friends, neighbours and colleagues. Stroke has devastating consequences, yet it is frequently forgotten compared with high-profile subjects such as cancer and heart attack. Why is much more notice taken of cancer and heart attack when, if we examine the figures for causes of death among women, we find that stroke is well ahead of breast cancer? Remedying the deficiencies in the service could make a significant difference not only to the figures but to literally thousands and thousands of people's lives.

I welcome and acknowledge the impact that organisations such as the Royal College of Physicians, the National Audit Office and the Public Accounts Committee make to raising awareness of stroke. That also applies to charities and voluntary bodies such as the Stroke Association and, in my constituency, TALK, which does a huge amount to support people who have suffered strokes and to make them believe that there is life after stroke.

The consultation document mentions involving the third sector. Funds will need to follow if the Government are genuinely committed to using voluntary associations. The Stroke Association has acknowledged that, and expressed its concern that, as my hon. Friend the Member for South Cambridgeshire said, it is not clear how we move from the document to delivery. The task should not be underestimated. As I said, the issue has been talked about and discussed for some 20 years—yet prevention, treatment and rehabilitation following stroke have never really had the time and commitment they deserve.

I urge hon. Members to join us in supporting the motion. It calls on the Government to act now to save the lives that can be saved; to act now to ensure that we have the community and long-term services necessary to improve the outcomes for people who have had strokes; and to act now to show those who have had a stroke that with the right services, there is life beyond stroke. I commend the motion to the House.

3.41 pm

The Parliamentary Under-Secretary of State for Health (Ann Keen): I start by welcoming the hon. Member for Isle of Wight (Mr. Turner) back to his place today, and I commend hon. Members for having the courage to talk about their personal lives and how stroke has affected them. The House has led by example today, showing those outside how we can be courageous and how we can reach a consensus, stemming mainly from the work of the all-party group on stroke.

I would particularly like to praise the group's chairman, the hon. Member for South Cambridgeshire (Mr. Lansley). We joined the House at the same time and have shared many a discussion on the Health Committee. I am pleased to join the team and look forward to further health discussions in future. I think that all members of the all-party group made generous contributions to the document launched by my right hon. Friend the Secretary of State on Monday. I particularly commend the work of Professor Roger Boyle, as members of the group wanted me to thank him and his team for the excellent work they did.

As the hon. Member for East Devon (Mr. Swire) mentioned, stroke may not necessarily be the best description. I agree that it is really a cerebral-vascular accident, which is how I was trained to describe a stroke. "Brain attack" and other terms used to characterise this serious condition should also be considered—perhaps as part of the consultation.

The all-party group has raised many important issues for my Department to reflect on for its new strategy. "A new ambition for stroke" is now on the

[Ann Keen]

table for consultation. I understand why the hon. Member for South Cambridgeshire asked about the continuation of the consultation. In fact, we now need champions to go out and promote the work because there is so much to do and we need to realise that there are different ways of treating this condition. Much good work can be done if we have those champions in place—and I believe that that will develop out of the consultation. We can build on the good progress made by cardiac units. We need to reflect on the arrangements and positioning of cardiac units, which helps to explain why they have been so successful. That is important for future treatment of these emergency brain accidents.

We are determined to reduce the impact of strokes through our new strategy and to ensure that those who have experienced strokes are well supported through the months and sometimes years of rehabilitation and recovery. That demands a transformation of attitudes. We need to end the pessimism associated with stroke and recognise that it is a preventable and treatable condition. As I said earlier, the courage of hon. Members here today has marked the beginning of the end of that pessimism.

Medicine is very dynamic and has moved on tremendously. We now know that if we can diagnose strokes quickly and treat them appropriately, there is every chance of helping people to a good recovery. That is why it is important to act now. We have seen a reduction in mortality from strokes and an increase in stroke specialist services. Those achievements and a strong evidence base for stroke care mean that we are now in a position to drive forward improvements in stroke services.

Modernising the services will not be a quick or easy task. We have a lot to do on prevention, commonly described as "lifestyle." We are now smoke-free across the countries of the UK, we have obesity and exercise programmes and we are looking at a genuinely healthier lifestyle. People need support to change their lifestyle; it is not easy. People cannot be lectured at, and they need help and assistance. I hope that we continue to provide positive and reasonable health education.

We need to raise awareness of symptoms and improve action on risk factors. We must ensure rapid diagnostics—something that many Members mentioned. We need to improve integration across health and social care, a point raised by the hon. Member for Guildford (Anne Milton), particularly in relation to integration with social services. That is absolutely critical and my ministerial colleagues and I will be working together on it. Much work has been done for carers and I am pleased with the Government's approach in terms of flexible working for carers who are in work, training, a new deal and even pensions.

The hon. Member for Guildford tried not to make a political point in referring to her time as a district nurse. I, too, nursed through the 1980s and 1990s and I, too, do not wish to make a political point, but many of my patients and families were very cold because they did not have a heating allowance. Their pensions were miserable. Many were trying hard to rehabilitate themselves on small incomes and they did not know whether to put on their heating or to eat. Many of the rehabilitation services were not in place. I hope that we share enthusiasm for change and for the improvements that the Government have made.

Change is difficult and we need leadership to bring it about. Much has been said about the organisations providing stroke rehabilitation and care. I want to mention a nurse consultant in Portsmouth, Jane Williams, who had the confidence to close an in-patient ward and transfer the resources to community care. She had the confidence, over three years, to win the hearts and minds of more than five organisations, and did it because it made patients feel better to be in their own homes. Care is now provided nearly 24 hours a day, from 7am till 9pm, seven days a week. Those involved work within an inter-professional team and have a better success rate in Portsmouth than they would have achieved in-house. I am sure that the whole House would want to congratulate Jane and her team.

Ours is an ambitious programme and we know that success is possible. Greater Manchester was mentioned by the hon. Member for South Cambridgeshire, but clinicians have already agreed a strategy to ensure that every stroke patient has the chance to benefit from the clot-busting treatment. Today in London my colleague Professor Ara Darzi has published proposals to develop hyper-specialised stroke centres serving the whole capital. The hon. Member for Ilford, North (Mr. Scott), who raised important points, may like to participate in the review to see how his local services might be affected. We have asked officials to look into the matter and I will get back to the hon. Gentleman.

It is right to be ambitious as there is overwhelming enthusiasm for the new strategy, not only in this House but from the stroke community. Many people have helped us to develop the consultation document, and I thank all of them. Throughout the country, people with first-hand experience of stroke—survivors, carers and professionals—have told us in no uncertain terms what needs to change. The consultation exercise gives us a chance to listen to a still wider range of voices. I urge Members to contribute and to encourage their constituents to give their views. I will attend my centre at St. Paul's church in Brentford, to which I am a regular visitor. That exercise should give us the opportunity to launch this coming winter a strategy that truly galvanises the revolution in stroke care that we have discussed today.

Much has rightly been made of the audit report. It says:

> "Stroke clinicians, managers and politicians can feel proud of the advances that have been made over the last ten years—there are few other conditions that have progressed as rapidly."

We can all be proud of that, and I hope that Members will refer to it when we are in our constituencies.

Jane Williams made the bold decision to go forward with changes in five organisations over three years. We can only imagine how difficult a task that must have been for a nurse consultant. She told me that she did it because it was right for patients—that it was the right way to progress in the management of care. It is now up to all of us to take up that challenge and to do right by patients.

Tim Farron (Westmorland and Lonsdale) (LD): On the point that it is important to make the right decisions for patients, does the hon. Lady accept that one size does not fit all? In my part of the world—south lakeland—the stroke unit at Westmorland general in Kendal is proposed for closure. Residents of Grasmere will be more than an hour away from their nearest stroke unit if we close the Kendal unit.

Ann Keen: It is unacceptable for the hon. Gentleman to arrive in the Chamber towards the end of the debate and then to raise that point. Let me just say that there must be lots of local accountability, but that that is not all there must be.

Mr. Simon Burns (West Chelmsford) (Con): Does the hon. Lady agree that as this has been an important debate, if the hon. Member for Westmorland and Lonsdale (Tim Farron) were so concerned about the constituency point he raises, he would have been present for the entire debate?

Ann Keen: Not for the first time, I agree with the hon. Gentleman.

On that note, I ask the House to support the amendment in the name of my right hon. Friend the Prime Minister.

Question put, That the original words stand part of the Question:—

The House proceeded to a Division.

Mr. Deputy Speaker (Sir Alan Haselhurst): I ask the Serjeant at Arms to investigate the delay in the No Lobby.

The House having divided: Ayes 195, Noes 300.

Division No. 177] **[3.53 pm**

AYES

Afriyie, Adam
Ainsworth, Mr. Peter
Ancram, rh Mr. Michael
Bacon, Mr. Richard
Baker, Norman
Barker, Gregory
Baron, Mr. John
Barrett, John
Beith, rh Mr. Alan
Bellingham, Mr. Henry
Bercow, John
Blunt, Mr. Crispin
Bone, Mr. Peter
Boswell, Mr. Tim
Bottomley, Peter
Brazier, Mr. Julian
Breed, Mr. Colin
Brokenshire, James
Brooke, Annette
Browne, Mr. Jeremy
Browning, Angela
Bruce, rh Malcolm
Burns, Mr. Simon
Burrowes, Mr. David
Butterfill, Sir John
Cable, Dr. Vincent
Cameron, rh Mr. David
Campbell, rh Sir Menzies
Carmichael, Mr. Alistair
Carswell, Mr. Douglas
Cash, Mr. William
Chope, Mr. Christopher
Clappison, Mr. James
Clark, Greg
Clarke, rh Mr. Kenneth
Clifton-Brown, Mr. Geoffrey
Cox, Mr. Geoffrey
Crabb, Mr. Stephen
Davey, Mr. Edward
Davies, Philip
Davis, rh David *(Haltemprice and Howden)*
Djanogly, Mr. Jonathan
Dorrell, rh Mr. Stephen
Duddridge, James
Duncan, Alan
Duncan Smith, rh Mr. Iain
Dunne, Mr. Philip
Ellwood, Mr. Tobias
Evans, Mr. Nigel
Evennett, Mr. David
Fallon, Mr. Michael
Farron, Tim
Featherstone, Lynne
Field, Mr. Mark
Foster, Mr. Don
Francois, Mr. Mark
Gale, Mr. Roger
Garnier, Mr. Edward
Gauke, Mr. David
George, Andrew
Gibb, Mr. Nick
Gidley, Sandra
Gillan, Mrs. Cheryl
Goodman, Mr. Paul
Gove, Michael
Gray, Mr. James
Grayling, Chris
Green, Damian
Greening, Justine
Greenway, Mr. John
Grieve, Mr. Dominic
Hague, rh Mr. William
Hancock, Mr. Mike
Harper, Mr. Mark
Harris, Dr. Evan
Harvey, Nick
Hayes, Mr. John
Heath, Mr. David
Heathcoat-Amory, rh Mr. David
Hemming, John
Hendry, Charles
Herbert, Nick
Hoban, Mr. Mark
Hogg, rh Mr. Douglas
Hollobone, Mr. Philip
Holloway, Mr. Adam
Holmes, Paul
Horam, Mr. John
Horwood, Martin
Howarth, David
Hughes, Simon
Huhne, Chris
Hunt, Mr. Jeremy
Hurd, Mr. Nick
Jack, rh Mr. Michael
Johnson, Mr. Boris
Jones, Mr. David
Key, Robert
Kirkbride, Miss Julie
Knight, rh Mr. Greg
Kramer, Susan
Lait, Mrs. Jacqui
Lancaster, Mr. Mark
Lansley, Mr. Andrew
Laws, Mr. David
Letwin, rh Mr. Oliver
Lewis, Dr. Julian
Liddell-Grainger, Mr. Ian
Lidington, Mr. David
Llwyd, Mr. Elfyn
Loughton, Tim
Mackay, rh Mr. Andrew
Maclean, rh David
Main, Anne
Malins, Mr. Humfrey
Maples, Mr. John
May, rh Mrs. Theresa
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Miller, Mrs. Maria
Milton, Anne
Mitchell, Mr. Andrew
Moore, Mr. Michael
Mulholland, Greg
Mundell, David
Murrison, Dr. Andrew
Neill, Robert
O'Brien, Mr. Stephen
Oaten, Mr. Mark
Öpik, Lembit
Osborne, Mr. George
Paice, Mr. James
Pelling, Mr. Andrew
Penning, Mike
Penrose, John
Pickles, Mr. Eric
Price, Adam
Prisk, Mr. Mark
Pritchard, Mark
Pugh, Dr. John
Randall, Mr. John
Reid, Mr. Alan
Rifkind, rh Sir Malcolm
Robathan, Mr. Andrew
Robertson, Hugh
Robertson, Mr. Laurence
Rosindell, Andrew
Ruffley, Mr. David
Russell, Bob
Sanders, Mr. Adrian
Scott, Mr. Lee
Selous, Andrew
Shapps, Grant
Shepherd, Mr. Richard
Simpson, David
Simpson, Mr. Keith
Smith, Sir Robert
Soames, Mr. Nicholas
Spicer, Sir Michael
Spink, Bob
Spring, Mr. Richard
Steen, Mr. Anthony
Streeter, Mr. Gary
Stuart, Mr. Graham
Swayne, Mr. Desmond
Swire, Mr. Hugo
Syms, Mr. Robert
Tapsell, Sir Peter
Taylor, Mr. Ian
Teather, Sarah
Thurso, John
Tredinnick, David
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Viggers, Peter
Villiers, Mrs. Theresa
Watkinson, Angela
Webb, Steve
Whittingdale, Mr. John
Wiggin, Bill
Willetts, Mr. David
Williams, Mark
Williams, Mr. Roger
Williams, Stephen
Willis, Mr. Phil
Willott, Jenny
Wilshire, Mr. David
Wilson, Mr. Rob
Winterton, Ann
Winterton, Sir Nicholas
Wright, Jeremy
Yeo, Mr. Tim
Young, rh Sir George
Younger-Ross, Richard

Tellers for the Ayes:
Michael Fabricant and Mr. Richard Benyon

NOES

Abbott, Ms Diane
Ainger, Nick
Alexander, rh Mr. Douglas
Allen, Mr. Graham
Anderson, Janet
Austin, John
Bailey, Mr. Adrian
Baird, Vera
Balls, rh Ed
Banks, Gordon
Barlow, Ms Celia
Barron, rh Mr. Kevin
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Bell, Sir Stuart
Benn, rh Hilary
Benton, Mr. Joe
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Blunkett, rh Mr. David
Borrow, Mr. David S.
Bradshaw, Mr. Ben
Brennan, Kevin
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, rh Andy
Butler, Ms Dawn
Byers, rh Mr. Stephen
Byrne, Mr. Liam
Caborn, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Caton, Mr. Martin
Cawsey, Mr. Ian
Challen, Colin
Chapman, Ben
Chaytor, Mr. David
Clapham, Mr. Michael
Clark, Paul
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clelland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Connarty, Michael
Cook, Frank
Cooper, Rosie
Cooper, Yvette
Corbyn, Jeremy
Cousins, Jim
Creagh, Mary
Cruddas, Jon
Cunningham, Mr. Jim
Curtis-Thomas, Mrs. Claire
Darling, rh Mr. Alistair
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Dai
Davies, Mr. Quentin
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dismore, Mr. Andrew
Dobbin, Jim
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Drew, Mr. David
Dunwoody, Mrs. Gwyneth
Durkan, Mark
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Engel, Natascha
Ennis, Jeff
Etherington, Bill
Field, rh Mr. Frank
Fisher, Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, Caroline
Flynn, Paul
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gardiner, Barry
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gilroy, Linda
Goggins, Paul
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom
Healey, John
Henderson, Mr. Doug
Hendrick, Mr. Mark
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hillier, Meg
Hodge, rh Margaret
Hodgson, Mrs. Sharon
Hoey, Kate
Hood, Mr. Jim
Hoon, rh Mr. Geoffrey
Hope, Phil
Hopkins, Kelvin
Howarth, rh Mr. George
Howells, Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Hutton, rh Mr. John
Iddon, Dr. Brian
Irranca-Davies, Huw
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Jones, Helen
Jones, Lynne
Jones, Mr. Martyn
Jowell, rh Tessa
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Kelly, rh Ruth
Kennedy, rh Jane
Khan, Mr. Sadiq
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Love, Mr. Andrew
Lucas, Ian
MacShane, rh Mr. Denis
Mactaggart, Fiona
Mahmood, Mr. Khalid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Marshall, Mr. David
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonagh, Siobhain
McDonnell, John
McFadden, Mr. Pat
McFall, rh John
McGovern, Mr. Jim
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, Mr. Tony
Meacher, rh Mr. Michael
Meale, Mr. Alan
Merron, Gillian
Michael, rh Alun
Milburn, rh Mr. Alan
Miliband, rh Edward
Miller, Andrew
Mitchell, Mr. Austin
Moffat, Anne
Moffatt, Laura
Moon, Mrs. Madeleine
Moran, Margaret
Morden, Jessica
Morley, rh Mr. Elliot
Mountford, Kali
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
O'Hara, Mr. Edward
Olner, Mr. Bill
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Prescott, rh Mr. John
Primarolo, rh Dawn
Prosser, Gwyn
Purnell, rh James
Rammell, Bill
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, rh John
Riordan, Mrs. Linda
Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Roy, Mr. Frank
Ruane, Chris
Ruddock, Joan
Russell, Christine
Salter, Martin
Seabeck, Alison
Shaw, Jonathan
Sheridan, Jim
Simpson, Alan
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, Geraldine
Smith, rh Jacqui
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Taylor, David
Taylor, Dr. Richard
Thomas, Mr. Gareth
Thornberry, Emily
Timms, rh Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Truswell, Mr. Paul
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Vaz, rh Keith
Vis, Dr. Rudi
Walley, Joan

Waltho, Lynda
Ward, Claire
Wareing, Mr. Robert N.
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Wills, Mr. Michael
Winnick, Mr. David
Winterton, rh Ms Rosie
Wood, Mike
Woolas, Mr. Phil
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony

Tellers for the Noes:
Ms Diana R. Johnson and Tony Cunningham

Question accordingly negatived.

Question, That the proposed words be there added, *put forthwith, pursuant to Standing Order No. 31 (Questions on amendments), and agreed to.*

MR. DEPUTY SPEAKER *forthwith declared the main Question, as amended, to be agreed to.*

Resolved,

That this House commends the dedication and energy of the doctors, nurses, therapists and other professionals working tirelessly to help the 110,000 people affected by stroke each year; notes the significant recent progress made in stroke care with falling premature mortality rates and more people treated in stroke units than ever before; further commends the work of the National Audit Office, the Committee of Public Accounts and the All-Party Parliamentary Group on Stroke in scrutinising progress on stroke care and recommending further improvements; welcomes the opportunities offered by new treatments and the growing evidence on effective rehabilitation; celebrates the investment of £20 million in the UK Stroke Research Network to help ensure stroke medicine fit for the 21st century; further welcomes the additional training places made available in stroke medicine; further welcomes the new guide and tools available to support improved commissioning of stroke services; thanks the Stroke Association, Different Strokes, Connect, the Royal College of Physicians and over 100 individuals for their work in developing proposals for a new stroke strategy; and commends the consultation document A new ambition for stroke.

Social Policy and the Relief of Poverty

Mr. Deputy Speaker (Sir Alan Haselhurst): I inform the House that Mr. Speaker has selected the amendment in the name of the Prime Minister.

4.11 pm

Mr. Oliver Letwin (West Dorset) (Con): I beg to move,

That this House notes with concern the fact that the United Kingdom comes bottom of a league table of 21 rich countries in a recent UNICEF study of child well-being, has one of the worst drug problems in Europe, has low levels of social mobility, has higher rates of family breakdown than many other European countries and has more people living in severe poverty today than there were in 1997; regrets that sufficiently effective action has not been taken to deal with these problems; recognises that a shared sense of social responsibility is the basis for a more effective response to multiple deprivation and for more effective solutions to the problems of social breakdown; and urges politicians of all parties to join together in an attempt to support families, provide new routes into work, enable people to escape from addiction and indebtedness and to enable voluntary organisations and social enterprises of all sizes to increase their invaluable contribution.

No subject we could debate is of more importance. Moreover, it is a good sign for British politics that that proposition, at least, is shared by Members on the two Front Benches and on the Liberal Benches. The subject is of importance not only because of the extraordinary effects of poverty and multiple deprivation on individuals and families, but because of the scale of the problems that we face.

There is a marked difference in the impression one receives of the country we are living in when one reads the motion and then the amendment. Of course, there is some truth in both the light and the shade, and I do not mean to suggest that Britain is everywhere in the same condition as it is in some places. Much of our country is in splendid condition in many ways. The problem is that much is not, and I shall retail a few of the indicators brought to light in the vast report that we have all been debating and discussing for weeks and months—as we shall continue to do for weeks and months ahead. I shall then try to tackle the question of what is underneath the dispute between the two Front Benches on how we go about curing the problems.

In 2006, child poverty rose by 100,000 before housing costs, which I think is the Government's preferred measure, or by 200,000 after housing costs. The UNICEF study showed that for child well-being the UK is the lowest rated of 21 Organisation for Economic Co-operation and Development countries.

Tom Levitt (High Peak) (Lab): I am grateful to the right hon. Gentleman for giving way so early in his speech. The first line of the motion uses the word "comes"—the present tense—in reference to the UNICEF report. Will the right hon. Gentleman put on record that almost all the data in the UNICEF report predated 2001 and that none of it was newer than 2004? Does he therefore accept that the report does not, as its authors accept, detail the current situation?

Mr. Letwin: It is inevitable that any report based on a large amount of statistical accumulation will reflect a period some time before it was published, but as we are

[Mr. Letwin]

considering what is, by agreement, the most important issue before us as a nation, I hope we shall not have to debate the exact use of the present tense in relation to what is inevitably the case with a report.

In our country, more than 1.2 million young people aged between 16 and 24 are not in work, education or training. The UK has a higher proportion of children living in workless households than any other EU country. That is a really important indicator—I want to come back to that—because, as we should all be able to agree, work is the crucial way out of poverty. I do not think that there is any remaining difference of view between the parties about that. Work is fundamental, so worklessness is fundamental, and the worklessness record is not good.

It is true that the Government have managed to move some people—a noticeable number of people—out of poverty, as measured by the 60 per cent. of median income line. However, unfortunately, if one looks at the figures carefully, one can see that in general the movement has involved people going from rather slightly below the line to rather slightly above the line. The problem is that, over the past seven or eight years, the number of people living in severe poverty—defined as less than 40 per cent. of the median income—increased by 600,000. In a way, that is the less important point, because it is a point about what has happened recently. The point about our country is that there are now 3.1 million people living on less than 40 per cent. of the median income. That figure is from the Institute for Fiscal Studies. Whatever view one takes of what has been done and is being done, that cannot be right. It cannot be where we are trying to be as a country. To be fair to Members on the Government Front Bench, the right hon. Member for Darlington (Mr. Milburn), the former Secretary of State for Health, was perfectly open about that and said that poverty had become more entrenched. That is a real problem for our country.

Mr. Jamie Reed (Copeland) (Lab): I hesitate to shatter the emerging embryonic consensus, but does the right hon. Gentleman share my fear that, given the manifesto on which he and his colleagues stood, people in the country might struggle to take him seriously on these matters?

Mr. Letwin: I do not know who will take what seriously—I am not a psephologist—but in the end what matters is whether the present Government, the next Government and the Governments after that are seriously going to tackle the issue. If the hon. Gentleman thinks that we are not seriously committed to tackling it, he is wrong. We are. We would not have bothered to do the work that we have done on the issue if we were not seriously committed to tackling it. Moreover, we would not be making the argument that I am making, which is that this is the single most important thing we can tackle, unless we intended to tackle it. Just as a matter of political prudence, it would be slightly odd for a party to set itself up to try to tackle something and make that a priority if it thought that it was not going to spend any time or effort trying to tackle it and did not care whether it succeeded or failed. The truth is that we are committed to the issue. I know that it is uncomfortable for the hon. Gentleman and others who wish to be in a partisan position to acknowledge that we may have joint aims—although we may disagree about means—but the truth is that that is the position that we are in, so we ought to recognise it.

The new deal is a very considerable programme. I see the distinguished right hon. Member for Birkenhead (Mr. Field) in his place. He and many others have pointed out that, despite what are no doubt the best of intentions, the new deal has, to a very considerable degree, failed—in the sense that a large number of the people for whom it finds work unfortunately move back out of work extremely quickly. It has cost about £1.9 billion, but the number of unemployed young people has increased by about 70,000.

There cannot be anybody in the House—I go back to the right hon. Gentleman: I remember learning about this from him 10 or more years ago—who thinks that it is satisfactory that there are roughly 2.7 million people on incapacity benefit in Britain. That cannot be the position that we ought to be in as a country, especially when many of those people might be able to work, would like to work but are not working.

Chris Bryant (Rhondda) (Lab): I completely agree with the right hon. Gentleman. It is distressing that nearly one in five people of working age in my constituency are on incapacity benefit. What we have been doing over the past couple of years has had some success. The programme to get people off benefits and into jobs, through Jobcentre Plus, is expensive. There are all sorts of complex reasons involved, particularly in former mining constituencies. I would be interested to hear whether he has any ideas about how one would cut that number. There is no point in just bewailing the situation; one has to have concrete ideas that work in practice.

Mr. Letwin: Yes, we do, and I will come to those ideas in more detail in a moment. However, let me answer the hon. Gentleman so that he does not think that I am evading his question. The proposition put forward in the social justice policy group's report, which is the foundation of our thoughts about these matters, is that we should move to an arrangement under which welfare to work is handled by agencies—whether social or voluntary agencies, or those in the private sector—that are paid by results. Those results should be long-term, not short-term, work. In other words, the agencies should receive remuneration related to the benefits saved when people move into work and stay in work for a considerable period, so that there is an incentive to help people to remain in work. It then becomes a sensible financial proposition for those enterprises to invest in helping people to become able to work either by trying to do something about their health, or by trying to find them things that are appropriate to their health condition—or both. As a matter of fact, I think that we might be able to achieve some consensus in the House on that. We are certainly considering the proposition seriously.

Mr. Frank Field (Birkenhead) (Lab): Is there not a danger that both parties are thinking institutionally about how to combat the huge extent of worklessness

in many of our constituencies? Ministers on the Treasury Bench might be thinking about what to do centrally, while Conservative spokesmen might be thinking about what to do through voluntary organisations. Why do we not set the claimants free? We know perfectly well that most of our constituents on incapacity benefit will never be interviewed, or have anything happen to them, if we are the agents of change. Why do we not say to them, "Those of you who can, try to get a job in the next year, but keep all your benefits, including housing benefit. Come and tell us when you've got a part-time job, and we'll try to help to build it up into a full-time job"? Those people would then become the agents of change, and it would not be us—whether the state or the private sector—doing good for them.

Mr. Letwin: I am in the embarrassing position of not knowing whether the social justice policy group's report makes that very recommendation because the right hon. Gentleman gave evidence to it, which I know he did, or whether the group invented it. However, I am happy to tell him that we are looking at that possibility seriously. Clearly, part of the answer must lie in not penalising people on benefits who would like to move into work when they try to get work and fail, and come back out of work and try again. We need a much more flexible system.

Mr. Field: It is not just a matter of failing. Quite a few of our constituents who have been on benefit for a long time are hesitant to take the risk of moving into work because things might go pear-shaped. If we could say to them, "Don't worry. Here's a year's money, and whatever you do will be in order," many of them, although not all, would be able to make that journey without any of us having to interfere in their lives.

Mr. Letwin: I have the same experience of meeting constituents who are frightened about the effect on their benefits of moving into work. We must change that situation. We are looking extremely seriously at propositions that will allow us to achieve that, which must be an aim.

Angela Browning (Tiverton and Honiton) (Con): Does my right hon. Friend agree that one weakness of the system, especially when trying to get people with long-term disabilities into work, is that many of the schemes, irrespective of who delivers them, work on the premise that once people are made work-ready a sum is paid and a box is ticked? The hardest part of the process is helping people to apply for a job and to go through an interview so that they get sustainable employment. If his long-term plans involve bridging that gap, many such people will take the risk mentioned by the right hon. Member for Birkenhead (Mr. Field).

Mr. Letwin: I have just spotted the author of the social justice policy group report, my right hon. Friend the Member for Chingford and Woodford Green (Mr. Duncan Smith); he is sitting behind me, but I will take the liberty of saying that that is precisely the point that the report raises about welfare-to-work programmes. They need to be carried out by people who have an incentive and a desire not just to find people something that looks like a job for a minute, but to help them into it, to help keep them in it, and to help them to get back into it if they fall out of it. That is a crucial component of such programmes.

John Bercow (Buckingham) (Con): Is my right hon. Friend aware that, at the last count, there were no fewer than 2,063 young school leavers in Buckinghamshire, Oxfordshire and Milton Keynes not in education, employment or training, 1,000 of whom were in that position because they suffered from the hidden disability of speech, language and communication impairment, which had not been treated? Does that not underline the crucial significance of early intervention to tackle those problems, in the interests of both the economy and the fulfilment of individual potential?

Mr. Letwin: Happily, I am in a position to reply yes, absolutely. The issue is not just worklessness; the structure of things is somehow wrong, too. That is partly to do with the couple penalty, an issue to which we have drawn much attention in the past few days. Indeed, the Minister for the Cabinet Office and I discussed it in a broadcast yesterday evening. The Institute for Fiscal Studies sets out a case in which the husband, or one partner, earns £15,000, and the wife, or the other partner, earns £5,000. It calculates that as a couple, they would get benefits and tax credits worth £2,317—those are not my figures, but those of the IFS—whereas the wife on her own would receive £7,785 from the state. That is a difference of £5,000. I neither know nor care whether those figures, calculated by the IFS in March 2006, are currently exactly correct. The point is clear, and it is repeated by a wide spectrum of people on low incomes: there are significant incentives in the system against admitting to being a couple. That is why we find cases of people living apart together, as it is mysteriously and rather horribly called.

The issue is not just poverty, worklessness or odd and misaligned incentives in the system. There are underlying critical problems about lifestyle that we have to face as a country, and here we are bound to be on common ground, because we are simply talking about facts. More than 300,000 people in Britain are drug addicts; I think that the figure was 327,000 in 2006. That is a little under 10 people per 1,000. Must we regard that as an inevitable feature of life that we must deal with and accept, or is it something that we could be more optimistic about—something that we could actually cure? In the Netherlands, three people per 1,000 are problematic drug users, and in Sweden the figure is 4.5 people per 1,000. I do not know every respect in which the Netherlands and Sweden differ from the UK, but the report for which my right hon. Friend the Member for Chingford and Woodford Green is responsible makes it extremely clear that there are significant differences in the way in which we think about rehabilitation and treatment, and I am sure that that is part of the explanation. In any event, it is clear that something needs to be done about the levels of addiction.

Paul Flynn (Newport, West) (Lab) *rose—*

Mr. Letwin: I give way to the hon. Gentleman, who has a long record of interest in the subject.

Paul Flynn: There is an encouraging tendency for the parties to agree, and many of us look forward with admiration to the Opposition report that we will soon see. Will the right hon. Gentleman consider two other countries? Portugal has reduced the number of deaths from drug use by 50 per cent. since 2005, and Australia has reduced the number of deaths from overdoses by 70 per cent. in nine years.

Mr. Letwin: Yes—the report looks at a wide range of countries. Reducing harm and reducing death, about which the hon. Gentleman is extremely and rightly concerned, are important aims, but there is a difference. He and I may disagree, to judge by our previous conversations about the matter over the years. The report says, and I agree, that it is not good enough just to prevent harm. What we have to do is try to lead people, or enable people to lead themselves—it is a reconstruction of personality and ability that we are talking about—out of the condition of addiction into a non-chaotic lifestyle where they can work and be part of the mainstream. So harm reduction is an important goal, but it is not enough.

Mr. Gary Streeter (South-West Devon) (Con): I am grateful to my right hon. Friend who, as usual, is making a lucid and intelligent speech. Is it not the case that when young people addicted to drugs make the brave decision that they need help and want to come off their—typically—heroin addiction, it is no good saying to them, "That's fine. Come back in a month and we will find a place for you," or, "You will have to join a queue for treatment in five or seven months"? One may as well say that there is no treatment available. It must be now or not at all. That is expensive, but it is a priority. Is there something that my right hon. Friend would like to say about that?

Mr. Letwin: There is something that I would like to say, without falling foul of the Minister's hope. When I was enjoying myself as shadow Home Secretary—

John Bercow: With great distinction.

Mr. Letwin: With distinction or otherwise—I spent a lot of time going around treatment centres here and in other countries. What I saw is exactly what my hon. Friend the Member for South-West Devon (Mr. Streeter) says—that in order to be effective, treatment must be available at the moment when the addict is ready for it. It is part of the same conundrum that explains why it is often the case that only those who have been through addiction can lead others out of it effectively. So awful is the condition into which people are drawn that they need to relate to somebody who has been through it. For the same sort of reason, the condition is so awful that if there is the prospect of a wait, hopelessness sets in. We must be able to tackle the problem directly.

Mr. Iain Duncan Smith (Chingford and Woodford Green) (Con): Will my right hon. Friend give way?

Mr. Letwin: Of course, to my right hon. Friend. In his report there is a recommendation that we deal with that by the expenditure of a considerable sum of money. We will have to consider that extremely carefully.

Mr. Duncan Smith: As my right hon. Friend was rising to answer the previous intervention, there was the usual commentary about an expenditure commitment. I understand that. We have a lot of fun and games about that in this place. However, one of the problems is that we have continued to debate the drugs issue in the House like children. I did not include in the report the costs that we calculated for the deaths due to drug addiction in this country or the unknown number of lost lives. We should rise above the ludicrous games that are played. The Minister may look at the matter from the party standpoint and whether the Government can incorporate it, but I hope that the whole House will think carefully about it. People are dying out there while we play games. It is time to treat the problem as adults, not as children.

Mr. Letwin: I entirely agree with that. Throughout the work on the report and our consideration of the issue, we need to take into account that the phenomena that I am describing do not just have a social cost and a cost for individuals and families—they also have huge economic costs. Drug addiction is among the largest causes of economic cost, and we ought to be able to balance that in a mature way.

John Mann (Bassetlaw) (Lab): Before the right hon. Gentleman moves on, will he expand a little on a fundamental point that he slipped in, which is mentioned a number of times in the section of the report on addictions—that treatment should be carried out by people who have direct experience of addiction? He said so a moment ago and it is specified in the report. Can he give an example of another country that bases its drug treatment system on that premise? How would it affect the 400 former addicts in my constituency whose treatment has been through GPs and the NHS, none of the GPs having had a prior addiction problem with the substance?

Mr. Letwin: No, the hon. Gentleman misunderstands. I am not saying, nor is the report, that no good can be done by people other than those who have previously been addicts. What I discovered when I went to the Netherlands—it is echoed in many parts of the report—was that what is true in some rehabilitation centres in the UK today is true there. Alongside medically qualified professionals work people who have been through the experience and come out on the other side. That combination is an enormously powerful tool for enabling the addict to find a way of reaching genuine rehabilitation, but we are not suggesting that it is the only tool. I hope that the hon. Gentleman does not still think, as I noticed him saying at an earlier stage on the radio or in a newspaper, that this is somehow an attack on GPs—it is not. It is a question of trying to add a layer of rehabilitation that is not currently available.

John Mann *rose—*

Mr. Letwin: I will give way once more, but then I am going to stop doing so.

John Mann: I thank the right hon. Gentleman for allowing the debate to continue. The report is absolutely explicit in saying that the way forward for drug treatment should be by using people—

professionals—who had previously had a drug addiction. As he says, the Netherlands has tended to use that system. Will he confirm that the Netherlands is the only country in the world to have adopted what it describes as the "liberal" approach to drugs, and that in Sweden, the other country cited in the report, exactly the opposite is done and medical professionals, not those who have had a prior addiction problem, treat drug addiction and do so exclusively?

Mr. Letwin: By taking two countries with spectacularly better results in terms of addiction levels than ours, one with one approach and one with another, the hon. Gentleman is proving that there is no absolute truth in such matters. However, there is good reason to suppose that the Netherlands, which happens to have the lowest rate of addiction in the sample that we are talking about—three or so per 1,000—has a method that is worth pursuing. *[Interruption.]* The figures that I am citing have been carefully calibrated to include problematic drug users on a consistent basis.

John Mann *rose—*

Mr. Letwin: I hope that the hon. Gentleman will have an opportunity to speak later.

Angela Watkinson (Upminster) (Con): Will my right hon. Friend give way?

Mr. Letwin: I will, but then I really am going to stop.

Angela Watkinson: I thank my right hon. Friend, who is being extremely generous. Will he take on board the importance of drug use prevention? No amount of drug rehabilitation treatment and harm reduction will work unless it is balanced with prevention. Otherwise, for every addict who is cured another one will come along—it is like pouring water into a hole in the sand.

Mr. Letwin: My hon. Friend is obviously right that drug use prevention is enormously important—the report deals with that at some length—but we should not delude ourselves that it will ever be enough. The truth is that rehabilitation is critical to any strategy, and it is of course the more expensive and difficult bit.

There are other factors. The report deals pretty thoroughly with the question of how indebted our nation is, with not only many people who can afford to be in debt but, unfortunately, many who cannot. On survey evidence, some 7 million to 9 million people in Britain today report themselves as having a serious debt problem. That is a bad situation for the country to be in. By most measures, social mobility is lower in Britain than in Denmark, Norway, Finland, Germany, France or the United States, while family breakdown is higher than in almost any other European country.

I will bore the House if I go on and on. The picture is clear: there are serious problems with our society that are visited on groups of people who are concentrated in certain neighbourhoods and who suffer from multiple deprivation, rather than from simply one or other of the problems that we are discussing. That nexus of multiple deprivation, so tellingly portrayed in yesterday's report and in its predecessor, "Breakdown Britain", is the problem that we need to grip. I do not know, but I hope that that, too, is a shared analysis. I hope that the Government accept that the problem is not just one thing or another, but a combination of things and the cycle of deprivation that they create. Addiction, indebtedness, worklessness and family breakdown all combine to create not just poverty, but entrapment.

If we accept that analysis and accept that, while the vast majority of our population is of course mercifully free of that trap of deprivation, we have a moral, social and economic duty to do something about that deprivation, the question then becomes—what? The analysis ought to be shared up to that point, but now we come to the difficult question of how we get at the problem. I certainly do not say, and I never will say, that the Government have not sought to address the problems. It is manifest that they have sought to address them. Therefore, I take comfort from the thought that we share much of the analysis. However, it is equally manifest that the Government's actions have not produced the hoped-for results, because if they had, the picture would not be as it is today, but as it was some years ago.

To a rational observer, that suggests either a pessimistic conclusion—that it would take almost incalculable efforts of the kind that the Government have been making to achieve those results, or that they or any successor Government will not be able to achieve them—or a much more optimistic conclusion: that there is something deficient about the Government's approach that, if changed, could change the situation. That is the analysis of the report. I hope that I shall not embarrass the right hon. Member for Birkenhead if I say that much of the thinking that lies behind the report is thinking that he was doing 10, 15 or 20 years ago. There has been a long chain of thought about the issue that has not been translated into action.

I would characterise that thought like this. Approach A says, "Let's do a series of discrete things. Let's spend money on those things and let's ensure, above all, that we get money to people who haven't got it." The Government have tried to do that, nobly and necessarily, but it has not produced the hoped-for results. The alternative approach is to say, "Okay, we've got to do that, but we've got to do more. We've actually got to change the way people feel about themselves and their lives, and how they conduct their lives if they're entrapped." Like a judo player, we have to use their weight, so to speak, to achieve the hoped-for result, rather than assuming that top-down action by the Government will achieve it by itself. That is a fundamentally different perspective, and it might be one on which the Minister and I profoundly differ.

Mr. David Laws (Yeovil) (LD): I think that I am with the right hon. Gentleman so far on much of the analysis, but he is coming to the interesting bit about the policy prescriptions and whether his are better than those that are marketed elsewhere. On the vital issue of the family, does he think that the one of the principal proposals of the report that was published yesterday, on the transferable personal tax allowance, would increase the proportion of people over time who choose the married option?

Mr. Letwin: I do not speak for the specific options put forward in the report, which we shall consider along with other options. However, I do speak for the principle that if the state, representing society, makes it clear that it recognises the value of stable relationships to society and does that by recognising marriage in the tax system, over time that will have an effect on people's conceptions—albeit not in a way that we can calculate with certainty and project on computers—and will therefore help us to move in the right direction. Personally, I believe that the removal of the couple penalty that I spoke about earlier is even more important, because that involved a direct disincentive to people, who could not afford such a disincentive, to stay apart.

I have long believed that changes in culture, even though much slower and less direct, are more important than direct measures. An example is drink driving. Of course, there are laws against drink driving and enforcement mechanisms in place, but the fact is that over the past 20 or 30 years the culture in regard to drink driving in this country has utterly changed. There was a time when journalists—to pick a particular profession—would wander out of the King and Keys in Fleet street, having drunk I do not know how much, and think that it was a fine thing to get into their cars and drive away. Nobody thought the worse of them for that. Today, we would think that that was the wrong thing to do. We are right, and they were wrong then. Whatever the truth of the matter, there has certainly been a culture shift, and it has been much more powerful than all the policemen and breathalysers in the world put together. We are talking today about achieving direct results and cultural shifts, and I believe that the cultural shifts matter.

Mr. Laws: I have some sympathy with the right hon. Gentleman's points about tax credits, as he knows. Nevertheless, I thought that his support for the transferable allowance was somewhat conditional, if I can put it like that. Does he have in mind the fact that when the married couples allowance served as a recognition of marriage, it was notably unsuccessful as a signalling mechanism in relation to encouraging marriage?

Mr. Letwin: The report makes the point that, for various reasons, the married couples allowance was not a very successful device. It puts forward various options for a different model of transferable tax allowance, and we will consider them. We are committed to some form of recognition of marriage in the tax system.

Mr. Duncan Smith: The report is quite clear about the married couples allowance. It was a hopeless device. It was cobbled together at the last moment, and the reason why it had no effect was that a lone parent could get exactly the same amount through another device, which negated any effect that the married couples allowance had. It was a hopeless device and we would not return to it.

Mr. Letwin: I shall let my right hon. Friend speak for himself on that matter.

Mr. Graham Allen (Nottingham, North) (Lab): I think that the right hon. Gentleman is feeling his way towards a view—and I hope that it is a consensual view, in a way that it was not a few years ago—that all well-meaning Governments have failed because they have looked to remedial policies and sought to cure the symptoms. I hope that we all—including the right hon. Member for Chingford and Woodford Green (Mr. Duncan Smith) in his excellent contribution to the debate, which was published yesterday—now understand that the problems that we face are inter-generational and cannot be solved by a specific programme to cure particular individuals.

Does the right hon. Member for West Dorset (Mr. Letwin) accept that we need at least a 20-year prevention programme, or early intervention programme, as we are calling it in my city? Only if we do that will we be able to break the inter-generational cycle. Also—I address this remark to those on both Front Benches—this will have to be an all-party programme. There will have to be national consensus to pursue such policies, otherwise, at some point in the future, we might find ourselves on the other side of the House, criticising and nit-picking over statistics as another set of policies fails to deliver.

Mr. Letwin: I have an enormous amount of sympathy for the hon. Gentleman's point. This is an inter-generational matter, and it will take an enormously long time to change. I do not know whether his estimate of a 20-year span is right; it might take longer. We could achieve significant effects quite soon, but there is no doubt that the greatest effects will take time to materialise. Yes, we need a shared analysis, to the extent that we can get one. I also agree that this is a question of tackling causes, not symptoms; we need to have that as a shared principle. It is inevitable that some of the views on the mechanics of addressing the causes will differ between the parties; that is a tolerable position for the country to be in. It would not be tolerable if there were no agreement on the need to tackle the causes, or on the centrality of the issue, because that would result in the matter simply flip-flopping and our never achieving the consistency required to make real changes over a long period. So, broadly, I agree with the hon. Gentleman.

Finally, if we are to help people to help themselves, and put our faith in that process instead of in things from outside that are intended to make people's health and relationships better—to avoid a top-down approach and instead help people, families and neighbourhoods to help themselves—we must place an entirely different amount of emphasis on community groups, social enterprises and voluntary bodies than we have to date. I hope that the political classes—us, councillors in council chambers and so on—will consider this report and its deep implications, but as the debate continues throughout the country I also hope that it will be recognised that one of the most important things it says—

Mr. Andy Sloughter (Ealing, Acton and Shepherd's Bush) (Lab): Will the right hon. Gentleman give way?

Mr. Letwin: I am terribly sorry, but I will not; I am going to try to finish my speech.

One of the most important things said in the report is that the state in Britain is paying nothing like enough attention to the ability of civil society to help people to help themselves out of the traps of multiple deprivation. I strongly believe that there is a parallel with the argument we all had in the 1970s and 1980s about whether the route to prosperity was through planned economies or free markets. That debate has passed. We all agree that the regulated free market is the engine of prosperity, and thank God for that. It is a huge advance for humanity and for this country. We have to get to a similar position in this case, where we recognise that we are talking about the liberation of energies far beyond those that currently exist, however brilliant a group of Ministers and civil servants there is in Whitehall. If we achieved that transformation, much else that I, and the hon. Member for Nottingham, North (Mr. Allen), with his mention of long-term plans, want to achieve could be achieved on a sustainable basis.

My argument is not merely that there is a problem, that we have to address the causes rather than the symptoms, or that in order to address them we have to find ways of helping people to help themselves rather than simply telling them what to do and how to do it—it is that we must release the energies of a vast centre of activity that is underrated in Britain today. It is impeded unnecessarily, unconsciously and unintentionally by the Government, and we can do much more to liberate it and make it effective.

4.52 pm

The Minister for the Cabinet Office (Edward Miliband): I beg to move, To leave out from "House" to the end of the Question, and to add instead thereof:

'notes that since 1997 employment has risen to the highest level ever with 2.5 million more people in work, the number of workless households has fallen, the number of children in workless households has fallen, the number of children in non-decent homes has been cut by 1.4 million, child poverty has fallen by 600,000, pensioner poverty has fallen and educational attainment has risen for pupils from all social classes, across the board and at all key stages; further notes that this has happened because of a sustained strategy No. 122 Order of Business: 11th July 2007 2589 which includes the New Deal programme, Tax Credits, the National Minimum Wage, Sure Start, a National Childcare Strategy, programmes to improve parenting, Educational Maintenance Allowances and record investment in public services; and urges politicians of all parties to recognise the benefits of these reforms and not undermine them, support all children and work together to tackle the social challenges that the UK still faces through continued investment, engagement of individuals and communities, work with the voluntary sector and through an approach which recognises that the best way to build a fair society is through providing opportunities for all citizens, not just the few, to meet their aspirations.'.

I start by saying that it is a pleasure to have the chance to speak opposite the right hon. Member for West Dorset (Mr. Letwin). We will not always agree in this debate, but I have great respect for him and his ability to think deeply about many issues, which he showed in his speech. It is worth acknowledging that he has pushed his party to focus on such topics, and for that he deserves congratulation. I know that the right hon. Member for Chingford and Woodford Green (Mr. Duncan Smith), too, has thought about these issues for a number of years, as leader of the Conservative party and since then. We need to think seriously about many of the proposals in his report, and we will do so. Any contribution that can be made to tacking the issues we are addressing today is welcome.

I want to try to take a little further the consensus that is breaking out, but to do that we need to do three things. First, we need a shared analysis of the condition of Britain. I fear that the analysis offered by the right hon. Member for West Dorset does not represent a completely true picture, and I shall explain why. Secondly, we need a strategy for the future, and I want to explain briefly the way in which we would like to approach that. Thirdly, we need an honest debate about where and why we disagree. That is especially relevant to the role of the state—I want to consider that—and perhaps to the way in which we support families.

Let me begin with the condition of Britain. Serious social challenges face us, and we should all acknowledge that. However, my problem with the right hon. Gentleman's speech, and to some extent with the document that was produced yesterday, is the lack of a proper sense of balance about the genuine state of Britain. The report rightly states that the way out of poverty is work. However, worklessness has not increased but decreased in the past 10 years. The number of children who live in workless homes has decreased by 400,000 and the number of people in work has increased by 2.5 million since 1997.

Mr. Laws: Does the Minister acknowledge that the distribution of employment in the past 20 years has become much more unequal? Although the statistics that he cited are accurate, it is also true that more children live in poverty in workless households in this country than almost anywhere else in Europe.

Edward Miliband: The hon. Gentleman makes the comparison with Europe, but the right hon. Member for West Dorset talked about the number of workless households. They have decreased from 18 per cent. in 1997 to 15 per cent. today. Progress has been made.

The report also states that the Conservative vision for society is one in which there is less poverty. I would support that. However, poverty has decreased not increased since 1997. The number of children who live in poor households where income is below 60 per cent. of the median has decreased by 600,000 since 1997.

The right hon. Member for West Dorset repeated a claim that Opposition Members have made for some time, and I want to correct it. He said that we have lifted some people from just below the poverty line to just above it. Let me give him the figures for those who receive below 50 per cent. of median income, because if we had lifted some people from just below 60 per cent. to just above, the figures would not have changed. In fact, the number has decreased from 1.8 million to 1.4 million—a bigger fall than for the number of those receiving below 60 per cent. of median income.

One of the Opposition's central claims about our approach to poverty—that we have almost been fiddling the figures and appear to have done something about poverty when we have not—is incorrect. *[Interruption.]* The hon. Member for Tunbridge Wells (Greg Clark) asks about the figures for those receiving below 40 per cent. of median income. I cannot find a credible commentator who believes that the figures that

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the Conservative party has produced for that category are reliable or robust, partly because of self-employment and other issues.

Mr. Duncan Smith: I fully understand why the Minister takes a defensive position on a set of figures—we could argue about statistics—and does not want to answer the question about the figures for those whose income is below 40 per cent. of the median. However, I do not want to get into that. Does he believe that debating whether the Government have been successful serves any purpose? The key is where we are now. The report discusses the current position and how it is becoming embedded and not moving. All the early, easier stuff has been done. The problem is becoming deeper and harder to solve.

Edward Miliband: The right hon. Gentleman asks an important question, and I shall tell him why it serves us to discuss whether we have been successful. The question is whether we change course because we believe that the Government have not succeeded in the past 10 years, or whether we acknowledge the gains that have been made. If we do the latter, we build on the strategy and do not reverse it. The debate on the condition of Britain is therefore important.

I do not make my next comment in a partisan way, but to inform the debate. When we examine the indicators for poverty, worklessness and educational attainment, we realise that the figures went in the opposite direction between 1979 and 1997. Why did that happen?

Mr. Duncan Smith: I do not want to bang on about this matter, but let us take, for example, youth unemployment. We know that, after all the money that has been spent on the new deal, youth unemployment has increased since 1997. I believe that the Government have been trying, but they have not got it right. I stress that the early, easier stuff has been done. If we continue to pursue a strategy because it was successful earlier, but the rewards and results are now narrowing, we will hit a brick wall.

Edward Miliband: The argument that we now need to build on the important successes of the last 10 years is very different from the argument that the last 10 years have been a failure and our strategy has not worked. Let us be completely candid about this: that agenda is part of the Opposition's approach to these issues, which is why I believe that it is right to correct it.

Let me move on to talk more about the future. As I said, we need to build on what we have achieved so far. Let me set out four ways in which we can build on the progress of the last 10 years. First, we have invested to remove the barriers to opportunity, and we need to go further in that direction. We can all agree that education is the key to opportunity, and I am pleased that the report acknowledges that investment in the early years is particularly important. That is why we have invested, and why we will continue to invest, in the early years. That is why we intend to reach our goal of having 3,500 children's centres by 2010. Those centres are making a big difference in my constituency. To echo the sentiment of my hon. Friend the Member for Nottingham, North (Mr. Allen), this is a long-term strategy, which is why it is so important to persist.

I realise that the Opposition now support Sure Start, which I greatly welcome, and I hope that they stick with it. There have been mixed evaluations of Sure Start: we should be honest and respond to them, but I believe that Sure Start can make an enormous difference to helping people in the earliest years as well as helping parents, which, again, was rightly emphasised in yesterday's report.

We also need to look beyond schools and beyond what happens within the hours of schooling. Since entering the House, I have campaigned on the issue of youth services, which is one of the important keys to the issues that we are debating. Indeed, I know that you, Mr. Deputy Speaker, have taken a keen interest in that issue in the past. When I was chairman of the all-party group on youth affairs, I was struck by the number of hon. Members who told me that inadequate youth services were a very serious problem. Here, I agree that the voluntary sector and social enterprise can play an important role. The truth is that we have not invested properly in youth services for something like 40 years, since the Albemarle report was published in the 1960s. That marked a big increase in the amount of investment in youth services. In the next few weeks, the Government will produce a strategy on how to invest in the future, which I very much hope will command all-party support.

Part of the strategy should be investing in universal services, but as the work of my hon. Friend the Member for Nottingham, North has demonstrated extremely well, that is not enough in itself. We have learned that lesson over the past 10 years. At the same time, we also need to focus extra help on those who need it most. That has been the focus of the social exclusion unit—now the social exclusion task force—and it has led to reductions in rough sleeping and improved support for older people. We now need to go further.

We are learning from experience overseas, which once again brings us back to the importance of the early years. Family nurse partnerships are all about providing support to young mothers, particularly providing structures and intensive home visiting to disadvantaged mothers from early pregnancy until the child is aged two. I am encouraged because the report produced by the right hon. Member for Chingford and Woodford Green talks encouragingly in the foreword about the importance of these family nurse partnerships and the difference that they can make. Indeed, the right hon. Gentleman found out from the people who were directly involved in those projects that they really were making a difference.

Highlighting the issue of prevention, it is right to focus on the income of expectant mothers. We announced in the Budget that child benefit would be available not just from a child's birth, but from the 28th week of pregnancy—an approach that had long been called for. I hope that it will provide an important source of support to pregnant mothers.

I acknowledge that we need to provide more focused help to those who need it most, across the board. That is why over the next few weeks my right hon. Friend the Secretary of State for Work and Pensions will be

announcing plans to build on the new deal, my right hon. Friend the Secretary of State for Children, Schools and Families will be providing extra support in the form of one-to-one tuition to help children who are struggling in primary schools, and my right hon. Friend the Secretary of State for Innovation, Universities and Skills has announced extra support to help teenagers from poorer families to attend university.

I had the privilege of talking to the right hon. Member for West Dorset last night while we waited a rather long time before appearing on "Newsnight" together. I acknowledge that on drugs policy, he made a strong case that there was further to go. We have doubled the number of treatment places, but we will look with great care at what the report recommends. The section on addiction is the thickest section of the report, so I cannot pretend to have read all of it since it came out yesterday. We will look carefully at what it says.

Chris Bryant: There are nowhere near enough drug and alcohol addiction services in this country, but it is sometimes felt that there is a prejudice against faith-based organisations involved in these areas. Although faith-based solutions might not be right in every case, there are many cases in which a church or church-based organisation can make a dramatic difference.

Edward Miliband: My hon. Friend makes an important point. When I was Minister with responsibility for the third sector, I met a number of faith-based organisations who told me that they did not want to proselytise or convert people. It was faith that drew them to the work they did on drug addiction, but they were not trying to impose their faith on people. It is often hard to get public authorities and others to understand that. I have no problem with faith-based organisations helping to provide those services, as long as there is no conditionality in terms of converting people.

Mr. Allen: May I take my hon. Friend back to the point made by the hon. Member for Upminster (Angela Watkinson) on drug prevention? We need to change the culture in this place and in Government about how we view prevention. People do not get many brownie points, or tick many boxes in their local area agreement, for prevention. One can find it difficult to measure the product of prevention. Will my hon. Friend, and the House, seek to make the big cultural shift—in the Government above all—to recognise prevention and measure it effectively? If so, we will be spending much less money—an argument that he can deploy with the Treasury—on the consequences of failure and a little bit more on making sure that as a result of drug prevention, we get productive youngsters.

Edward Miliband: My hon. Friend makes an important point. It is a double-funding problem; we have to spend to deal with the consequences of failure, and it is difficult to shift money away from that because we need to continue to deal with the problem. Many of the programmes launched in the past 10 years, such as Sure Start, are precisely about prevention, as are youth services. My hon. Friend is also right to say that the issue of outcomes is difficult. We need to show that we are getting results from public money, but these outcomes are often difficult to capture. Perhaps we can draw on my hon. Friend's experience in this area.

Paul Flynn: To his great credit, the right hon. Member for Chingford and Woodford Green (Mr. Duncan Smith) talks in his report about our failure on drugs policy, which is worse than that in almost any other country in the world. It is not the result of the last 10 or 20 years; it is the result of the last 35 years of policy by all parties, who have been excessively defensive about their policies. In 1971 there were 1,000 drug addicts. There are now 280,000. Should not we start by recognising that failure, and then go on to look for solutions in other countries that have achieved great successes?

Edward Miliband: My hon. Friend is right to say that we need to learn from other countries. Although the number of drug-related deaths is falling, there is no room for complacency. I should add, however, that this is an extremely complex social, economic and cultural problem; as a constituency MP, I know that there are no easy solutions to it.

John Bercow: The Minister rightly emphasises that faith-based organisations can play an important role in tackling drug and alcohol dependency. However, there is much less scope than some of their advocates propose for faith-based approaches to tackling problems such as the high rates of teenage pregnancy and sexually transmitted diseases. The truth is that it is no good preaching at people about abstinence; what we need are decent sexual health services and contraception provision. There must be a practical approach, rather than one based on religious fervour.

Edward Miliband: The hon. Gentleman makes the point far more eloquently than I could, and I completely agree with him. I think that he has also said that good sex education is important. Our teenage pregnancy rate is high compared with those in the rest of Europe, but it is lower now than it has been for 20 years. That is partly because of the approach of the past 10 years, which has involved more sex education than previously.

Mr. David Burrowes (Enfield, Southgate) (Con) *rose—*

Edward Miliband: I give way to the hon. Gentleman, whose constituency I recently visited.

Mr. Burrowes: Yes, and I was grateful for that visit. The Minister rightly stresses the importance of early intervention and youth services, so does he share my concern that throughout the country there is only one small residential facility funded by statutory services—Middlegate—where young people can receive help with addiction?

Edward Miliband: The hon. Gentleman has told me something that I did not know. We have increased the number of residential places, and the issue of young people and addiction is important.

The report also addresses personal debt, and we can agree with much of what it says. We have tried to provide more advice for people who suffer from personal debt and to increase the amount of affordable credit. There is common ground on that subject, and we must make further progress.

[Edward Miliband]

I have said that we need universal services, and that we must back them up with extra support. To echo a point made by the right hon. Member for West Dorset, we also need to engage citizens in solving their problems. He offered a judo analogy; my judo is not good enough for me to have followed it fully, but I agree with the sentiment as far as I understand it.

We have made progress, and we must continue to do so. In social care, we are introducing individual budgets and putting the user in control. Some of the most disadvantaged people in our society, who need extra help to live independently, have been able to do so, and have felt much more in control of what happens to them. We must build on that.

We also face a massive challenge in education. We must engage parents in the literacy and numeracy skills of their children, and get them to feel that they can support their kids. We are introducing a new family learning course to help.

More generally in terms of neighbourhoods, we need to further the engagement of citizens in local decision making; my right hon. Friend the Secretary of State for Communities and Local Government is addressing that. That is part of the solution to the problems we are discussing. There are also issues to do with neighbourhood budgets and policing.

I am also pleased that the document supports our community asset fund, which is based on the notion that local authorities should in certain cases be able to transfer assets to local communities, as that gives local communities a sense of control and an economic and social stake in what is happening in their areas. As a Minister, I have been keen to make progress on that, and I want to continue to do so.

Mr. Slaughter: I hate to introduce a divisive note into what has been a very cotton-wool debate so far, but my constituency has many areas of multiple deprivation. I listened to the right hon. Member for West Dorset (Mr. Letwin) and my right hon. Friend, but the main problem for my local community and voluntary groups is the Conservative council selling community assets at market rents without consultation. Unless Conservative and Liberal councils fund voluntary organisations and support community groups, we will not even get to first base.

Edward Miliband: I agree with my hon. Friend. I do not wish to introduce a partisan note, but I fear the record of Conservative councils in the past couple of years in relation to the voluntary sector. My hon. Friend and I had an Adjournment debate about the council's disturbing record in Hammersmith and Fulham, and there are other examples from around the country where the welcome rhetoric about the voluntary sector is not matched by action.

That takes me to the fourth element of our strategy, which is to draw on the skills of the third sector. I agree with the right hon. Member for West Dorset that often it is the third sector that can best reach out to people and involve them in services, often because staff are drawn from the communities they serve. That is why we have increased funding for the third sector over the past 10 years and are trying to tackle the barriers that frustrate it in delivering public services. It is also why we want to support small organisations that make a particular difference. The right hon. Member for Chingford and Woodford Green and I have talked in the past about the role that small organisations play as part of the social glue of our society.

I also believe that we must enable charities to campaign, because real social change—which is needed in many of these areas—comes not just from above but from below, and from the campaigning work and advocacy that third sector organisations can do. We must be careful, however. The voluntary sector can play an important role in helping to deliver services, but it must never be used—as my hon. Friend the Member for Ealing, Acton and Shepherd's Bush (Mr. Slaughter) says—as a way of abdicating the state's responsibility to fund public services adequately. That is a cautionary note, if I may say so, for the Opposition in particular.

Mr. Streeter: It is important that when the state, whether national or local government, engages the third sector—and especially small and successful organisations—it does not then try to wrap the third sector in so many terms, conditions and specifications that it is prevented from doing its job. Does the Minister agree that third sector organisations must be given their head so that they can continue to do the job they were doing before they were contracted by the Government?

Edward Miliband: I agree, and it is a matter I was working on when I had ministerial responsibility for the third sector. It is tough, because we are responsible for the proper spending of public money, but at the same time we have to ensure that third sector organisations are not stifled when they come into contact with Government.

Tom Levitt: My right hon. Friend makes the strong point that we need large and small organisations active in the sector and helping to deliver services. Does he detect in the report that we are discussing a strong bias against larger organisations, and does he agree that the delivery of the digital hearing aid strategy, for example, could not have been done by a small organisation? It was delivered by the Royal National Institute for Deaf People, working closely with the Government. Has he also noticed that if the Conservative party manifesto commitment to fund the four pillars of the lottery equally—25 per cent. each—were to be implemented, it would cut the amount of lottery money going to small organisations—currently 35 per cent. of lottery funding—by £60 million, which is the equivalent of the awards for all budget?

Edward Miliband: My hon. Friend is right to post a warning, because anxiety about large organisations is a theme in the report. If that is simply about the fact that we need to ensure that small organisations are properly involved and their skills and talents are tapped into, that is right, but many large charities do an extraordinary job in many different ways. I agree with my hon. Friend that we should not have a prejudice against them.

I have laid out our strategy, but I shall now say something briefly about the Opposition's approach, as exemplified in the speech by the right hon. Member for West Dorset and the document published yesterday. They say that their policies are designed to break the

cycle of disadvantage in the early years of a child's life—that is a central part of the report. I welcome that, and I have said that we will look at the proposals.

There are, however, two areas in which I feel that I must part with the tempting consensus that is breaking out. In an intervention, the right hon. Member for Chingford and Woodford Green said that we should not engage in point-scoring on public spending and how much a policy costs. I agree with that, to an extent, but we would not be discussing the spending implications of this report, which amount to billions of pounds, and I do not criticise the right hon. Gentleman for that, were it not for the fact that the Opposition are committed to cutting public spending as a share of national income.

I welcome the fact that Opposition Members have come to this debate saying, "We do think that poverty and social justice matter, and that the issues that our society faces are important." However, I fail to understand how they can also say, "As a precondition of deciding our strategy, the one thing that we know is that public spending must fall as a share of national income." I am not asking them to say that it must rise as a share of national income. All I am saying is, do not tell us that we need more spending on dealing with drugs and alcohol, more spending on special needs, more spending on people with learning disabilities and more spending across the board—we share many of those views—yet then say, "But we must cut the state as a share of national income."

That is the problem for the Conservatives. They are caught between their new-found embrace of social justice, which we welcome, and what their hearts tell them they believe in—the smaller state. The right hon. Member for West Dorset is in transition, if I may put it that way. In 2001, in a famous—or infamous—episode, he told the *Financial Times* that we should cut the share of national income to 35 per cent. of GDP. He then disappeared, and reappeared in a toga in his constituency. I notice that he has not being saying that for the past six years, which I very much welcome. However, we cannot have the grown-up debate that the right hon. Member for Chingford and Woodford Green wants following his report if the Opposition say, "We know we need a smaller state to achieve the outcomes that we want," when nothing in the speech of the right hon. Member for West Dorset suggested that the smaller state was the key.

That is what is remarkable about this debate. I will be honest—I expected the right hon. Gentleman to say, "And here's why we need to cut public spending. Here's why cutting public spending as a share of national income is the answer to the social problems that we face," but he did not do so. So I suppose I am urging him to go that one step further in his transition, and to say, "Well, look—that is probably not the right approach. It probably isn't right to pre-judge the size of the state in that way. It's probably right to say that in fact, that is an old ideological hang-up from 2001 and the toga episode."

I will gladly give way to the right hon. Gentleman if he wants to change the Conservative party's policy on this issue. He is its policy guru—he wants to be the Rab Butler of today. After 1945, Rab Butler changed the Conservative party's ideological position out of all recognition. I know that the right hon. Gentleman wants to go down in history as the Rab Butler of his time, so I offer him the opportunity to follow that tradition and to come to the Dispatch Box and be Rab Butler.

Mr. Letwin: Rather than satisfying the right hon. Gentleman on that point, may I ask him a question? Do the current Government's spending plans involve a reduction in the share of national income taken by the state due to public spending growing more slowly than anticipated as a proportion of GDP, or not?

Edward Miliband: Yes, they do. [HON. MEMBERS: "Ah."] However, there is one crucial difference: it is a matter of discretion, not of dogma. That is the difference in this debate. We have increased the share of national income used for public spending significantly over the past 10 years, but we would never have been able to do so under the proceeds of growth rule.

Mr. Duncan Smith: I was listening with great interest as the Minister expounded what he saw as the moral duty to increase the state. It now appears that the Government's plan is to bring it back down again, but I want to get beyond all that. Crime costs the state £60 billion a year, and family breakdown £24 million, while failed education, together with drug and alcohol abuse, are also huge costs to the Exchequer and the taxpayer. Is he arguing that they are good and should be kept, or is he trying to reduce them? If the latter, I wonder whether he would agree that we should reduce the size of the state.

Edward Miliband: I completely share the right hon. Gentleman's worry about the costs of social breakdown, although I do not think that all the costs that he identified are costs on the state. I have no doubt at all that his report is genuine in its concern about poverty, but it is incumbent on him to say how its long list of spending commitments would be met. I can tell him that that cannot be done if there is a dogmatic view in advance that the size of the state should be cut.

The right hon. Member for West Dorset did not take up my invitation to make the transition and be Rab Butler, so I shall turn now to families, the second area of disagreement between us.

We all believe in supporting families, and the Government have a clear strategy. It involves supporting parental income and extending leave, and improving the relationship counselling and parenting advice available. All hon. Members know that the Government have invested in supporting children and families through tax credits, and that, by and large, that approach has been acknowledged as a success. However, should we go further and spend an extra £3 billion on transferable tax allowances?

The right hon. Member for West Dorset did not take up the invitation extended by the hon. Member for Yeovil (Mr. Laws) to say yea or nay to the proposals made by the right hon. Member for Chingford and Woodford Green. I shall be more candid: I am not in favour of the proposal for transferable tax allowances, and I shall explain why.

I agree with the right hon. Member for Witney (Mr. Cameron), who said last year:

> "The right test for our policies is how they help the most disadvantaged in society, not the rich."

[Edward Miliband]

That is right, but I am afraid that the transferable tax allowance proposal fails that test. The poorest people in our society would receive least help from that allowance, as just 3 per cent. of the benefit would go to the poorest tenth of the population.

Therefore, I do not believe that the transferable tax allowance—which the right hon. Member for Chingford and Woodford Green has proposed with honesty and genuine intent—can possibly be in tune with the new Conservative party. If the priority of every policy is to help the disadvantaged, how can a policy be adopted when it gives just 3 per cent. of the benefit to the poorest tenth of the population?

Again, in the spirit of building consensus on these matters, I am very happy to give way to the right hon. Member for West Dorset so that he can come to the Dispatch Box and explain that I am wrong and that the proposal would help the most disadvantaged. Alternatively, he might be tempted by me, as he was not tempted by the hon. Member for Yeovil, to say that it is not such a good idea after all.

The right hon. Member for West Dorset is obviously not keen to intervene, so I will give way for a final time to the right hon. Member for Chingford and Woodford Green.

Mr. Duncan Smith: The Minister knows that that proposal is part of a package. I can understand why he is being so explicit, as he made his reasons clear yesterday, but will he be just as explicit about his position in respect of the couple penalty? Given that 60 per cent. of children in poverty live with couples who are disadvantaged by the benefit system, will he now say that he agrees with our proposals to eradicate that disadvantage and rebalance the system?

Edward Miliband: Again, the right hon. Gentleman makes a proposal costing £3 billion as though there were unlimited money to spend. Of course, we will look at all the proposals in his report, but the same structure was used for family credit and the family income supplement. We have not changed the benefit system; the structure is the same.

Mr. Frank Field: In the House, we have all noticed how careful the official Opposition have been about endorsing the idea of transferable tax allowances, although they seem to be much clearer about getting rid of the bias in the benefit system that operates against two-parent families. May I suggest to my right hon. Friend that just as Members on the Opposition Benches are beginning to distance themselves from transferable tax allowances, we should look seriously, well before the next election, at the bias against couples in the benefit system?

Edward Miliband: My right hon. Friend knows far more about the benefit and tax systems than I do. He raises a fundamental issue: in an income-related system, people with more income receive less tax credit. The couples proposal would not fundamentally change that situation. Of course, we will look at everything in the report produced by the right hon. Member for Chingford and Woodford Green and I am happy to talk further to him about it.

John Bercow: I am glad that we are having a proper debate about these matters. The couple penalty issue warrants the closest and most serious scrutiny, and I think that the right hon. Gentleman will need to come back with a somewhat fuller response at some point. There is an honourable view in support of the transferable tax allowance to married couples, but it is not everybody's view. I think it is a thoroughly bad idea: it will be highly expensive; it will not cause anyone to get or stay married who would not otherwise do so; and it sends a detrimental signal to many other people. It should be relegated to the circular filing tray sooner rather than later.

Edward Miliband *rose—*

Mr. Deputy Speaker: Order. Before the right hon. Gentleman responds, I point out to the House as a whole that although the debate has been very intense and, no doubt, of high quality, several Back Benchers are hoping that they might be able to make a contribution. Perhaps that could be borne in mind from now on.

Edward Miliband: I take your point, Mr. Deputy Speaker, and will shortly act on it.

The problem is not simply that the transferable tax allowance is unfair in its impact on the affluent and less affluent, but that it picks and chooses which families to support. Widows with children receive nothing. Spouses abandoned by their partners receive nothing. Married couples where both partners work receive nothing. On the other hand, people married twice, three times or four times receive help.

The Conservative party has found lots of new friends over the past two years—its period of transition. It has new friends in the Child Poverty Action Group, One Parent Families and Relate, the family counselling service, but all of them say that the transferable tax allowance is a thoroughly bad idea. That view is shared by another person: Camilla Batmanghelidjh, who has appeared on a number of platforms with the right hon. Member for Chingford and Woodford Green and the leader of the Conservative party. Indeed, in his report, the right hon. Member for Chingford and Woodford Green said that

"these inspirational people showed me that things could be much better if politicians learnt from them 'what worked' and 'what didn't work'".

What did Camilla Batmanghelidjh say yesterday about the proposal?

"I don't see how it is going to help people or affect in any way people staying married or getting married. And I think it is unfair when there are people living happily together to not give them the same tax incentives."

There we have it: the Conservatives' proposals for a transferable tax allowance condemned by the people to whom they said they would listen.

We should be seeking consensus on these issues in the House, but it takes two to build, perhaps—

Mr. Laws: Three.

Edward Miliband: It takes three. The consensus requires us to make a balanced analysis of the past 10 years, to support children and families on the basis of

family need, not family circumstance, to propose costed, not uncosted, change, to abandon dogmatic attachment to cutting the size of the state and to acknowledge in a spirit of humility where people have been wrong. I believe the Opposition have not done those things, so I urge my hon. Friends to vote against the motion.

5.34 pm

Mr. David Laws (Yeovil) (LD): We have had an extremely interesting debate so far, involving two of the most thoughtful and generally reasonable Front-Bench Members from the Government and the Conservative party. To do justice to a subject of this breadth—it must be the most important of all the domestic policy challenges—we would need far longer than we have today. However, I hope in a reasonably brief period of time to put on record our views about the issue and some of the policy challenges that we have identified. I hope that I can do so in a way that will leave time for others to contribute to the debate.

I congratulate the right hon. Member for Chingford and Woodford Green (Mr. Duncan Smith) on his report. I must confess that I, like the Minister, have not managed to read it all yet. Indeed, not only have I not managed to read the section on drug abuse, because of its length, I have not even managed to print it off so far, because I ran out of printer paper while I was printing the rest of the report. The report is a valuable contribution to the debate and I recognise a lot of the characteristics of today's society that are identified in it—in particular, the breakdown of family life in this country over the past three or four decades. The social consequences of that breakdown are important and are issues that all the parties need to think about carefully. It is a matter not only of the consequences, but of what action the Government can usefully take to have an impact on the issues.

What is striking about the UNICEF report that was published earlier this year, whether or not it is based on slightly out-of-date data—that was a moderately fair point, although I am not sure that it would have changed the overall league table position greatly—is just how badly Britain performs in the league table, not only on some of the relative poverty measures, but on many of the issues that relate to family and child well-being, and factors such as drug and alcohol abuse, which are in the right hon. Gentleman's report. To me that indicates that there is nothing inevitable about the nature of the problems that we have in this country, in their widest sense. If having greater family fluctuation and breakdown than in earlier years, or less social mobility, or more drug and alcohol abuse, were simply characteristics of any liberal society, we would expect to see those problems replicated across a lot of advanced countries, but we do not. The United Kingdom does extremely badly, and that is a challenge to us to think about what we can do to have some influence in those areas.

Tom Levitt: The hon. Gentleman made a point about the UNICEF report. The date of the data is very important. In many cases, the data relate to five or more years ago, which means that the effects of child tax credit, Sure Start, and the big increase in outcomes for primary schools in recent years are not included in the report.

Mr. Laws: The hon. Gentleman makes a half-reasonable point. The factors that he points out would affect particular measures in the UNICEF report; they certainly would not affect others. Any fair analysis of the Government's record would recognise not only that they have sought to do a tremendous amount since 1997, or perhaps more accurately 1999, but that, so far, the results are mixed and that it is too early to say quite how successful they are going to be. These things obviously take a considerable amount of time to work through. That is true of areas such as social mobility, where we are commenting on figures that relate to an earlier time.

Before I move on to the Government and the present situation, I would like to say that I particularly welcome the fact that the Conservative party is taking an interest in these issues. In fairness to other parties in the House—I am sure that the right hon. Member for West Dorset (Mr. Letwin) would be the first to acknowledge this—although some of the problems identified in the report relate to family breakdown that may have nothing to do with any Government, many of them relate to the problems of unemployment, homelessness and economic breakdown that occurred in the 1980s and 1990s, when his party was in power, and are not unrelated to Conservative party policies. If the report reflects an acknowledgment that the Conservative party must focus on not only economic efficiency, but a fairer society and social mobility, that is a good thing.

Let me turn to the present situation before I comment briefly on several of the proposals in the report by the right hon. Member for Chingford and Woodford Green and some of the issues that we want to be flagged up. The Government have a record of enormous commitment to tackling many of these problems, even though there is marked ambiguity about their attitude to the breakdown of the family. The Minister's speech did not really touch on whether the Government believe that family breakdown is an enormous cause of social problems and on whether they take the view that they simply do not have any mechanisms to influence that. If we look at what has happened over the past few years, while there are certain signs of improvement as a consequence of the Government's policies, there are big unresolved, challenges and areas in which things have moved backwards. When the Minister defends the Government's record, I hope that he will not understate the enormous problems of social breakdown that remain unresolved because if he does, he will be giving up the leadership that his party has displayed over the past few years by failing to recognise how bad some of these problems are.

Let me draw the Minister's attention to a few specific problems, such as housing. As the Prime Minister acknowledged today, we have gone backwards with regard to access to affordable housing and the number of people on the homeless list since 1997. We now have more children in overcrowded accommodation and outside a stable home environment. Those factors must be enormously important for determining whether someone will do well.

The Government have exaggerated their achievements on the employment front—perhaps they have started to believe their rhetoric. Yes, this country has a high

[Mr. Laws]

employment rate compared with several others, but we also have an enormously unequal employment situation. Many double-earning couples are doing quite well, but a huge proportion of people have been out of the work force completely for a long time. That is why, although this country has a high employment rate, it manages, bizarrely, to be the EU country with the largest number of children in workless households.

When we look at employment over the past few decades, we see that the Government's record on the employment rate has been flattered by the fact that female employment has been increasing over the past 10 or 15 years. Male employment is now 10 per cent. lower than it was in the era of Harold Wilson. An enormous cohort of people—many of whom lost their jobs in the 1980s and 1990s and some of whom went on to incapacity benefit—are still out of the labour market. The fact that almost the same number of people are on incapacity benefit 10 years on from 1997 should worry a Government who came in with a pledge on welfare reform.

The breakdown of family life is yet to be reversed—hopefully there are signs that the situation is not getting worse, but it is certainly not getting much better—and there is a much greater concentration of deprivation in deprived neighbourhoods. As John Hills recently reported, while the employment rate in social housing estates was almost two thirds a few decades ago, it has plummeted to something like a third. People in deprivation are now more likely to be living with people in those same difficult circumstances. Their children are attending the same schools as other children in such circumstances, which reinforces disadvantage. As the UNICEF report indicated, when young people have little hope and few skills, they are far more likely to take the option of having children at an early age and staying out of the labour market, thus resulting in cycles of deprivation. The situation out in the country is slightly gloomier than the Minister allowed for. When he defends an extremely impressive record of commitment, he should not underestimate in any way the problems that exist.

Let me turn briefly to several of the proposals in the report by the right hon. Member for Chingford and Woodford Green. It was inevitable that a few of them would dominate the media coverage. When I scanned the report as rapidly as I could today, I noted that some of the most interesting proposals were those that would attract the press rather less, owing to their very nature. We all know that that happens when we try to get coverage on policy matters. I have no doubt that we—and the Government—will go through the report carefully to see what we agree with, what we can pinch, and what is a good idea. I have no doubt that we will find a great many good ideas in it.

My concern about the drift of Conservative social justice policy is that it seems to rely on two things, and the Minister for the Cabinet Office touched on one of them in his comments about public expenditure. He mentioned that the Conservative party has got hooked up to a rule that involves reducing the public expenditure growth rate even further than the Government already have to. Investment in public services, whether through the public sector or the private and voluntary sectors, will be that much more difficult for a Conservative Government who stick to that rule. That means that some of the big gains and savings that the right hon. Member for Chingford and Woodford Green has mentioned a couple of times in his interventions will be that much more difficult to achieve.

As I have seen in my constituency, voluntary and private sector groups can play a big role, either as an add-on to state services, or working completely separately from them, but there may still be many cases, including in relation to employment services, in which the state will have to fund the voluntary and private sector provider. If there are rigorous controls over public expenditure growth, it will be very difficult to square the circle, and to fund the proposals properly while still investing in education and health. That is one concern.

The second concern is that many of the right hon. Gentleman's proposals rely on the hope that the Government can, by pulling various levers, encourage families to stay together. I do not underestimate the possibility of people, particularly those on low incomes, responding to economic incentives. Indeed, that idea is the basis of some of the Government's tax credits; the idea is that people will go to work because there is a working tax credit.

There is a problem with tax credits, and if the Minister looks again at the report on fraud and error in tax credits that was issued this time last year—there will be another one tomorrow—he will see that the Government reported that almost £400 million-worth of fraud and error in tax credits was simply due to the discrete problem of people who lived together misrepresenting their position, and pretending to live apart. There is no question but that there are problems to do with whether people have incentives to misreport their position. It is more difficult to know whether people are deciding not to couple on the basis of tax credits. As I know from my advice centre, the economic incentives are significant, and should not be underestimated for people on low incomes; the right hon. Member for West Dorset cited that point earlier. We should consider that issue carefully, and although the Minister danced around the boxing ring a bit on that one, I am pleased that he did not completely rule out action; perhaps we will see measures on that issue in the future.

I am less optimistic about some of the other proposals in the report produced by the right hon. Member for Chingford and Woodford Green; I do not think that they will strengthen the position of married couples in the way that he thinks they will. Earlier today, I spoke to the Institute for Fiscal Studies about transferable allowances, which have been mentioned briefly, and one of the hard facts that it pointed out to me immediately was that most of the cost of the transferable allowance will be spent on people who have no children. The right hon. Gentleman's proposal would cost £3.2 billion, and £1.7 billion of that would go to families with no children, whereas his concern, obviously, is to get the money to children.

Mr. Duncan Smith: If the hon. Gentleman looks at the report again, he will see that there are sectioned-off processes; the scheme can be broken up, so that we can

offer the allowance to those with children below a certain age, to all couples, or to couples with caring responsibilities. It depends on what we wish to do. All the figures that the hon. Gentleman gave are not exactly correct. I actually set out the IFS figures in the report.

Mr. Laws: The right hon. Gentleman is right that the allowance can be salami-sliced, but there are other problems. Today, I looked at the figures relating to the individuals who might be entitled to the transferable marriage allowance. About 25 million people in the United Kingdom are in married couples, and of those individuals, about 5 million are retired, so the allowance is of limited relevance to them, on the whole. There are 18.7 million people of working age in couples, and 11.6 million of them are part of a couple in which both people work. As I am sure that the right hon. Gentleman would acknowledge, they would get no benefit at all from the proposal, because they are already using their allowances to the full. There are 2 million households where nobody is working at all. So only 20 per cent. of the 25 million married couples in the United Kingdom would gain anything, and 80 per cent. of people would be totally unaffected.

Other groups would be affected in ambiguous ways. I was interested to read that there are 1.1 million married couples living apart in separate households. That raises the challenging question of whether we would give, and how we would administer, transferable allowance based on marriage to two people who had split up, especially where the person who gained from the transferable allowance could well be the man, who had left his wife and the children. Such situations would present great policy challenges.

As the right hon. Member for Chingford and Woodford Green is aware, the issue was considered in the 1980s by Lord Lawson who, I believe, was quite sympathetic, but when it went out to consultation at the time, there were other big objections. One of them was cost. We have to consider what the other priorities are if we are to spend £3 billion. Administratively, it would be immensely difficult because we would have to track two incomes for two individuals at the same time throughout the tax year. The proposal would be a disincentive for the second individual in a married couple to work, for reasons that are obvious, although the right hon. Gentleman may be less worried about that if he is happy for one of the individuals in a couple to stay at home looking after the children.

One must also question whether a £20 incentive for only 20 per cent. of married couples will cause people to change their behaviour. I know of no economic evidence that suggests that. The right hon. Member for West Dorset, who is a thoughtful, fair-minded and intelligent man, was suitably cautious and circumspect when he responded to me earlier, probably because he knows that there is no evidence. I acknowledge his point about the proposal being a signal, but signals are important only if people ultimately respond to them. We do not know whether they would.

Chris Bryant: Is there not an ethical point which pulls against the main strand of the report—in one sense, one is undermining the concept of marriage by suggesting that the problem of family breakdown would be radically rectified if there were financial incentives to encourage people to marry? I probably married more people than any other Member of the House when I used to be a vicar. I do not remember ever saying anything other than "For richer, for poorer"—never "For £20 extra".

Mr. Laws: That sounds like an echo of the right hon. and learned Member for Rushcliffe (Mr. Clarke) who, when he was beginning to phase out the married couples allowance in the 1990s, said that he knew of many reasons why people got married, but the existence of the married couples allowance had never been one of them.

I am sceptical about whether a financial incentive would have an impact, but I would consider it if I believed that it would help to deal with some of the problems that we face as a country. I am not sure that I have an ideological objection to it. I am just not sure that it would work. There are also some serious issues—Ministers have sought to raise them—about the effect of sending out that signal on the children whom we are indirectly trying to affect.

When thinking about the proposal yesterday I wondered what the House's attitude would be if, instead of a married couples' tax allowance, we were proposing a married couples' enhancement to child benefit. That is, in some ways, what we are saying. We are willing to penalise some families and children and reward others on the basis of those choices. It is a difficult issue. This country has a massive problem with the breakdown of marriage and stable relationships, and I understand why the right hon. Gentleman has given the proposal priority.

There is no school that I visit in my constituency where the head teacher does not comment on the fact that their job has become so much more difficult over the past 10 or 20 years because of the breakdown of stable families and the consequence of that for their intakes. I am not sure whether the proposal would make the difference.

John Bercow: Surely the juxtaposition of married units against unmarried units is all wrong. There can be a very compelling case for giving targeted assistance to households where there are children, whether the household is based on a married couple, an unmarried couple or a single parent, but for the life of me I cannot see is why one should give a prize to people with no children, simply because they happen to be married. Does the hon. Gentleman agree that it is bizarre?

Mr. Laws: I certainly agree that if it is not even going to work, it is not a particularly strong runner for £3 billion of public expenditure.

Mr. Duncan Smith: Anyone can make a case that others are being excluded, which is nonsense as regards this proposal, which offers a very focused sort of support. It is about people on marginal incomes—those who would particularly benefit—who are having to make a choice about whether they go to work or try to stay at home for three or four years to look after their children. If it were to go wider, it could also help those who may choose to look after their mothers when they get older. As the hon. Gentleman may or may not

[Mr. Duncan Smith]

know, some of the greatest problems for couples arise when they are having to make such choices balanced against the amount of money that they can have. This would not generate an immediate desire for people to get married, but it recognises something that came up endlessly when we produced the report—that many people out there, beyond our own world, have jobs, not careers. If someone is eviscerating chickens on an assembly line in Bradford, that is not a career—they make that choice because they have to, because they cannot afford to bring their family up otherwise. This would be one way of allowing them to make a choice; there may be others.

Mr. Laws: I understand why the right hon. Gentleman feels so strongly. My main argument against this specific proposal is that I do not think that it would work. I do not underestimate the significant penalties for couples, particularly in relation to tax credits and for people on very low incomes, and it is worth considering a couples premium. Many other elements in his report, for example on good parenting practices and encouraging strong families, should also be looked at closely. I recognise that on the basis of not only the national picture but my constituency experience.

I should like to raise several other points about the major proposals in the report, but I fear that I will try the patience of the House if I do so in too much detail. Let me just say, in general terms, that although I am delighted that the right hon. Gentleman and his party have produced a report of such quality—and there may be some very good ideas in it—they have to deal with two further challenges in this area: first, the public expenditure challenge and the question of priorities that the Minister raised; and, secondly, whether the proposed policies, particularly on taxation in relation to marriage, would make the difference that they envisage.

I shall finish by highlighting a few of the challenges that Liberal Democrat Members think that the Government and those in other parties should be addressing. One of the risks with the Government's policy, if one were to stereotype it, is that there is too much emphasis, in public expenditure terms, on getting people above an arbitrary poverty line instead of getting them permanently out of poverty and giving them the opportunities that they need.

I want briefly to touch on four areas. The first is education, which is obviously vital. In its report, UNICEF, which is not a body that would be inclined to vilify lone parents, stressed that, as a general rule, children growing up in stable families, usually with two parents, do far better. It was concerned that, in the United Kingdom and elsewhere, many youngsters take a decision to get pregnant, or do so very early on. That is partly linked to aspirations and skills, as it offers a far more plausible, and even attractive, option to people with no skills and no prospects than to people who expect to have a career. We should focus on dealing with the very significant problems of educational underachievement. Instead of setting broad and unachievable targets to deliver private school levels of funding on some unspecified time scale, we should concentrate on delivering those levels of funding to pupils in real need—for example, through a pupil premium such as that in other countries, which targets additional money directly at the pupils in greatest need. That would mean that schools in certain parts of the country that often have much greater problems in terms of their catchment areas but similar funding to schools in other regions would have greater funding in future.

I hope also that future Governments will be able to do a lot more about the employment challenge. Unquestionably, as the right hon. Member for West Dorset indicated, we still have much too high a level of worklessness in this country. We have made totally inadequate progress on getting people on incapacity benefit back into work. The lone parent figures are still disappointing, as is the number of young people out of the labour market. We ought to be looking at how we can use the voluntary and private sectors to get many more people back into the labour market.

We must also deal with housing, which the Prime Minister touched on today, at the same time as finding the resources to reduce the proportion of people in poverty. Those are things that the Government can reasonably do, which will not only strengthen families, but give people the opportunities to get themselves out of poverty, rather than simply trapping them in dependency.

Several hon. Members *rose—*

Madam Deputy Speaker (Sylvia Heal): Order. I remind all right hon. and hon. Members that Mr. Speaker has imposed a 10-minute limit on Back-Bench speeches. However, in view of the very limited time now left for Back-Bench contributions, perhaps hon. Members may want to reconsider the length of their speeches.

6 pm

Sir Gerald Kaufman (Manchester, Gorton) (Lab): The title originally given to this debate by the Opposition was "Mending the Broken Society", which I thought a bit rich from a party whose leader said that there was no such thing as society. Until this Government came to power, society was at breaking point in my constituency. We were 29th in unemployment for the whole of Great Britain and we were No. 1 in youth unemployment in the whole of England. As a result of this Government's policies, youth unemployment in my constituency has fallen by 45 per cent., overall unemployment has fallen by 47 per cent. and long-term unemployment has fallen by 80 per cent. People now have a choice—a choice of jobs and a choice because of the national minimum wage, which the Tories said would produce mass unemployment. Because of the minimum wage, my constituents now have a choice, and if I have time I shall give one example of that.

The Tories and the Liberal Democrats voted against the windfall tax that financed the new deal. My constituents have benefited enormously from the new deal. It is the same with education. When the Government came to office, the rain was coming through the roof at schools in my constituency such as Old Hall Drive and Wilbraham primary, while the teachers tried to teach and the pupils tried to learn, and we had oversized classes. Yet the financing was going not to the 14,000 children in the 39 state schools in my

constituency but predominantly to the children in the three independent fee-paying schools, who were paid to have assisted places.

I have three such schools in my constituency, although I compliment the Government on the fact that one of them—William Hulme's grammar school—will enter the state system as a city academy in September. That is a remarkable achievement for the head, the teachers, the governors and everybody else. However, 95 kids in my constituency were on assisted places in those schools and £13 million went on those assisted places, whereas £24 million went to the 39 state schools in my constituency during the same seven-year period. In Stanley Grove primary school, the teachers were teaching music on the stairs, while in Manchester high school for girls, there were sound-proofed rooms for teaching the violin. That was the difference; that was the society that was broken by the Tory party.

Owing to the reduction in class sizes brought about by the reallocation of funding, I have had the privilege of opening new classrooms all over my constituency. We have smaller classes, we have computer suites in schools where the kids used to learn with the rain coming in through the roof, and we have free fruit and vegetables in pretty well every primary school in my constituency—where before that previous Tory leader who said that there was no such thing as society had even taken away their milk. Abbey Hey primary school has a fruit stall every Friday afternoon, which sells fruit and vegetables to the children and to the neighbourhood. In Gorton, we have an educational village. Mellands school and Cedar Mount school are part of an educational village in what used to be one of the most deprived areas of my constituency. St. Kentigern's school—a faith school of the kind that the Tories and the Liberal Democrats tried to destroy through their destructive amendment on quotas—has some of the highest Ofsted ratings in the entire country.

We have a women's health group, mainly comprising Pakistani and Bangladeshi women. It provides a fantastic way for those women to emancipate and realise themselves. Where does it meet? It meets in the £3 million Sure Start centre in Longsight, which is one of the most remarkable achievements. All over my constituency, Sure Start is providing playgrounds in parks and all kinds of other facilities. In my Levenshulme ward, where people are asking for a Sure Start facility, the argument is not about whether there should be such a facility but about what it should be, how it should be run, the space that it should take up and the facilities that it should provide. Manchester royal infirmary is now one of the star hospitals in the entire country, and that achievement has been brought about by this Government's policies. On law and order, that lot—the Liberal Democrats in particular—opposed ASBOs. They are now queuing up for ASBOs in my constituency—*[Interruption.]* That guy—the hon. Member for Yeovil (Mr. Laws)—might giggle, but the Liberal Democrats opposed neighbourhood wardens when they were introduced, and now they are asking for more of them. The hypocrisy of the Liberal Democrat party! We have a voluntary group in Gorton, the On the Streets group, which is reclaiming young people who have had ASBOs or committed criminal offences. They now help old people with their shopping, remove graffiti and do all the things that the Tory party's report says are needed. That has been brought about by the policies of this Government and by the wonderful, public-spirited local people.

On housing, during the Tory period we had negative equity and a spread of private landlords using their properties for drugs and brothels. This November, the licensing system for private landlords will come to my constituency and, as a result, there will be controls and fines for antisocial landlords. Under the antisocial behaviour legislation, which the Liberal Democrats opposed, the police can now close down pubs and other premises where drugs are being sold.

I totally agree that this is nowhere near enough. However, we were one of the most deprived constituencies in the country, and now we no longer have situations such as the one that existed during the period of the Conservative Government, when a man in the Fallowfield area of my constituency, a security guard, came to me and said, "My employers have increased my working hours to 64 hours one week and 72 hours the next, alternating, with no overtime. They have also reduced my hourly wage." That was what life was like in my constituency under that lot who want to mend the broken society. When I wrote to the then Secretary of State for Employment and asked her what could be done for that man, she wrote back to say that he could resign from his job. With no jobs available in the constituency and no national minimum wage, that would have meant his forfeiting even his redundancy benefits, such as they were.

The Tory party reminds me of the boy who goes before court having murdered his parents and asks for clemency as an orphan. That is the Tory party today. What is happening in my constituency—steady, with lots still to do—is due to the Labour Government, after 10 years with many still to come.

6.11 pm

Mr. Stephen Crabb (Preseli Pembrokeshire) (Con): So much for the consensual tone of the debate so far. The right hon. Member for Manchester, Gorton (Sir Gerald Kaufman) referred to the original proposed title of the debate: "Mending the Broken Society". When we use the phrase "broken society", we at least begin to get close to how many people instinctively feel about the condition of our society today.

There is a deep unease about what could be called social breakdown, which goes far beyond a lack of income and often describes people who live in highly concentrated communities, experiencing multiple and complex challenges that serve to lock them and their children into a cycle of underachievement, poverty and unhappiness. We can argue about definitions of poverty, talk about the language—whether we describe it as social exclusion, deprivation or poverty—and discuss the measuring sticks we use to assess the extent of it, but at the end of the day most Members of the House know what we are talking about. The hon. Member for Yeovil (Mr. Laws) talked about the number of head teachers who referred to problems in their schools resulting from family and social breakdown. Many of us see the consequences of that in our surgeries on a Friday, and if we do not see it there, we should see it in social action projects in our constituencies, or at least read about the consequences of the phenomenon in the newspapers.

[Mr. Stephen Crabb]

When I was flicking through the social justice policy group report last night, I was reminded of a book I read 10 years ago, which made uncomfortable reading for Conservatives at the time. It was a book called "Dark Heart" by a left-wing journalist called Nick Davies, who had spent two years travelling around some of Britain's most deprived communities. He saw teenage boys who had made the passage from local authority care into teenage male prostitution, girls who had been abused as young children and who had gone into prostitution, and people in cycles of substance abuse and addiction—people living on the fringes or outside the law. Flicking through that book, I wondered what he would see if he went back to those same communities 10 years on. I do not pretend that everything has got worse, but on the housing estates which I am familiar with in Walworth, Peckham, Bermondsey and south Hartcliffe in Bristol, or on some of the smaller estates in west Wales, poverty has become more entrenched for many and the situation has got a lot worse.

After 10 years of this Government, let us not pretend that the blame is all to be laid at their door. We have a shared responsibility, and there has been discussion about how long-term some of the challenges are. I was reminded recently of some girls I met on the youth offending wing of Eastwood Park female prison in Gloucestershire. Those girls would have been six or seven years old when this Government came to office, but by that time the course of the lives of many of them would already have been easy to predict. A lot of them would have been victims of abuse and deeply scarred inside. At the age of 16 or 17, many of them have deep, messy scars on their wrists; they wear ugly home-made tattoos and carry expressions of deep hopelessness and despair.

I found that the most prevalent factors in the lives of those girls were exactly the same for a group of lads in Cardiff prison. The common factors throughout their lives are family breakdown, educational failure, worklessness and substance abuse, and it is those themes that my right hon. Friend the Member for Chingford and Woodford Green (Mr. Duncan Smith) and his group sought to address in their excellent report. I welcome the contribution that the report makes to the discussion. It must be taken seriously on the Opposition Benches, and on the Government Benches too. It provides some hope.

In the short time that I have left, I would like to make a few points. First, I make a plea to my party's Front Benchers to consider seriously the report's findings and not to allow caution, especially on spending commitments, to prevent them from adopting many of its recommendations. There must be up-front investment to provide some of the solutions, and we need to be ambitious. We might be cautious and afraid of opening up little holes in our public expenditure plans, but the truth is that there is a whopping great hole—a bleeding great hole—in our public finances, which is the £102 billion cost of social breakdown.

My second plea is to Government Front Benchers for positive engagement on the issue. I know that the Minister has a powerful intellect and a good heart, and I welcome his positive engagement. Too often, when I have raised such issues, Ministers have refused to engage and provided answers to completely different questions. For example, when Ministers have been asked about the number of young people not in education, employment or training, who are doing nothing constructive with their lives, too often they trot out statistics about the fall in youth unemployment. It is a completely different subject. The cohort of 16 to 20-year-olds who fall through the net has been growing at a time when, demographically, the number of 16 to 20-year-olds has been shrinking. In Wales, 12 per cent. of young people are not in education, employment or training. I therefore appeal to the Government to start to engage positively on that.

Thirdly, let us consider alcohol misuse. At the weekend, there was discussion in the media about one or two recommendations in the large report about tackling the curiously British problem of widespread alcohol misuse and the proposal for a tax hike on alcoholic drinks. The alcohol industry's response was predictable and depressing—it simply dismissed the suggestion out of hand. I do not know whether that policy solution is correct; I would need to consider evidence for elasticity of demand and availability of alternatives and so on. However, we need the drinks industry to respond positively and join the discussion as it has not done up to now. We should tell it like it is—it is not the drinks industry but the binge drink industry. It makes its money not from people having a pint of beer after a round of golf, but from all the young people who go out on a Friday and Saturday night and get hammered.

In the past 10 or 20 years, the industry has progressively ramped up the alcohol content of the drinks it sells. A pint of beer nowadays is not the same as a pint of beer 20 years ago. It is now common to buy a pint of beer that is 6° proof; 20 years ago, it would have been 2.5° or 3° proof. That is one reason why alcohol consumption, especially among young people, causes so much damage and devastation. I encourage hon. Members to spend an evening with their local police or in the accident and emergency department of their local hospital, if they still have one, to ascertain the sheer volume of cases that are a direct result of alcohol misuse.

There has been much discussion of family policy and whether the proposals in the Conservative report will have the suggested impact of encouraging more couples to stay together. There is much more discussion to come. Family breakdown was the most prevalent factor in the lives of the young people I met in Eastwood Park prison and Cardiff prison. Often, their parents were not divorced—they had simply been raised by a lone parent. We do the children of this country a huge disservice by trying to cling to a pretence that we can be neutral about different family structures. A huge body of social science research shows that a child from a broken home or a lone parent family is far more likely to fail at school, turn to crime, be a victim of crime and fall into alcohol and substance misuse.

When we discuss human rights and international development in the House, we adopt a tone of voice that is different from the note that we strike when discussing other issues. On those subjects, we have a consensual approach to ultimate aims that does not

prevent dissent and disagreement about specific policies, but the tone is much more attractive to the public. We need to achieve that tone on the subject of today's debate. We must avoid the petty tribalism and partisanship that will get us nowhere. If we are to make progress and tackle deep-seated, entrenched problems, we need to achieve a consensus on the aims. We can have a robust discussion about how we get there, but we need to change our tone and start engaging with a much wider audience. Perhaps that would also help restore faith in this place.

6.19 pm

Mr. Jamie Reed (Copeland) (Lab): There has been a lot of talk about consensus in today's debate, but it is important to test the breadth and depth of that consensus. I am afraid to say that I, for one, am not convinced of its sincerity and I intend to test it in my contribution today.

The good news for the Opposition is that the *Daily Mail* is delighted by their rehashed Mary Poppins agenda, but the bad news is that their recently beatified patron saint Polly Toynbee is fully depressed by it. I welcome their attempted apostasy, but like the British people I do not believe it—simply because, on the basis of today's comments, there is no evidence to support it. With that in mind, I care too much about the progressive cause, improvement of society and social democracy to turn away willing converts, but any such conversion must recognise past social policy mistakes and the root causes of them. If there is to be a consensus, we must test it.

My point is that if society is broken, Opposition Members should recognise that it was they who broke it. A strong society needs strong social policies. Key elements of our currently effective social policy include the national minimum wage and the record-breaking increase in public spending on our nation's schools, hospitals and other public services. That must be recognised—those investments not only strengthen the bond of our society, but are the glue that keeps it together. If the Opposition are serious about social cohesion, they must recognise that the failed policies of the past—including lower taxes paid for by less public spending on public services—inevitably resulted in worsening public services and social decline. Those policies were unwanted and unworkable.

Logically, if the Opposition recognise that truth, they must jettison their proceeds of growth rule, which underpins all that they sought to achieve in office and would also lead to a repeat of the failed policies of the past and their consequences. If they really wish to help improve society, they should commit to its betterment with actions rather than words. To go further, they should support us and support our public expenditure policies.

I believe in marriage, which is an important and valuable institution, but my commitment to it is personal, not social. I did not marry for the benefit of society and I do not believe that the Government should incentivise lifestyle choices. I am surprised that so many supposedly libertarian Conservatives seem prepared to do so. If minor financial inducements can really make marriages work, perhaps the Leader of the Opposition should consider repealing his flight tax in order to subsidise honeymoon travel—I think that might work. It is a curious juxtaposition when someone claims to want to mend society while creating social divisions between the married and the unmarried.

It is surely perverse to ask the state to make a judgment on the value of people's unique relationships both within and outside marriage. Would such incentives apply to gay marriages and civil partnerships? If the motivating factor behind such a move is, in part, consideration for the well-being of children, why discriminate against children from relationships and in families outside married relationships? How many children—the innocent parties and unwitting victims of those proposals—would be disadvantaged by this move? As a married father, I have no wish for the state to reward my children for my relationship choice and I do not think that their classmates, whose parents are not married but clearly enjoy stable and loving relationships, should be penalised because of the state's view of their parents' actions. That cannot be right.

The Opposition are absolutely right to highlight the effects of drug use on our society. Here again, however, I must take issue with them because their prevailing mindset seeks to penalise certain behaviours among the lower social orders while ignoring those same vices or lifestyle choices among the more affluent sections of society. That manifests itself in a particular way in current Conservative thinking.

The Leader of the Opposition recently announced that he was in favour of lowering the classification of ecstasy from a class A to a class B drug. In the same week, the police in my constituency seized a huge haul of ecstasy. The market for that drug was clearly children and teenagers, whose safety and well-being should not be sacrificed in a desperate search for modernity or, still worse, a headline for the Conservative party. I do not doubt the sincerity of the right hon. Member for Witney (Mr. Cameron) or the intentions of the Opposition more widely, but they must be consistent. If they care about the effect of drug use on our society, the Leader of the Opposition must recant his views and drop his double standards. Talk is cheap—but by their deeds shall we know them.

6.24 pm

Mr. David Burrowes (Enfield, Southgate) (Con): It is a pleasure to contribute to the debate, in which I have a particular interest as the deputy chairman of the addictions working group. In the short time available, I hope to draw on some of our material. I apologise for the pressure it may have caused on the printing machines that we used to get the report out, but I make no apologies for the depth in which we sought to tackle the problem of addiction to drugs and alcohol. We looked primarily into the underlying causes behind the massive problem of addiction.

We sought to take the inquiry deeper than some other commissions, which ask the great and the good to give their words of wisdom. We heard from a balance of the great and the good, but we also sought to go out to the different areas of the country to hear from those who are profoundly affected, both addicts and their families and those in the field. I hope that the report was informed by their experiences.

[Mr. David Burrowes]

I can also draw upon 11 years of work as a criminal solicitor dealing with many clients who were addicted to drugs and alcohol. We should be concerned both about the 300,000 people with an opiate or cocaine dependency and the increasingly younger people who are being affected by the misuse of alcohol. It is important to look at individuals and, in my years as a criminal solicitor, I have learned that the characteristics of those affected are that they are drug addicts, often with a learning difficulty. They may have come from single-parent homes and had little or no contact with the father or any role model.

My first client at Enfield police station, who also ended up as my last client, graduated through crime to become one of the most prolific burglars in Enfield, sometimes doing 100 burglaries in a weekend. He is now serving a stretch at Pentonville, but he had become disconnected from society and consumed by his addiction, which affected those most dear to him. There were times when he connected with society, mainly when he was in his role as a father and he suddenly realised that he had a relationship with society and those around him. It is important for policy makers to capture such individuals at those times and to ensure that they realise that they have a role in society.

The Government want such people to stop committing crimes, but that is it. They are happy in many ways to see such people parked up on a methadone programme and not going any further. However, we have higher expectation—we want them to recover, become part of society and take their responsibilities seriously as fathers, citizens and employees. Such individuals are parked up in prisons, but some are in other institutions such as hostels, child care facilities and the like. They are most at risk of never getting out of the cul-de-sac they are in.

The Government have approached that matter by throwing money at it. We talk about public spending, and £7 billion has gone into the fight against drugs. That is no mean amount, but how has it been spent? It has been spent to the detriment of the funding of alcohol dependency treatment, which accounts for only 6 per cent., while the money is spent primarily on methadone prescribing; £111 million—one third of the pooled treatment budget—goes into prescription. That is a concern for those in the field, addicts and recovering addicts. In many ways, the expectation has not gone beyond methadone prescribing. There is a place for methadone prescription, but it has to be part of a supportive programme.

Professor Strang, the director of the national addiction centre—who is often prayed in aid by those supporting a harm reduction approach—says that one of the valid criticisms of some methadone maintenance programmes is that they are "little more than dispensaries." There is no recovery plan or support programme. That is a concern to addicts in particular. Lee, an addict who graduated from the Phoenix programme in Sheffield, said:

> "I was maintained on methadone for years and years and not once did the doctor or drugs worker say, 'Well look have you ever thought about rehab?' You're still in your home town, with the same people, the same drugs, the same everything. And you are very blinkered. Common sense will tell you that you need to get out and break the circle...if you're still there, on a methadone script, people still use, you've got no chance at all. When I first came here, I thought 'I need to get off drugs' and that was it. But then I learnt as I went on, that it was about learning life skills which I never learned from being on heroin and methadone for 22 years."

The concern now is that we have "geriaddicts" who are simply parked up.

If one method is the Government throwing money at the problem, the other is targets. Someone once said:

> "Government targets are asking me to view my business in a way that's just not capturing the work that we do. It's about getting bodies into a system, head counting, and just watching them, it's sheep dipping, basically."

It has also been said that the Government seem to be more concerned with targets and how many people enter treatment than with outcomes and trying to achieve positive results—that they are more concerned about numbers than freeing people from drugs.

There is a concern that we might be addressing drug addicts simply as statistics—that we are thinking only of targets and ticking boxes, and of removing addicts from the criminal justice system. There is a worry that we have a top-down approach that does not enable them to be freed from their enslavement to drugs and to take part in society, and that that does not enable us to deal with them properly as individuals. The Government's drugs strategy is under review and we might hear more about that later this month. The worry is that that might culminate in the adoption of a paternalistic "we know best" approach that disempowers local people, communities, service providers and commissioners. The best providers are voluntary ones—those offering residential treatments.

Let me sum up by quoting someone called Leanne. She said:

> "When someone says to me about family values I didn't know what that meant, but now I have a real family and I feel I actually belong somewhere."

She managed to break out of her cycle of abuse and addiction because those who cared—particularly voluntary and faith-based providers—did not treat her merely as a statistic.

6.31 pm

Anne Snelgrove (South Swindon) (Lab): Although I welcome the Opposition's late conversion on this important matter, I also have reservations about it. Although the Conservatives will never be in power in the coming decades, if they ever are I hope that they will build on the work done by the Labour Government.

I want to draw attention to the great work being done in my constituency to improve the lot of children and young people from all backgrounds and the danger of any policy that might put that work at risk. Swindon is not a broken society; we face serious challenges, but our society is good, whole and can embrace those who are not currently playing a full part in it.

Extra Government funding for children—for every child—makes a huge difference. Government funding is helping us to realise the dream that every child should get the best start in life and the support that they need to make the most of their talents. Yesterday, there was a community cohesion meeting at the Drove campus in my constituency. The campus includes

Drove primary school, Drove children's centre and Drove social hall, and it is a shining example of what can be done with Government funding. I hope that a Minister will visit the Drove centre to see the great work being done by Nick Capstick and his team. Solutions come from the local community, not from national Government. National Government provide the resources and set the framework, but local people must find solutions to their local problems.

Swindon has a good reputation for community cohesion, but there are tensions—as there are in all our towns and cities. Children and young people from the black and minority ethnic community need to know that the authorities will provide them with support, development and safety.

In a briefing paper prepared for yesterday's meeting, one young person was quoted as saying:

"The council don't invest in us, why would we invest in Swindon?"

It is true that the council could do a great deal more for young people and adopt a more proactive stance on community cohesion. I hope that the council will look at what Nick is doing at the Drove centre and work with him— in the past it has not shown much interest in doing so.

Because of Government funding, children's centres such as the Drove centre exist and are starting to have the resources they need to reach out to the whole community. I was a county councillor under the previous Tory Government and I remember that we had to scrimp and save to open 20 new nursery classes across Berkshire in the teeth of Conservative opposition. Although I welcome the Conservatives' conversion, I have that memory and I use it as a warning to myself that they might say things but not follow through in the future. The steps towards a solution to the tensions in our society should include building on examples such as Drove primary school's excellent community outreach work and reputation. That includes early intervention in problem families in which there is a cycle of deprivation over several generations. They are the most difficult families to reach.

The children's centre services include early learning combined with day care, adult education and links with Jobcentre Plus for parents and carers who wish to consider training or employment. None of that would be possible without the Government's policy framework, and I am disappointed that the Opposition do not seek to build on that in their report.

I have a particular problem with the phrase in the Opposition's motion about

"higher rates of family breakdown".

We should not conflate family breakdown with marriage breakdown: they are not the same. Many families remain strong despite the sad occurrence of marriage breakdowns. Family breakdowns can occur in marriages, and we need to bear that in mind. I do not know whether the Opposition meant family breakdown or marriage breakdown, but I suggest that they need to do a little more serious, in-depth thinking about families and marriage.

I have been happily married, I am glad to say, for 29 years. As my husband subscribes to theyworkforyou.com, I am just giving him notice that it will be our 30th anniversary next year. We have many friends who have been happily married for many years. We also have friends whose marriages have broken down, but they have made a tremendous continuing commitment to their children and their extended families. Other friends of ours have not married, but have very strong families. Marriage is important to me, but it is not for me to dictate how other people should lead their lives. It is certainly not for me, as a married person without any children, to take £20 every week. I want that money to go to families with children who need it, whether they were born in or out of wedlock. It is not the children's fault what their parents decide to do.

Nick Capstick of the Drove campus says that he is grateful for the resources given to him for children's centres, but that there is a case for improved, targeted and additional funding, above and beyond the usual children's centre funding, from which hard-to-reach communities could benefit. He asks me to congratulate Ministers and the Government on his behalf for what they have done so far, but calls for even greater vision in developing bespoke solutions for certain communities.

When we make change, we need to do so in a considered and costed way, so that local economies can continue to grow and create opportunities for all of our society.

6.38 pm

Mr. Douglas Carswell (Harwich) (Con): There is a pressing need for us to rethink how we relieve poverty in this country and how we tackle social injustice. At present, 5 million people of working age in Britain are not working. There has been an alarming increase in the number of young people who are not in education, employment or training, and others have spoken about the impact of family breakdown. The most disturbing statistic of all, to me, is the appalling fact that 55 per cent. of families with a disabled child live in poverty.

We are not the first politicians to talk about the need to tackle poverty. My own party, in 1911, introduced measures and Labour implemented the Beveridge report and created the post-war welfare state, but the past half century has seen social security budgets balloon, ad hoc benefits become permanent and measures that were meant to be transformative become permanent.

I suggest that we take a new approach. Rather than having another Government initiative, we should learn the lessons from Bill Clinton's America. I am not someone who has a natural empathy with Bill Clinton, but his 1996 Personal Responsibility and Work Opportunity Reconciliation Act had such a positive impact on the fight against poverty that we need to draw some lessons from it.

What did Bill Clinton's Government do? What magic wand did he wave? In short, he did less—or rather, he got central Government to do less, so that local state government could do more. He devolved; he de-federalised; he localised responsibility for welfare. It was so successful that the number of families on welfare fell from 5 million to 2 million. Some 1.6 million fewer children were in poverty as a result, and minority groups, particularly African-Americans, benefited from the changes. Bill Clinton's changes created pluralism and enabled local state innovation.

I have been impressed by many things that the right hon. Member for Birkenhead (Mr. Field) has said, but I was particularly impressed by his suggestion that we

[Mr. Douglas Carswell]

should devolve control of welfare to local welfare officers. Is there a need to reassess the assumption in the Beveridge report that the welfare state should necessarily be built on universality? Does that not create centralism? Does universality not preclude flexibility and the need to take into account the different conditions of individual people in this deeply imperfect world? As it is centralised, the current system is all too often devoid of compassion. Applying Mr. Clinton's logic, could we not localise control over welfare? Could we not give local budgets to local agents and give them discretion? Politicians in this place constantly talk the talk of localism—of giving local government a greater role. Why not do it? Why not pilot some welfare projects that give them responsibility?

Time is short, but I would argue that if we are to be serious about welfare reform, we should look to decentralise control and give local government and local agencies a greater role.

6.41 pm

Greg Clark (Tunbridge Wells) (Con): I begin by congratulating all three Ministers on their new appointments. I know that the two Ministers responsible for today's debate have a long-standing and genuine interest in the matters under discussion. I am an optimist about our society. For many years now, our society has been getting better for most people. We are generally more prosperous, and people have opportunities they used not to have. Our culture is now such that racism, sexism and homophobia, for example, are increasingly unacceptable, which has meant a material improvement in lives that were previously subject to harassment and misery. In many ways, we are becoming a gentler and better society.

However, that is not true for everyone. Too many people in our society are breaking away from the mainstream and are being left behind. Given that most of us are experiencing improvements in our life chances, we have a particular obligation to take account of those who are struggling and being left behind. I am not going to trade statistics, of which we have heard plenty in today's debate. The report of my right hon. Friend the Member for Chingford and Woodford Green (Mr. Duncan Smith) contains many expert and erudite analyses of the problem.

Even in my own constituency of Tunbridge Wells, which in many ways is a byword for comfort and prosperity, I have had some shocking experiences. One of the most shocking occurred when I was on patrol with the police on a Friday night. It might surprise you to hear, Madam Deputy Speaker, that Friday night in Tunbridge Wells can be as rowdy as Friday night in other places. *[Interruption.]* I invite the hon. Member for Lincoln (Gillian Merron) to experience it; it is quite good fun, as well.

While I was on patrol with the police, they stopped a group of youths to make an arrest for the suspected theft of a bottle of wine from an off-licence. Observing what went on during that interaction was both shocking and instructive. One of the youths—a young man probably aged 17—was very loud and full of Friday-night brash self-confidence, until he was presented with the stop-and-search form that suspects questioned by the police now have to fill in. When confronted with that form, his behaviour changed completely. Having been aggressive and self-confident, he became embarrassed, almost furtive in his behaviour.

I thought that something more serious had happened—that he had drugs on his person, and that a relatively trivial incident had become something more major. I drew closer, and discovered that the young man could not deal with a simple form of the sort that we fill in every day of our lives because he could not read or write. He was not proud or complacent about something that was clearly the source of acute embarrassment. He did not want his mates to see that, and so he moved away.

I mention the incident because, if something like that can happen in Tunbridge Wells, I cannot see how a young man who does not know how to read or write after 12 years of education can ever prosper economically, anywhere in the world. Clearly, the education system has let him down, but that is not because of teachers' personal failure. They say that we must look at the home life of young people, because the problem is deep and has many facets. As a result, reports such as that compiled by my right hon. Friend the Member for Chingford and Woodford Green are exactly the right way to proceed.

Therefore, I welcome the tone adopted at least initially by the Minister and his colleagues in responding to the debate. We need to approach this matter seriously and in an attempt to achieve consensus.

I turn now to some of the speeches that have been made. I was a little disappointed by the Minister's speech. I know that he thinks seriously about these matters, but his remarks were defensive of the Government's record and his policy suggestions were cautious. He was inclined to niggle at points that had been made constructively.

The Minister should not be so defensive and cautious. Where is the ambition that once characterised the Government's approach to these matters? The Labour party set up the first Commission on Social Justice, but no one on the Government Benches spoke with the zeal and energy displayed by my right hon. Friend the Member for Chingford and Woodford Green. That is unfortunate, because not all the ideas can come from this side of the House. I had hoped for greater energy from Labour Members.

In addition, what is the Government's action plan? The Minister spoke about the Government's actions, but we know what they have done. I am holding the Government's document "Reaching Out—An Action Plan on Social Exclusion", which was published late last year. I do not wish to be rude, but it bears no comparison to the serious piece of work produced by my right hon. Friend the Member for Chingford and Woodford Green—and as my right hon. Friend relied on people donating their time voluntarily, that is a sad reflection on the Government's level of ambition.

The Minister made great play of the tax allowance proposal, but I fear that he has got himself into some confusion on the matter. No less a personage than the Prime Minister has told us that the Government's policy is to support marriage through the taxation system. As we learned from the "Today" programme

this morning, and from the Minister yesterday, their plan is to do that through inheritance tax. If the Government's policy is to support marriage through taxation, I suggest that to do so through inheritance tax—at the very point when a marriage ends, sadly, through death—is probably not the best targeted intervention.

The Minister needs to think carefully about that, and he did not answer my right hon. Friend the Member for Chingford and Woodford Green, who asked whether he supported the argument put by the right hon. Member for Birkenhead (Mr. Field) that the Government should correct the anomaly in the benefits system that imposes on couples a real disincentive to stay together.

The Liberal Democrat spokesman, the hon. Member for Yeovil (Mr. Laws), made the important point that international comparisons that show us falling behind are, paradoxically, a cause for great optimism. They show that things can be done so much better, and my right hon. Friend the Member for Chingford and Woodford Green has shown that the fact that places such as Sweden and the Netherlands can tackle drugs so much more effectively means that we can do the same here. The title of my right hon. Friend's report—"Breakthrough Britain"—correctly conveys the optimism that Opposition Members share.

I do not have time to go through all the speeches in the debate, yet I cannot help but comment on the ludicrous contribution from the right hon. Member for Manchester, Gorton (Sir Gerald Kaufman). It is rather sad that he seems to be so lost in the past. The contrast with the intellectual energy and application that my right hon. Friend the Member for Chingford and Woodford Green has brought to the subject could not be greater. I think that we are all sad that the right hon. Gentleman cannot apply his great intellect and experience of Government to the serious problems, instead of rehearsing the battles of the 1997 election. That is a loss to the debate and a loss to the country.

We have had a vigorous debate. We started with consensus, which deteriorated somewhat during contributions such as that from the right hon. Member for Manchester, Gorton. I end on a note of consensus, however, by congratulating my right hon. Friend the Member for Chingford and Woodford Green on a report that will be debated for many years to come. I am certain that it will shape many of the policies of the next Government.

6.50 pm

The Parliamentary Secretary, Cabinet Office (Phil Hope): We have had a short but important debate. About 20 Members on both sides of the House spoke and intervened with great passion, offering their experience of the needs of children, young people and families in their constituencies. Members—at least those on the Labour Benches—described the great progress that Labour has made in tackling the Conservative legacy of economic and social failure from the 1980s. They described the tremendous work of voluntary organisations and social enterprises in championing the most vulnerable and meeting their needs.

My first regret about the debate is the failure of the Conservatives to acknowledge, let alone apologise for, the devastation they inflicted on families and communities during their appalling 18 years in government. Like my hon. Friend the Member for Copeland (Mr. Reed), I make no apology for striking a discordant note in response to the Conservative efforts to present their compassionate face. I was a local councillor. I worked in the third sector throughout the 1980s and the early 1990s and, like my right hon. Friend the Member for Manchester, Gorton (Sir Gerald Kaufman)—who made a brilliant contribution—I saw at first hand the devastating effect of mass unemployment and cuts to public services, which put intolerable pressure on vulnerable families, children, young people and pensioners. I for one will never let the Conservatives duck their responsibility for the poverty, homelessness, mortgage misery, divorce and crime increases. Whole communities were abandoned when they were in power. Groups such as lone parents were stigmatised and scapegoated by the Tories, so I agree with my right hon. Friend that for them now to try to shed their reputation as the nasty party and claim to be the party that will deliver social justice is a little hard to swallow.

What might have helped the Conservatives' case would have been some recognition in their document of the enormous progress in economic and social justice that the Labour Government have brought about since 1997. The right hon. Member for Chingford and Woodford Green (Mr. Duncan Smith) says that he wants consensus on the way forward, but he deliberately—almost perversely—refuses to name, let alone applaud, the huge improvements of the past 10 years under Labour. Six hundred thousand children have been lifted out of poverty. Unemployment has gone down dramatically and 2.5 million more people are in work, including many more women. Pensioners have not been mentioned in the debate, but 2 million of them no longer live below the poverty line. The number of children living in workless households has dropped. Teenage pregnancies are at their lowest level for 20 years. There are record levels of investment in education, increasing the educational achievement of young people not only in schools but in apprenticeships, which have trebled to 250,000 a year.

My hon. Friend the Member for Copeland talked about action, not words. He probably does not know that the motto of Corby borough council in my constituency is, "Deeds not Words". The Tories' voting record in opposition, let alone their past in government, tells us all about the sincerity of their commitment. They voted against tax credits, the new deal and the minimum wage. However, it is good to see Members such as the hon. Member for Preseli Pembrokeshire (Mr. Crabb) breaking ranks with his Front Bench. He called for more public spending, clearly opposing Conservative Front Benchers' commitments to cut funding by £21 billion.

I do not want to be wholly negative. There are some useful suggestions in the Conservative proposals, some of which will appear familiar to my hon. Friends—not least because they are lifted from our policy documents. Imitation is of course the sincerest form of flattery, so I welcome the support in the document for the measures we are already undertaking to support the third sector, about which I shall say a little more later.

Crucially, the Conservative flagship proposal for a transferable tax allowance is fundamentally flawed. As

[Phil Hope]

my right hon. Friend the Minister for the Cabinet Office said, the Tories, would be taking more than £3 billion from public services and support for families to help married couples who pay tax, most of whom do not have children —at the expense of children who are growing up in low-income families—the hon. Member for Yeovil (Mr. Laws) forensically took apart the Tory proposals.

I must admit that before the debate I wondered whether others on the Opposition Benches would be happy to support proposals for changing the tax system that would mean that only 3 per cent. of the benefit would go to the poorest 10th of the population. I was delighted that the hon. Member for Buckingham (John Bercow) made it clear in his intervention that he thoroughly disagreed with a proposal that would clearly stigmatise and penalise children in the most disadvantaged families. The Tories have chosen to spin this aspect of their report as something that makes them "the great party of marriage", but as we have seen today they are hopelessly divided among themselves on the proposals. They have no answers to the forensic demolition of what are socially unjust proposals, given the impact that they would have on children in need.

The truth is that families come in all shapes and sizes and that the Government must support all families, irrespective of their structure. My hon. Friend the Member for South Swindon (Anne Snelgrove) was right to say that it is not the role of the state to say what type of family is best. The real focus of our efforts to tackle inequality should not be on family structures; it should be on supporting children so that they can grow up in loving, stable and supportive families, whatever their circumstances. The issue is about income for those children. It is about financial support through increased child benefits, which the Tories froze when they were in power, and the working families tax credit, which the Tories opposed when they were in opposition. There is the issue of giving children more time with their parents through increased maternity and paternity leave and giving parents that time to be with their children in those crucial early formative months and years. There is also the issue of giving greater support to parents through better access to child care. There are new children's centres and new programmes covering parenting skills and giving advice.

We do not have a massive problem of family breakdown and it is simply not true to say that we do. My hon. Friend the Member for South Swindon made that point. The vast majority of families are doing well. Parents are doing an excellent job and the outcomes for their children are getting increasingly better. Our challenge is to concentrate our help on those families—about 2 per cent.—who experience multiple family disadvantages and who have not been reached by the growth of our universal services. We might at least have a consensus on that and on the role of the third sector in meeting those needs. My hon. Friend the Member for Nottingham, North (Mr. Allen), who is not now in the Chamber, made an important point about early intervention and preventive work with those families.

That takes me on to the importance of the third sector. The report states that one of the Conservatives' objectives is to increase the role of the third sector in tackling poverty. As the Minister with responsibility for the third sector, I wholeheartedly agree that voluntary organisations, charities, community groups and social enterprises make a vital contribution. That is why, over the past 10 years, the Government's public support for the third sector has risen from £4.5 billion in 1997 to more than £10.5 billion in 2005. In practical terms, that is reflected in the thousands of community groups and local voluntary organisations that are involved in programmes to support families, communities and those with disabilities. We heard from the hon. Member for Enfield, Southgate (Mr. Burrowes) about those who work with people with addictions. The hon. Member for Preseli Pembrokeshire mentioned those who work with young people in and out of custody. My hon. Friend the Member for South Swindon—a real champion in her community—described the work of the Drove centre in her constituency.

It has not been possible to acknowledge properly all the contributions made by hon. Members. However, warm words about social justice from Conservative Members cannot hide the facts of their party's record in office and voting record in opposition, or the reality of the stigmatising impact that their party's proposals would have on children in most need. A shiny new façade—

Mr. Patrick McLoughlin (West Derbyshire) (Con) *rose in his place and claimed to move,* That the Question be now put.

Question, That the Question be now put, *put and agreed to.*

Question put accordingly, That the original words stand part of the Question:—

The House proceeded to a Division.

Madam Deputy Speaker (Sylvia Heal): I ask the Serjeant at Arms to investigate the delay in the No Lobby.

The House having divided: Ayes 170, Noes 301.

Division No. 178] **[6.59 pm**

AYES

Afriyie, Adam	Cable, Dr. Vincent
Amess, Mr. David	Campbell, rh Sir Menzies
Bacon, Mr. Richard	Carswell, Mr. Douglas
Baker, Norman	Cash, Mr. William
Baldry, Tony	Chope, Mr. Christopher
Baron, Mr. John	Clark, Greg
Barrett, John	Clarke, rh Mr. Kenneth
Beith, rh Mr. Alan	Clifton-Brown, Mr. Geoffrey
Bellingham, Mr. Henry	Cox, Mr. Geoffrey
Bercow, John	Crabb, Mr. Stephen
Beresford, Sir Paul	Curry, rh Mr. David
Bone, Mr. Peter	Davies, Philip
Boswell, Mr. Tim	Djanogly, Mr. Jonathan
Bottomley, Peter	Dorrell, rh Mr. Stephen
Brazier, Mr. Julian	Duncan, Alan
Bread, Mr. Colin	Duncan Smith, rh Mr. Iain
Brokenshire, James	Dunne, Mr. Philip
Brooke, Annette	Ellwood, Mr. Tobias
Browne, Mr. Jeremy	Evans, Mr. Nigel
Browning, Angela	Evennett, Mr. David
Bruce, rh Malcolm	Fabricant, Michael
Burns, Mr. Simon	Fallon, Mr. Michael
Burrowes, Mr. David	Farron, Tim
Burt, Lorely	Featherstone, Lynne

Field, Mr. Mark
Francois, Mr. Mark
Gale, Mr. Roger
Garnier, Mr. Edward
Gauke, Mr. David
Gibb, Mr. Nick
Goldsworthy, Julia
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gove, Michael
Gray, Mr. James
Grayling, Chris
Green, Damian
Greenway, Mr. John
Grieve, Mr. Dominic
Hague, rh Mr. William
Hammond, Mr. Philip
Hancock, Mr. Mike
Harris, Dr. Evan
Harvey, Nick
Heald, Mr. Oliver
Heath, Mr. David
Heathcoat-Amory, rh Mr. David
Hemming, John
Hendry, Charles
Herbert, Nick
Hoban, Mr. Mark
Hogg, rh Mr. Douglas
Hollobone, Mr. Philip
Holloway, Mr. Adam
Horam, Mr. John
Horwood, Martin
Howarth, David
Huhne, Chris
Hunt, Mr. Jeremy
Hurd, Mr. Nick
Jones, Mr. David
Key, Robert
Kirkbride, Miss Julie
Knight, rh Mr. Greg
Kramer, Susan
Lancaster, Mr. Mark
Laws, Mr. David
Letwin, rh Mr. Oliver
Lewis, Dr. Julian
Liddell-Grainger, Mr. Ian
Lilley, rh Mr. Peter
Loughton, Tim
Mackay, rh Mr. Andrew
Maclean, rh David
Main, Anne
Malins, Mr. Humfrey
Maples, Mr. John
Mates, rh Mr. Michael
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Miller, Mrs. Maria
Milton, Anne
Mitchell, Mr. Andrew
Mulholland, Greg
Murrison, Dr. Andrew
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Öpik, Lembit
Osborne, Mr. George
Paice, Mr. James
Paterson, Mr. Owen
Pelling, Mr. Andrew
Penning, Mike
Pickles, Mr. Eric
Pritchard, Mark
Pugh, Dr. John
Randall, Mr. John
Rifkind, rh Sir Malcolm
Robathan, Mr. Andrew
Robertson, Hugh
Robertson, Mr. Laurence
Robinson, rh Mr. Peter
Rosindell, Andrew
Ruffley, Mr. David
Russell, Bob
Sanders, Mr. Adrian
Scott, Mr. Lee
Selous, Andrew
Shepherd, Mr. Richard
Simpson, Mr. Keith
Smith, Sir Robert
Soames, Mr. Nicholas
Spicer, Sir Michael
Spink, Bob
Spring, Mr. Richard
Steen, Mr. Anthony
Streeter, Mr. Gary
Stuart, Mr. Graham
Swayne, Mr. Desmond
Syms, Mr. Robert
Tapsell, Sir Peter
Taylor, Mr. Ian
Teather, Sarah
Tredinnick, David
Tyrie, Mr. Andrew
Vara, Mr. Shailesh
Viggers, Peter
Villiers, Mrs. Theresa
Walker, Mr. Charles
Wallace, Mr. Ben
Walter, Mr. Robert
Watkinson, Angela
Whittingdale, Mr. John
Widdecombe, rh Miss Ann
Wiggin, Bill
Willetts, Mr. David
Williams, Mr. Roger
Willott, Jenny
Wilshire, Mr. David
Wilson, Mr. Rob
Winterton, Ann
Winterton, Sir Nicholas
Wright, Jeremy
Yeo, Mr. Tim
Young, rh Sir George

Tellers for the Ayes:
Mr. Crispin Blunt and Mr. Richard Benyon

NOES

Abbott, Ms Diane
Ainger, Nick
Allen, Mr. Graham
Anderson, Janet
Austin, Mr. Ian
Austin, John
Bailey, Mr. Adrian
Baird, Vera
Balls, rh Ed
Banks, Gordon
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Bell, Sir Stuart
Benn, rh Hilary
Benton, Mr. Joe
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blunkett, rh Mr. David
Borrow, Mr. David S.
Bradshaw, Mr. Ben
Brennan, Kevin
Brown, Lyn
Brown, rh Mr. Nicholas
Browne, rh Des
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, rh Andy
Byers, rh Mr. Stephen
Byrne, Mr. Liam
Caborn, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Ronnie
Caton, Mr. Martin
Cawsey, Mr. Ian
Challen, Colin
Chapman, Ben
Chaytor, Mr. David
Clapham, Mr. Michael
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clelland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Connarty, Michael
Cook, Frank
Cooper, Rosie
Cooper, Yvette
Corbyn, Jeremy
Cousins, Jim
Crausby, Mr. David
Cruddas, Jon
Cunningham, Mr. Jim
Cunningham, Tony
Darling, rh Mr. Alistair
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Dai
Davies, Mr. Quentin
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dismore, Mr. Andrew
Dobbin, Jim
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Dunwoody, Mrs. Gwyneth
Eagle, Angela
Eagle, Maria
Efford, Clive
Elman, Mrs. Louise
Engel, Natascha
Ennis, Jeff
Etherington, Bill
Field, rh Mr. Frank
Fisher, Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, Caroline
Flynn, Paul
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gardiner, Barry
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gilroy, Linda
Godsiff, Mr. Roger
Goggins, Paul
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom
Healey, John
Henderson, Mr. Doug
Hendrick, Mr. Mark
Heppell, Mr. John
Hesford, Stephen
Heyes, David
Hill, rh Keith
Hillier, Meg
Hodge, rh Margaret
Hodgson, Mrs. Sharon
Hoey, Kate
Hood, Mr. Jim
Hoon, rh Mr. Geoffrey
Hope, Phil
Hopkins, Kelvin
Hosie, Stewart
Howarth, rh Mr. George
Howells, Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Iddon, Dr. Brian
Irranca-Davies, Huw
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Lynne
Jones, Mr. Martyn
Jowell, rh Tessa
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Kelly, rh Ruth

Kennedy, rh Jane
Khan, Mr. Sadiq
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, Mr. David
Laxton, Mr. Bob
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Llwyd, Mr. Elfyn
Love, Mr. Andrew
Lucas, Ian
MacShane, rh Mr. Denis
Mactaggart, Fiona
Mahmood, Mr. Khalid
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Marshall, Mr. David
Marshall-Andrews, Mr. Robert
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonagh, Siobhain
McDonnell, John
McFadden, Mr. Pat
McFall, rh John
McGovern, Mr. Jim
McGuire, Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, Mr. Tony
Meacher, rh Mr. Michael
Meale, Mr. Alan
Merron, Gillian
Michael, rh Alun
Milburn, rh Mr. Alan
Miliband, rh Edward
Miller, Andrew
Mitchell, Mr. Austin
Moffat, Anne
Moffatt, Laura
Moran, Margaret
Morley, rh Mr. Elliot
Mountford, Kali
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
O'Hara, Mr. Edward
Olner, Mr. Bill
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Prescott, rh Mr. John
Price, Adam
Primarolo, rh Dawn
Prosser, Gwyn
Purnell, rh James
Rammell, Bill
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Riordan, Mrs. Linda
Robertson, Angus
Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Roy, Mr. Frank
Ruane, Chris
Ruddock, Joan
Russell, Christine
Salter, Martin
Seabeck, Alison
Sheerman, Mr. Barry
Sheridan, Jim
Simpson, Alan
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, Geraldine
Smith, rh Jacqui
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Taylor, David
Taylor, Dr. Richard
Thomas, Mr. Gareth
Thornberry, Emily
Timms, rh Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Truswell, Mr. Paul
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda
Ward, Claire
Wareing, Mr. Robert N.
Weir, Mr. Mike
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Williams, Hywel
Wills, Mr. Michael
Winnick, Mr. David
Winterton, rh Ms Rosie
Wishart, Pete
Wood, Mike
Woolas, Mr. Phil
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony

Tellers for the Noes:
Mr. Bob Blizzard and Mr. Dave Watts

Question accordingly negatived.

Question, That the proposed words be there added, *put forthwith, pursuant to Standing Order No. 31 (Questions on amendments), and agreed to.*

MADAM DEPUTY SPEAKER *forthwith declared the main Question, as amended, to be agreed to.*

Resolved,

That this House notes that since 1997 employment has risen to the highest level ever with 2.5 million more people in work, the number of workless households has fallen, the number of children in workless households has fallen, the number of children in non-decent homes has been cut by 1.4 million, child poverty has fallen by 600,000, pensioner poverty has fallen and educational attainment has risen for pupils from all social classes, across the board and at all key stages; further notes that this has happened because of a sustained strategy which includes the New Deal programme, Tax Credits, the National Minimum Wage, Sure Start, a National Childcare Strategy, programmes to improve parenting, Educational Maintenance Allowances and record investment in public services; and urges politicians of all parties to recognise the benefits of these reforms and not undermine them, support all children and work together to tackle the social challenges that the UK still faces through continued investment, engagement of individuals and communities, work with the voluntary sector and through an approach which recognises that the best way to build a fair society is through providing opportunities for all citizens, not just the few, to meet their aspirations.

BUSINESS OF THE HOUSE

Motion made, and Question put forthwith, pursuant to Standing Order No. 15 (Exempted business).

That, at this day's sitting, consideration of proceedings on the Corporate Manslaughter and Corporate Homicide Bill may be proceeded with, though opposed, until any hour.—*[Mark Tami.]*

Question agreed to.

Orders of the Day

Corporate Manslaughter and Corporate Homicide Bill

Lords Reasons for insisting on their Amendments to which the Commons have disagreed and for disagreeing to the Commons Amendment to the Bill in lieu, considered.

Lords Reasons Nos.: 2C, 3C, 5C, 6C and 10J.

7.17 pm

The Parliamentary Under-Secretary of State for Justice (Maria Eagle): I beg to move,

That this House insists on its disagreement with the Lords in their Amendments Nos. 2, 3, 5, 6 and 10, but does not insist on its Amendments 10F to 10I in lieu and proposes the following further Amendments to the Bill in lieu of Lords Amendments Nos. 2, 3, 5, 6 and 10: (a), (b), (c) and (d).

It falls to this House to consider the Bill again, as it was not settled by the other place earlier this week. That is a matter of regret. I have arrived at a late stage in its consideration, and I should like to begin by thanking my predecessor, my hon. Friend the Member for Bradford, South (Mr. Sutcliffe), for all the work that he did on it. I hope that this will be the last time that we need to debate it in this House.

Mr. Dominic Grieve (Beaconsfield) (Con): Will the hon. Lady give way?

Maria Eagle: I will, although I have barely begun my remarks.

Mr. Grieve: I welcome the Minister to the Dispatch Box in her new role. She said that she was troubled that the Bill had not been settled on the previous occasion. So are we, because we understood that an agreement had been reached that would enable it to go through the other place, swiftly come back here, and then move on to the statute book with everybody rejoicing. We now discover that the agreement that appeared to have been arrived at does not in fact exist. That will be the subject of this debate. I hope that when the Minister addresses the House she will explain why the suggestion that there should be acceptance of the inclusion of deaths in custody, and that there should be a long lead-in date, has been abandoned.

Maria Eagle: I thank the hon. Gentleman for his warm words of welcome. I am sorry to be a disappointment to him the first time that we meet across the Dispatch Box, but there we are. I will do my best in future to be as un-disappointing as I possibly can—commensurate, of course, with collective responsibility and Government policy. *[Interruption.]* We will no doubt get on to exclusions at some point during our debate.

It is not accurate, as far as I am aware, to say that there was an agreement. I notice that the hon. Member for Beaconsfield (Mr. Grieve) did not say that there was an agreement that had been broken; he said that there was an agreement that he thought was there, but which happened not to be. As far as I am aware, there has been no agreement. I still hope that we can continue, as the hon. Gentleman said, and get the Bill on to the statute book.

All parts of the House will be familiar with the fact that the issue that divides the elected House and another place, to which the hon. Gentleman referred, is what is the appropriate way for the Bill to deal with deaths in custody. The Government have considered the position extremely carefully. The hon. Gentleman was right, in the sense that the Bill was due to be debated in the other place on 2 July—but the debate there was postponed for a week, to provide for the new Government to consider the issue further. However, after that period of further reflection, and having given further careful thought to the concerns raised in this House and another place, the Government have concluded that we have gone far enough. The Government have offered considerable movement in response to the concerns that have been expressed.

Mr. David Winnick (Walsall, North) (Lab): I, too, welcome the Minister. It is unfortunate that she is making her maiden speech in her new role on such a controversial matter. In fact, Lord Ramsbotham said in the Lords that there had been an agreement that had been withdrawn. However, whether or not that is so, is she aware that some Labour MPs, including me, are very unhappy—I said that I was last time, and I remain so—that the Government will give no indication whatever of a time when the Prison Service will be included? I hope that my right hon. Friend the Secretary of State for Justice, who is listening, will before the end of this debate give further and serious consideration to the obvious concern felt by so many Members of both the Commons and the Lords.

Maria Eagle: I thank my hon. Friend for his intervention. I am, of course, aware of the great interest that he and others, in all parts of the House, have shown in this issue. Although until recently I was not the Minister dealing with it, I have had the great advantage of reading the *Hansard* reports of all the debates, so I am aware of the concerns that have been expressed, the interest that has been shown by hon. Members throughout the House and the points at issue. I can assure the House, including those who have expressed concerns and those who will no doubt speak later in the debate, that we have considered the issue further. The Government have offered considerable movement in response to the concerns that have been expressed. It would not be true to say that the Government have not moved.

Mr. Edward Garnier (Harborough) (Con): The Minister says that she has read the *Hansard* reports, and I am glad about that. If the Government are to be believed, it would seem that there is no issue of principle at stake, so what is the matter of practicality that inhibits the Government and prevents state custody from being brought within the corporate manslaughter regime?

Maria Eagle: The hon. and learned Gentleman anticipates my remarks. I shall deal with the points that he has raised shortly.

The Government have offered considerable movement in response to the concerns that have been expressed during the passage of the Bill. We have accepted the principle of the offence extending to custody, and provided a means in the Bill to bring that about. The Bill seeks to

[Maria Eagle]

deal with a specific problem in attaching liability for gross corporate negligence to a corporate body. It addresses that problem against the backdrop of a number of failed prosecutions of large corporations over the years, as hon. Members present know. The Bill seeks to improve the prospects for a manslaughter prosecution in cases of that nature.

In dealing with that problem, the scope and application of the offence have been considered carefully at all stages. In debates in Committee and on Report, this House considered whether the offence should apply more widely than just to corporate bodies, and be extended to certain unincorporated bodies. We have made those changes in response to the concerns that have been expressed and the application of the Bill has, in that sense, been widened. Debates have also considered the penalties available for the offence, and whether that aspect of the law should be improved. Again, the Bill makes advances in that direction, too, providing for an entirely new sort of sentence—a publicity order.

Mr. Garnier: Will the Minister give way?

Maria Eagle: I shall deal with the hon. and learned Gentleman's points in a moment.

From the outset, the Government have recognised that it would not be enough to apply the new offence to organisations in the private sector, and have tackled the principle of Crown immunity, making provision for the new offence to apply to Departments. But against that background, the Government have always been clear that it would not be right to apply the new offence to the exercise of certain public responsibilities. That position has been widely endorsed in both places, in most respects.

We have been prepared to reconsider that position in the light of the debates that have taken place in this House and the other place on the issue of deaths in custody, and we have offered considerable movement in response. I recognise that not all hon. Members accept that we have moved far enough, but they should accept that there has been movement. The amendments in lieu put forward by the Government explicitly recognise the principle of the Bill applying to deaths in custody, and set out a mechanism for bringing this about. That is absolutely right, and it represents considerable movement.

Nevertheless, there remain strong concerns about the practical implications of lifting Crown immunity. This brings us to the point that the hon. and learned Member for Harborough (Mr. Garnier) has raised. The prosecution of Government Departments will represent an entirely new departure, and there are significant questions about the consequences of extending the criminal law to the management and organisation of activities that involve a high degree of public policy, and responsibilities that fall uniquely on the state.

There has been a good deal of recognition that it would be right to provide more time to consider the extension of the offence to custody. In our view, the right way to balance these concerns against the desire to make progress is to provide for an order-making power in the Bill, and I urge the House once again to send a clear signal to the other place that we consider that that is the basis on which the Bill should be adopted.

Mr. Garnier: I am interested to hear what the Minister has to say, but I am not sure that the logic of her argument suits general Government policy. The Government have been quite happy, through the Attorney-General, to prosecute battalion commanders for ostensibly vicarious responsibility for offences allegedly committed by soldiers under their command in Iraq—*[Interruption.]* Someone from the other side of the Chamber says, "Rightly so." Why, then, is there any distinction in principle that would affect the practice that touches on deaths in custody? The Government cannot have it both ways. If the Minister is arguing that it is right in principle to do this, but not today, what is the difference that makes it right in principle tomorrow but not right in practice today?

Maria Eagle: I hear what the hon. and learned Gentleman is saying. I thought I had made it clear to the House that we have accepted the principle that the law could be extended—at the appropriate time—as those who object to putting the Bill on to the statute book without that extension have requested. However, there are large issues of practical application involved. It would not be correct for the Government to go ahead and agree to a timetable before we had had a chance to have a proper look at how the practical applications would impact on Departments and their functions.

Mr. Grieve: The more the hon. Lady goes on, the more I worried I get, because the original amendment, which provided for the introduction of this measure by statutory instrument at a later date, suggested that the Government had accepted the principle and that it was a matter of timing. Listening to her now, however, I am beginning to detect the signs that it is a matter of this year, next year, sometime, never. I suspect that the objections have come from the police—a matter that I shall comment on later—and that the resistance to this perfectly sensible proposal is now so great that the Government wish to duck out of it.

Maria Eagle: I would not accept that as a correct interpretation of what I am saying. The Government have clearly accepted the principle of the offence extending to custody, and we have provided a means in the Bill to bring that about. However, we think that the right way to balance the concerns of practicality against the desire to make progress is to provide for an order-making power in the Bill. I urge the House to support us on that, in order to send a clear signal to the other place that we consider that that is the basis on which the Bill should be adopted.

I would like briefly to explain a change in the drafting of the amendment in lieu before the House. The power to extend the offence applies slightly more widely than to those strictly in custody or detention, and includes people on specified premises. This ensures that the order-making power will be sufficiently wide to cover local authority secure accommodation where residents are not necessarily in custody, for example. It might also be desirable to cover certain other

circumstances that do not constitute custody, such as approved probation premises. The drafting of this aspect of the power has been improved, ensuring that it is clearly targeted. There is much that is good in this Bill.

Mr. Peter Bone (Wellingborough) (Con): Will the Under-Secretary give way?

Maria Eagle: I am about to conclude my remarks.

The Bill will set out a new basis for holding organisations to account for gross corporate negligence, and it will send out a clear message that the law will bear down hard on organisations that do not take their health and safety responsibilities seriously. The Bill has been a long time coming and many people are anxious to see it on the statute book. The Government have offered considerable movement to those who want to see the Bill extend to deaths in custody, opening the door to achieve that, but that is as far as the Government consider it right for the Bill to go. Therefore, I hope that on the basis of a further clear signal from the House today, the other place will recognise that the time has come to allow the legislation to pass on to the statute book.

7.30 pm

Mr. Dominic Grieve (Beaconsfield) (Con): I am sorry for the Minister, that her first outing at the Dispatch Box on such a matter should be so unsatisfactory. Listening to her reminded me of when my children were smaller, and engaged in what psychologists call displacement activity: when they are confronted with something about which they do not want to hear, they start parroting off about all sorts of other topics in the hope that we will be distracted from the main issue by their words. I listened to her tell us all about the merits of the Bill and how it was introduced to deal with large corporations, and all of that is very fine indeed.

As the Minister knows, if she has been properly briefed and has looked at the *Hansard* record, when this matter was dealt with in Committee, it was about as consensual a piece of legislation as it was possible to find. Everyone was willing to co-operate to ensure that the legislation worked in all areas—so it really is a subject of the deepest regret that we are now in ping-pong with the other place because of a major disagreement. Indeed, there must be a serious threat that the Bill could fall completely unless the Government decide to extend the time, which I believe expires on 19 July. The ball is very much in their court.

The Government's position is not only unjustifiable, but has become very unfortunate. There is no doubt that one of the problems we had was the rabid opposition of the previous Home Secretary to the idea of including deaths in custody. Having seen his intemperate behaviour at the Dispatch Box on the matter, and his intemperate words on the subject in general, I was hoping that with the arrival of the new Prime Minister and the right hon. Member for Blackburn (Mr. Straw), for whom I have the greatest possible respect, at the Ministry of Justice, some common sense would prevail at long last.

Indeed, last week, all the indications were—the Minister has confirmed this—that reason had at last prevailed, because, following representations in the other place, the date for the debate was moved. Lord Ramsbotham, who has been the great proponent of including deaths in custody, was informed that the Secretary of State for Justice was minded—and I emphasise that word—to include custody in the Bill and asked whether he would be happy if there were a delay while that was considered. Everyone, including myself, rejoiced that at long last we would have a sensible outcome. We expected the sensible outcome to be that the Government would say that they wanted a long lead-in time.

As the Minister will know, if she has read the *Hansard* reports of previous debates, we were prepared to agree a long lead-in time, because we accept that when a culture change is being brought about, with possibly rather recalcitrant organisations, providing time for them to prepare is very sensible. In fact, that agreement collapsed. I hazard the suggestion, to which I hope the Minister will respond, that the cause of the collapse came not from the Ministry of Justice but, interestingly enough, from the Home Office—and, I suspect, from the police. I regard that as a rather shameful matter.

Mr. Douglas Hogg (Sleaford and North Hykeham) (Con): I am worried that the opposition should have come from the police. Perhaps my hon. Friend will forgive my making this point: some 40 years ago, when I was practising at the criminal Bar—and on a separate occasion when I served as a special constable—I saw in custody unreasonable force being used on people who were detained by the police. It was not fatal in those cases, but it was undoubtedly serious, and the sort of thing that we must guard against.

Mr. Grieve: I agree with my right hon. and learned Friend. We have said it before, but it is worth repeating: 2,000 deaths occurred in custody of one form or another between 1995 and 2005. I am sure that many were inevitable, sad events, for which no one is to blame. However, there have also been 10 verdicts of unlawful killing in that period, and deaths have taken place in police custody that appear to be worrying and give rise to concerns that there has been at least gross negligence.

We are considering a legitimate subject for concern. In the circumstances, it is especially important to include deaths in custody in the corporate manslaughter regime. The Under-Secretary said that the measure was aimed at large corporations but, in the context of governmental organisations, the Prison Service and the police are exactly that. I am at a loss to understand how the national health service can be prosecuted for gross negligence and corporate manslaughter for the death of patients who take their own lives in mental hospitals, when the Prison Service, the police and other custodial environments are exempt, as special hospitals would be under the provisions.

Mr. Andrew Dismore (Hendon) (Lab): As the hon. Gentleman knows, I have taken a specific interest in this issue. I am worried by his suggestion that the opposition has shifted to the police, because they would probably find it easier to adapt to the new law than the Prison Service would. That is a serious allegation. Does he have any evidence, or is it based on supposition?

Mr. Grieve: I am aware of the problems of collective responsibility, but it would nevertheless be useful to have some clarification of the source of the objection. Last week, we understood that the Secretary of State for Justice was minded to accept the proposals, presumably with a long lead-in time. If I may say so, that was greatly to his credit. The impression that I derived from anecdotal evidence was that the objection came from the Home Secretary, who was repeating the objections that the previous Home Secretary had so emphatically made. However, the previous Home Secretary's objections were made when he was responsible for the police and the Prison Service, but the Secretary of State for Justice is now responsible for the Prison Service. Let us consider the matter logically: if the Home Secretary is making vociferous objections, the reason for that must lie in opposition from the police. I hope that the hon. Member for Hendon (Mr. Dismore), as a Government Back Bencher on an inside track, may have further information.

This is a question that we want answered. Where is the problem? If it is a question of a long lead-in time to give organisations time to adapt, the Secretary of State must know that he will find us conciliatory and willing to help; we always have been. However, listening to the Minister this evening I began to feel much more anxious that although the power may reach the statute book, it will only be able to be invoked by the Government, if they wish to do so.

Given that the instincts of the Secretary of State for Justice appear to be have been superseded by the views of others, I detect that in some quarters there is no intention of allowing the measure to appear on the statute book. I am convinced that it is needed and will contribute to exactly the same culture change for which the Government have argued so forcefully in respect of large corporations and their attitude to negligence. I am also convinced that, in most cases of unfortunate deaths in custody, nobody need worry about the possibility of prosecution. However, there will be some cases when prosecution is entirely justified.

Mr. Garnier: My hon. Friend seeks, in his polite and kind way, to acquit the current Secretary of State for Justice from the charge of objecting to the change in law that we require, and to heap the blame on the current Home Secretary and the previous Home Secretary, who had responsibility for both the police and prisons. However, bearing in mind the current dangerously overcrowded state of our prisons, and the fact that since January 2006 about 100 people have taken their own lives in the prison estate, might not the current Secretary of State for Justice and his Ministers of State be scared witless that if the Bill were adjusted to include responsibility for corporate manslaughter within the prison system, the Attorney-General could be knocking on their door with a summons?

Mr. Grieve: That is possible, although the initial reaction of the Secretary of State for Justice when he first came to office was—very encouragingly, as I have said—to ask for a delay while he considered something that I suspect he found quite reasonable. I am detecting that the right hon. Gentleman might be wanting to intervene; if so, I shall happily give way to him.

Maria Eagle: The hon. Gentleman is doing his best to provoke Government Front Benchers to engage in tittle-tattle about what he has heard might have gone on last week, following the postponement of a debate. The Government were prepared to consider further the serious issues raised during the course of these debates, which was a sensible course that shows a certain degree of flexibility. There was no agreement of the kind that the hon. Gentleman has speculated upon, and our conclusion was that the movement that had already been made was movement enough. The hon. Gentleman knows that he will not draw me into saying anything further than that.

Mr. Grieve: I would have thought that I could legitimately draw the hon. Lady into indicating where, among those who have custodial charge of individuals, the greatest objections to these proposals lay. That must be a legitimate question of debate, and it seems to me that it does not touch on collective responsibility at all. The Minister can answer that question, and I very much hope that she will do so at the end of the debate, or in response to my interventions or those of other hon. Members.

What I can say to the Minister is this: without the inclusion of deaths in custody, the Bill is seriously flawed. The other place has made its position crystal clear and it is, I believe, going to continue to send the Bill back to this House until reason prevails. The Government's position is unreasonable. I believe that many loyal Government supporters also believe it to be unreasonable. The Minister's current position worries me much more than when we first started this ping-pong process, because I am left with the uncomfortable sense that the promise made was an entirely hollow one. I urge the House to support the Lords amendments and to put the Bill on the statute book with deaths in custody included.

Mr. Dismore: I welcome my hon. Friend the Under-Secretary to her place on the Front Bench for this debate. I am afraid that it is rather a difficult job to pick up after such a long gestation.

It is important to recognise the concessions that the Government have made, the most important of which was to extend the Bill to include Crown immunity. I recall our debates over the issue of deaths in custody and I believe that the Government made some significant concessions, which we should acknowledge. The question is whether they go far enough.

The statutory powers of the prisons and probation service ombudsman are now in a Bill before the House, there is the review of the preventing deaths in custody forum, and the Government's proposals the Bill. Those are all very positive measures and are sufficient, from my point of view, to represent a compromise. Unfortunately, however, we are left with the question of the date. I am afraid that I have to agree with the House of Lords on that—and, indeed, with what the hon. Member for Beaconsfield (Mr. Grieve) had to say about it. I shall support the Government tonight, but with reluctance, because there is strong merit in the argument that we have heard.

To develop my earlier intervention, I would be very surprised if it was the police who raised the objections, as this issue has been floating about for some time. My

understanding all along was that the police were quite laid back about the extension of the Bill to them. I would be very surprised if their position had changed. The difficulty always was the Prison Service, and I recall that several years ago—long before this Bill came before the House—I had a meeting with the present Attorney-General, in her former guise as a Home Office Minister, to discuss plans for previous legislation. I later learned that everything had fallen apart because of the objections of the Prison Service even then—before we got into the sort of debates that we are conducting now.

I suspect that the problems still emanate from the Prison Service. If so, it is the wrong position for the service to adopt. A well-run prison has nothing to fear from the extension of the provisions covering deaths in custody to the Prison Service. A well-run Prison Service has nothing to fear from that either. The Bill is not about prosecuting people, but about acting as a deterrent to make sure that things are run properly in the first place. We know that the Bill would apply to only a very small number of cases and we hope to see a lever to improve standards, rather than prison managers being prosecuted, which is not the intention.

7.45 pm

If there has been a change, it may be because some people have misunderstood the Bill. It is about not individual liability, but management liability. There is no question of an individual prison officer or police constable facing prosecution under the Bill; the senior management would be held to account. Maybe some of the opposition stems from a misunderstanding of the Bill.

Mr. Bone: I have had representations from a senior manager in the health service who tells me that prison hospitals will be the responsibility of the health service and not the Prison Service, yet she cannot get changes made in prisons and keeps warning the service about that. If death in custody extends to the health service, those involved could be charged when the fault lies with the Prison Service, which has responsibility.

Mr. Dismore: The hon. Gentleman is right and highlights an important anomaly in the Bill. People in custody in a mental institution may not be prisoners—they probably will not have been convicted—but he makes an important point. The examples, while not identical, are similar.

We come now to the question of the date and there are lots of different ways in which this problem could be dealt with. We could change the wording of the Government amendment from "may" to "shall", which indicates an intention to legislate rather than a permissive power. That would make a significant difference. I would not even press for a date to be in the Bill. We are looking for a target date to which the Government will work to bring the Prison Service up to scratch. It would then know the date by which it has to be sure that it is dealing with the issues properly. A measure tabled along those lines would go a long way towards satisfying the other place. I know that Lord Ramsbotham suggested 1 January 2009, less than 18 months away. That is a rather ambitious timetable, but Ministers naming the day is more important than the specific date.

My hon. Friend should also resist the suggestion from the other place to extend the deadline for the Bill from 19 or 20 July. Frankly, I cannot see any point in that; either we resolve the issue or we do not, and extending the date will make no difference to the forceful arguments that have been made. We are getting to the constitutional limits of the debate and perhaps if the House finds the Government's case persuasive—sadly, I do not, but I will support the Government because of the reasonable concessions that have been made—the Lords will accept that the elected Chamber should prevail. The Government may win the vote but I do not think they have won the debate. I hope that even at this late stage, my hon. Friends will seek the sort of compromise that appeared to be on offer before.

Will my hon. Friend the Minister explain what Lord Ramsbotham meant when he said that an offer had been made and then withdrawn? What was that offer and why was it withdrawn? That is a serious point.

Mr. David Heath (Somerton and Frome) (LD): The hon. Member for Hendon (Mr. Dismore) has left us with a constitutional conundrum. He says that the will of this House must prevail and that that requires the confidence of this House in the Government's arguments. However, he has no confidence in their arguments and yet he will support them to demonstrate the will of the House. That suggests to me that the other place should pay more attention to the arguments in this House than to how it votes.

I should start by welcoming the Minister to her post. I regret that in her first outing she has to put such a tawdry argument to Members. I regret even more the Government's obstinacy in maintaining a position that has no logical credibility in terms of what they say they want to achieve. It betrays an unfortunate dog-in-the-manger attitude in the face of what has clearly been demonstrated to be broad support for both the Bill's general principles and the measure under discussion. Many Members felt when the right hon. Member for Airdrie and Shotts (John Reid) set down his heavy burden that there might be an opportunity for progress; we are disappointed that that is not the case.

The Government's position is to accept the arguments made in all parts of the House that death in custody should be part of the remit of the Bill—and they trumpet that as being a great concession—but then to say that they are not prepared to give any indication of when or if the part of the Bill applying to death in custody will ever be implemented. Therefore, the Government are in the same position as St. Augustine of Hippo—they want to be chaste, but not yet. What is the reason for that delay? What is the conceivable purpose in saying, "We think it is wrong to allow gross negligence of a corporate nature in the management of the prison or police services that results in death in custody when a duty of care should apply, but we will let a few people die in the meantime while we think about whether we will implement this measure?" That is, in stark terms, what the Government are saying. They are saying that they will accept a position where such corporate negligence

[Mr. David Heath]

is okay and they will not put a date on the implementation of the death in custody measures.

The point made by the hon. Member for Hendon is important. This is a corporate manslaughter Bill. It is not individuals who will be found wanting in the execution of their duty; it is management, policies and the structures that are in place. For how long must we expect to wait before an adjustment is made so that we have Prison Service policies that do not allow deaths in custody when they can be avoided by better management? What is the obstacle to the Government going ahead at the fastest speed possible to achieve that?

The Government say that they want to send a clear signal to the other place, but a clear signal is being sent to them. They should listen to what Back-Bench Labour Members have had to say, not only tonight but on every occasion. Has a single word been uttered from their Benches in support of their position? No, they have been roundly condemned by every contributor to the debate because their position is absurd.

The statutory basis for a prison ombudsman is welcome, but that measure is in a Bill that is yet to receive its Second Reading and which will be carried over into the next Session, when I am sure that there will be many other issues that will take a long time to discuss. Therefore, that is not an immediate mitigating factor.

We have offered a number of ways in which the Government could discharge their responsibilities in this respect. We have not said that this must be implemented tomorrow, or even next year. We said to the Government to name their date—any date. If they cannot put it in the Bill, they could just name a date in debate. They could say that they intend to ensure that our Prison Service and police service are in a state in which they are no longer grossly negligent in the execution of their duties by whatever date they choose—2009, 2010 or even 2020. If the Government named a date, the House would be satisfied. The obstinate refusal to name a date is what makes people so very irritated with the Government's position.

I wish to raise one specific issue about the amendment in lieu. I hope that the Minister will explain how we should construe the two parts of amendment (c). It is important that we have a clear statement in subsection (1) of the proposed new clause of the power to extend the meaning of "relevant duty of care". If that takes precedence over subsection (2), I have no problem. But if subsection (2) is a "however" section, so that even if subsection (1) were to be implemented, it could still be reduced in its effect by the exceptions and exemptions in subsection (2), we are no further forward. Can the Minister confirm that the power to extend is the first principle and that anything within subsection (2) is subordinate to subsection (1)? That is an important point, because it will tell us whether there is doublespeak even within the concessions that the Government propose today. I hope that the Minister will reply to that point.

The Government should have resolved this issue a long time ago. This is an absurd argument and a waste of everybody's time and effort. The concession has been made, so let us get on with it and get it implemented. If the Government cannot do it tonight, surely they will do it at the other end. If we reach 19 July and we still have not resolved the matter, the Government should come back with an extension. That would be absurd and unnecessary, but if it would achieve a resolution of this matter, please let us do it. The best thing we can do is ensure that this Bill, in its entirety, including the duty of care for those in custody, passes through both Houses of Parliament. It could do so tomorrow if the Minister would simply say the right words in responding to this debate.

Mr. Hogg: The Lords are entirely right. Perhaps the House will forgive me if I say that I have a little personal experience of such matters. Many years ago I was a police Minister, and for about 18 months to two years I was Minister for prisons. I have also been a special constable, and for the last 40 years off and on I have practised at the criminal Bar. As I said in an intervention on my hon. Friend the Member for Beaconsfield (Mr. Grieve), on at least two occasions when I was in the cells—once in my capacity as a special constable and again as a criminal barrister—I saw police officers using force of a wholly unacceptable kind. We know that it happens, and I have also dealt in chambers with cases in which unreasonable force was unquestionably used by police officers. When I was prisons Minister, I was very concerned by some of the standards of behaviour and systems that I saw. I am much reinforced in my view by the fact that Lord Ramsbotham, the former inspector of prisons, is such a strong advocate of this provision.

I shall not speak for long, as I know other hon. Members wish to speak, but I wish to make some general points. The first is that prisoners, whether in prisons or police cells, are in an extremely vulnerable position. There is very little outside monitoring and, often, very little outside concern. The truth is that, but for a small community of people, our fellow citizens do not care very much about what happens in prisons or police cells. They put it out of their minds. It is a terrible thing that that should be so, but it is so.

Death or injury in prison or police cells can happen for a variety of reasons. For example, it can happen because of a breakdown in systems. There is the person who is suicidal but not properly watched. There is the person suffering from drug withdrawal whose condition is not properly managed. That constitutes a serious breakdown in the system. Deaths can occur because of dangerous premises—for example, because the authorities, be they the police or the prison authorities, simply have not addressed properly the condition of the premises. Death or injury can occur by reason of the action of fellow prisoners against the deceased person, in cases where the police or the prison authorities should have guarded against that, but did not. Of course, deaths can also occur because police or prison officers act in an irresponsible and gross manner. In that latter category, it is certainly true that the individual officers concerned can be liable under the ordinary principles of common law, but if there has been insufficient supervision, the managers should be responsible as well.

8 pm

Given all that, I ask myself whether there is any reason of principle why public authorities should be

placed in a different situation from that of private authorities, and I say that there is no difference of principle of any kind. Indeed, this House has a particular duty to ensure that those in custody, and thus in the care of the state, are properly protected.

The Government say that they have come up with a compromise. The truth is that it is no proper compromise. I shall respond briefly to the point made by the hon. Member for Somerton and Frome (Mr. Heath) in that regard, and then I will sit down. There is no indication whatsoever of when the provision will be introduced. I agree with my hon. Friend the Member for Beaconsfield, in that I suspect that it will be a very long time in coming, if it comes at all. Secondly and differently, the hon. Member for Somerton and Frome is right in thinking that subsection (2) enables the Minister to "restrict or disapply" the exceptions. My own belief is that it is an additional and overarching measure that is not subordinate to subsection (1).

The effect of the "compromise", as it is described, is as follows. First, it does not have to be introduced at all. Secondly, through the application of proposed new subsection (2), the safeguard can be so restricted as to be no proper safeguard. That is no compromise. I have spoken for long enough, and I shall sit down as other Members want to speak.

Mr. Chris Mullin (Sunderland, South) (Lab): I welcome the Under-Secretary of State for Justice, my hon. Friend the Member for Liverpool, Garston (Maria Eagle), to her place this evening, even though she appears to have drawn the short straw. This is an otherwise thoroughly worthwhile Bill, and although I acknowledge that some progress has been made on this issue, I express disappointment at our being unable to resolve it. There is a great deal of good will in all parts of the House, and no one is making unreasonable demands.

It is hard to think of any good reason why the Prison Service and the police should be indefinitely exempt from the Bill's provisions. We all understand that there might be transitional difficulties and that some sort of timetable might therefore have to be set. However, we do not understand why it is not possible, as was said earlier, even to refer in debate to the kind of timetable that the Government have in mind, in order to put people's minds at rest. There is a suspicion that we have reached deadlock and that this is never going to happen unless it happens now. There is no better time than now to set out a timetable.

The problem in a nutshell is that we face a mighty vested interested—certainly in the case of the Prison Service. That mighty vested interest is going to be against its inclusion in the Bill's provisions now, next year, in five years' time, in 10 years' time or whenever the Government get round to trying to include it. Things will change for the better only when we have the political will to face it down. That is what Ministers are for, and what many of us on the Labour Benches are looking to Ministers for. I foresee that this will go on for a very long time, with no satisfactory resolution. I tell Ministers that there is no better time than the present to resolve the issue, at least in terms of setting some sort of timetable.

I shall support the Government in the Lobby tonight, because I want the Bill to go through. However, I want to place on record my disappointment that we have not been able to make more progress on the issue.

Mr. Garnier: I agree with what the hon. Members for Sunderland, South (Mr. Mullin) and for Hendon (Mr. Dismore) had to say about the arguments involved, although I am disappointed by their decision as to how they will vote. I think that Ministers would listen all the harder to what they have said, given their separate experience and reputations in this area, if they were to translate their arguments into votes against the Government this evening. I appreciate that that is a difficult thing for them to do, but the risk is worth while on occasions such as this.

I take this opportunity to welcome the Minister to her new post, and the Secretary of State for Justice and Lord Chancellor to his. I have met the Minister of State, Ministry of Justice, the right hon. Member for Delyn (Mr. Hanson), on a previous occasion and, although he may not want my welcome, I shall give it to him nonetheless.

The Minister of State, Ministry of Justice (Mr. David Hanson): We get on fine.

Mr. Garnier: We get on fine, but we would get on better if the Government would pay attention to what is said in the other place.

If the Government have accepted the principle that deaths in custody should come under corporate manslaughter, they should take another look at the Bill. Clause 1(1) describes the offence of corporate manslaughter, stating:

> "An organisation to which this section applies is guilty of an offence if the way in which its activities are managed or organised—
>
> (a) causes a person's death, and
>
> (b) amounts to a gross breach of a relevant duty of care owed by the organisation to the deceased."

As my hon. Friend the Member for Beaconsfield (Mr. Grieve) said—and he has said it probably two, three or four times now—not every death in custody will render the organisation to which we are referring liable for corporate manslaughter. There are plenty of accidental and self-inflicted deaths, as well as deaths by natural causes, in the custodial estate under the control of the Ministry of Justice, but they would never render it or its subordinate organisations liable for corporate manslaughter under the criminal law.

The Government therefore have no need to worry that a huge collection of criminal summonses will rain down on the Department and capture the Prison Service's director general and senior management. I suspect that only a very few cases will be caught by the law, and they will not only be of the type described by my right hon. and learned Friend the Member for Sleaford and North Hykeham (Mr. Hogg) from his previous experience. In cases such as he set out, in which a police officer goes over the top, that officer could be personally liable for assault, or something worse.

The number of cases is likely to be low, and the Government appear to have accepted the principle that corporate manslaughter should, at some date as yet unknown, cover prisons and other forms of involuntary custody. That leaves us with the task of working out the real reason why they want to push the

[Mr. Garnier]

date into the distant future. If we analyse what the Government have said, both here and in the other place, in an attempt to understand their responses to the arguments put to them, it is clear that there is no principle involved in their decision. There may be some element of political expediency, but that is not a principle to which our country's courts would be attracted, and it should not be described as such by a Minister of the Crown. As a politician, I fully accept that political expediency plays some part in how we organise our affairs, but to raise it to the level of a matter of legal principle is a mistake, and a mistake that the Government seem to make more and more often.

When the previous Government came to an end the other day and were replaced by what we were told would be a new, exciting and reforming Government, I hoped we would see some new, reforming and exciting applications of legislation, but we have merely seen the same tired old Ministers, reshuffled, coming up with the same tired old arguments that were introduced on the past several occasions. I am sorry, because I had thought better of the hon. Lady who is now dealing with the arguments on behalf of the Government, but I have to suggest that when she read out her speech she was reading it for the first time; if a woman of her calibre had thought about it more carefully—*[Interruption.]* The duty of the Whip is to keep quiet—occasionally to listen, and perhaps to learn, but to keep quiet. The duty of the Minister is to learn from experience and from the mistakes that the Government made in their previous guise—before the changeover from last time.

I shall stop, because I have been sufficiently clear and also because the member of the silent service sitting in front of me wants the Minister to do her best to respond. I hope she does, because she and the Government are in trouble if they do not learn the lessons that the other House has taught them and that this House is gently trying to persuade them to remember.

Maria Eagle: I was rather enjoying the hon. and learned Gentleman's speech until just before the end when he became somewhat condescending and patronising, but I shall try to take his remarks in the best possible way.

I want to respond to the points that have been made and I shall do my best to get through as many of them as possible. The hon. Member for Somerton and Frome (Mr. Heath) and the right hon. and learned Member for Sleaford and North Hykeham (Mr. Hogg) made some specific points about the wording of the amendment in relation to proposed subsection (2). To give proper effect to extending the custodial functions under clause 2, certain exemptions in the Bill need to be disapplied. The right hon. and learned Gentleman was correct when he said that proposed subsection (2) provides for exemptions to be disapplied, but it does not provide for exceptions to be made to the forms of custody to which clause 2 is extended. Proposed subsection (2) provides no power to restrict the duties to which the offence is extended under proposed subsection (1). I hope that that assists the right hon. and learned Gentleman and the hon. Member for Somerton and Frome to understand the precise wording of the amendment.

The hon. Member for Beaconsfield (Mr. Grieve) tempted me in many ways to speculate about precisely who had said what to whom and who was in favour of or against the extension.

Mr. Grieve: I do not want speculation. I would like the House to know where the problem lies, because plainly there is one or the Government would have implemented the provisions immediately. Is the problem with the Prison Service, the police, some other organisation or the bureaucrats in the Departments? Who are the people saying that the Government should give no finite date for the implementation of the provision?

8.15 pm

Maria Eagle: All Members should remember that the Government have accepted the principle of the offence extending to custody and have provided a means in the Bill to bring that about. There are always practical difficulties. We are ending Crown immunity for the first time, so organisations will have to deal with significant changes. It is not sensible to try to rush such things.

A number of organisations responsible for custody have publicly expressed concerns about the extension of the offence. The Government clearly set out their views during the pre-legislative scrutiny of the Bill. The Association of Chief Police Officers expressed similar concerns in its evidence. Therefore, concerns have been publicly expressed on the record during the progress of the Bill from its draft stage through to the ping-pong that we are now engaged in. I do not wish to go any further than saying that.

The hon. Member for Wellingborough (Mr. Bone) made some points about deaths in prison hospitals that I want to reply to. The offence as it is currently set out applies to the supply of services, which would include the supply of medical treatment where a death relates to gross corporate negligence in the provision of that treatment. The offence would apply wherever the death occurs, whether in prison or otherwise. To that degree, I hope that I can reassure him.

What the Bill excludes is the exercise of certain uniquely public functions, such as the management of prisoners in custody. However, we have not said that we will never extend the Bill in the way that hon. Members on both sides have indicated that they would like us to. We want to do things properly and in the right way. We need to make sure that we do that. Now is not the time to put a stop to the Bill in total.

It being one hour after the commencement of proceedings, MR. DEPUTY SPEAKER *put forthwith the Question already proposed from the Chair, pursuant to Order [16 May].*

The House divided: Ayes 263, Noes 143.

Division No. 179] **[8.16 pm**

AYES

Abbott, Ms Diane	Anderson, Janet
Ainger, Nick	Austin, Mr. Ian
Allen, Mr. Graham	Austin, John

Bailey, Mr. Adrian
Baird, Vera
Balls, rh Ed
Banks, Gordon
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Benn, rh Hilary
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Blunkett, rh Mr. David
Borrow, Mr. David S.
Bradshaw, Mr. Ben
Brennan, Kevin
Brown, Lyn
Brown, rh Mr. Nicholas
Browne, rh Des
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, rh Andy
Byers, rh Mr. Stephen
Byrne, Mr. Liam
Cabom, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Ronnie
Caton, Mr. Martin
Cawsey, Mr. Ian
Challen, Colin
Chapman, Ben
Chaytor, Mr. David
Clapham, Mr. Michael
Clelland, Mr. David
Coaker, Mr. Vernon
Coffey, Ann
Connarty, Michael
Cook, Frank
Cooper, Rosie
Cooper, Yvette
Cousins, Jim
Crausby, Mr. David
Cruddas, Jon
Cryer, Mrs. Ann
Cunningham, Mr. Jim
Cunningham, Tony
Darling, rh Mr. Alistair
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Quentin
Dean, Mrs. Janet
Devine, Mr. Jim
Dismore, Mr. Andrew
Dobbin, Jim
Dobson, rh Frank
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Engel, Natascha
Ennis, Jeff
Etherington, Bill
Fisher, Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, Caroline
Flynn, Paul
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gardiner, Barry
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gilroy, Linda
Godsiff, Mr. Roger
Goggins, Paul
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hanson, rh Mr. David
Harman, rh Ms Harriet
Healey, John
Henderson, Mr. Doug
Hendrick, Mr. Mark
Heppell, Mr. John
Hesford, Stephen
Heyes, David
Hill, rh Keith
Hillier, Meg
Hodge, rh Margaret
Hodgson, Mrs. Sharon
Hood, Mr. Jim
Hoon, rh Mr. Geoffrey
Hope, Phil
Hopkins, Kelvin
Howarth, rh Mr. George
Howells, Dr. Kim
Hoyle, Mr. Lindsay
Humble, Mrs. Joan
Iddon, Dr. Brian
Irranca-Davies, Huw
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Martyn
Jowell, rh Tessa
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Kelly, rh Ruth
Kennedy, rh Jane
Khan, Mr. Sadiq
Kidney, Mr. David
Killoyle, Mr. Peter
Knight, Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, Mr. David
Laxton, Mr. Bob
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Love, Mr. Andrew
Lucas, Ian
MacShane, rh Mr. Denis
Mactaggart, Fiona
Mahmood, Mr. Khalid
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Marshall, Mr. David
Marshall-Andrews, Mr. Robert
McAvoy, rh Mr. Thomas
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McDonagh, Siobhain
McFadden, Mr. Pat
McFall, rh John
McGovern, Mr. Jim
McGuire, Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, Mr. Tony
Meale, Mr. Alan
Merron, Gillian
Michael, rh Alun
Milburn, rh Mr. Alan
Miliband, rh Edward
Miller, Andrew
Mitchell, Mr. Austin
Moffat, Anne
Moffatt, Laura
Moon, Mrs. Madeleine
Moran, Margaret
Morley, rh Mr. Elliot
Mountford, Kali
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Hara, Mr. Edward
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Prentice, Bridget
Prentice, Mr. Gordon
Prescott, rh Mr. John
Primarolo, rh Dawn
Prosser, Gwyn
Purnell, rh James
Rammell, Bill
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Riordan, Mrs. Linda
Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Roy, Mr. Frank
Ruane, Chris
Ruddock, Joan
Russell, Christine
Salter, Martin
Sheridan, Jim
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, Geraldine
Smith, rh Jacqui
Snelgrove, Anne
Souleby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Taylor, David
Thornberry, Emily
Timms, rh Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Truswell, Mr. Paul
Turner, Mr. Neil
Vaz, rh Keith
Walley, Joan
Waltho, Lynda
Wareing, Mr. Robert N.
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Wills, Mr. Michael
Winnick, Mr. David
Winterton, rh Ms Rosie
Woolas, Mr. Phil
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony

Tellers for the Ayes:
Alison Seabeck and Claire Ward

NOES

Afriyie, Adam
Amess, Mr. David
Bacon, Mr. Richard
Baker, Norman
Baldry, Tony
Baron, Mr. John
Bellingham, Mr. Henry
Bercow, John
Beresford, Sir Paul
Bone, Mr. Peter
Boswell, Mr. Tim
Bottomley, Peter
Breed, Mr. Colin
Browne, Mr. Jeremy
Burns, Mr. Simon
Burrowes, Mr. David
Burt, Lorely
Cable, Dr. Vincent

Carmichael, Mr. Alistair
Carswell, Mr. Douglas
Chope, Mr. Christopher
Clark, Greg
Clarke, rh Mr. Kenneth
Clifton-Brown, Mr. Geoffrey
Cox, Mr. Geoffrey
Davies, Philip
Djanogly, Mr. Jonathan
Dorrell, rh Mr. Stephen
Duncan, Alan
Dunne, Mr. Philip
Ellwood, Mr. Tobias
Evans, Mr. Nigel
Evennett, Mr. David
Fabricant, Michael
Fallon, Mr. Michael
Field, Mr. Mark
Foster, Mr. Don
Gale, Mr. Roger
Garnier, Mr. Edward
Gauke, Mr. David
Gibb, Mr. Nick
Goldsworthy, Julia
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gove, Michael
Gray, Mr. James
Grayling, Chris
Green, Damian
Greenway, Mr. John
Grieve, Mr. Dominic
Hammond, Mr. Philip
Hancock, Mr. Mike
Harris, Dr. Evan
Harvey, Nick
Heald, Mr. Oliver
Heath, Mr. David
Heathcoat-Amory, rh Mr. David
Hemming, John
Hendry, Charles
Herbert, Nick
Hoban, Mr. Mark
Hogg, rh Mr. Douglas
Hollobone, Mr. Philip
Holloway, Mr. Adam
Horam, Mr. John
Horwood, Martin
Hosie, Stewart
Howarth, David
Hunt, Mr. Jeremy
Hurd, Mr. Nick
Jones, Mr. David
Key, Robert
Kirkbride, Miss Julie
Knight, rh Mr. Greg
Kramer, Susan
Lancaster, Mr. Mark
Letwin, rh Mr. Oliver
Liddell-Grainger, Mr. Ian
Loughton, Tim
Mackay, rh Mr. Andrew
Main, Anne
Malins, Mr. Humfrey
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Miller, Mrs. Maria
Moore, Mr. Michael
Mulholland, Greg
Murrison, Dr. Andrew
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Öpik, Lembit
Osborne, Mr. George
Paice, Mr. James
Paterson, Mr. Owen
Pelling, Mr. Andrew
Penning, Mike
Pickles, Mr. Eric
Prisk, Mr. Mark
Pritchard, Mark
Pugh, Dr. John
Randall, Mr. John
Robathan, Mr. Andrew
Robertson, Angus
Robertson, Hugh
Robertson, Mr. Laurence
Robinson, rh Mr. Peter
Rosindell, Andrew
Ruffley, Mr. David
Russell, Bob
Sanders, Mr. Adrian
Scott, Mr. Lee
Selous, Andrew
Shepherd, Mr. Richard
Simpson, Alan
Simpson, Mr. Keith
Smith, Sir Robert
Spicer, Sir Michael
Spink, Bob
Spring, Mr. Richard
Steen, Mr. Anthony
Streeter, Mr. Gary
Stuart, Mr. Graham
Swayne, Mr. Desmond
Taylor, Dr. Richard
Tredinnick, David
Tyrie, Mr. Andrew
Viggers, Peter
Villiers, Mrs. Theresa
Walker, Mr. Charles
Wallace, Mr. Ben
Walter, Mr. Robert
Watkinson, Angela
Weir, Mr. Mike
Whittingdale, Mr. John
Wiggin, Bill
Williams, Hywel
Willis, Mr. Phil
Willott, Jenny
Wilshire, Mr. David
Wilson, Mr. Rob
Winterton, Ann
Winterton, Sir Nicholas
Wright, Jeremy

Tellers for the Noes:
Mr. Richard Benyon and Mr. Crispin Blunt

Question accordingly agreed to.

DELEGATED LEGISLATION

Mr. Deputy Speaker (Sir Michael Lord): I propose to put together the Questions on the two terms and conditions of employment motions.

Motion made, and Question put forthwith, pursuant to Standing Order No. 118(6) (Delegated Legislation Committees),

TERMS AND CONDITIONS OF EMPLOYMENT

That the draft National Minimum Wage Act 1998 (Amendment) Regulations 2007, which were laid before this House on 7th June, be approved.

That the draft National Minimum Wage Regulations 1999 (Amendment) Regulations 2007, which were laid before this House on 4th June, be approved.—*[Mr. Alan Campbell.]*

Question agreed to.

EUROPEAN DOCUMENTS

Motion made, and Question put forthwith, pursuant to Standing Order No. 119(9)(European Standing Committees),

PRELIMINARY DRAFT BUDGET

That this House takes note of the unnumbered Explanatory Memorandum from HM Treasury dated 6th June 2007 relating to the Preliminary Draft Budget of the European Communities for the year 2008; and supports the Government's efforts to maintain budget discipline in the Communities.—*[Mr. Alan Campbell.]*

Question agreed to.

DELEGATED LEGISLATION

Ordered,

That the Motion in the name of Ms Harriet Harman relating to the Electoral Commission shall be treated as if it related to an instrument subject to the provisions of Standing Order No. 118 (Delegated Legislation Committees) in respect of which notice has been given that the instrument be approved.—*[Mr. Alan Campbell.]*

PETITIONS

Health Services (Broxbourne)

8.31 pm

Mr. Charles Walker (Broxbourne) (Con): It gives me great pleasure to present this massive petition containing 16,243 signatures collected by the great men and women of the constituency of Broxbourne door to door and on the forecourt of Tesco. Each name contained in the petition represents someone expressing their concern about the scaling back of health services in Enfield, north London and the county of Hertfordshire. The petitioners fear that these cuts will worsen health inequalities in the constituency, where outcomes are already behind those in the leafier part of the county.

The Petitioners therefore request that the House of Commons urge the Secretary of State for Health to use his powers to reverse the continued scaling back of health care provision at Chase Farm Hospital and across the County of Hertfordshire and asks that he visits the constituency of Broxbourne at his earliest opportunity in order to address residents' concerns.

And the Petitioners remain, etc.

To lie upon the Table.

Planning Policy (Bournemouth)

8.32 pm

Mr. Tobias Ellwood (Bournemouth, East) (Con): I present a petition of more than 4,000 signatures from the people of Bournemouth, East, who are concerned about the pace of development and the effect that that is having on the character of our town. I apologise for the absence of my hon. Friend the Member for Bournemouth, West (Sir John Butterfill) who, I understand, is also collecting signatures.

Our concern is not with developers per se, but with the limited powers of local authorities to ensure appropriate and managed development. Powers have shifted from the town hall to the South West regional assembly, which is imposing unrealistic development targets—a situation exacerbated over the past four years by a Liberal Democrat council that has failed to resist those targets, allowing more than 1,000 dwellings to be built every single year.

I hope that the Secretary of State for Communities and Local Government will reconsider the impact that present planning policy is having on our town, introduce legislation to protect back gardens from overdevelopment, place more emphasis on supporting off-street parking facilities and ensure that Bournemouth's green belt and the flood plains are not threatened.

To lie upon the Table.

Darfur

8.33 pm

Bob Spink (Castle Point) (Con): I have presented many petitions in the House. They are an important constitutional right and a way to improve public engagement in politics and strengthen our democracy. They are all important, but few are as pressing, well conceived and moving as the petition that I now have the honour to present. It was compiled by students who are typical of young people today, and I urge the media to portray them more positively.

The petition states:

To the House of Commons

The petition of Hannah Marshall, Elliott Ward and students of the Anglo European School and of the South East declares that the children and young people of Britain are the future of this country and want a future without violence and unnecessary suffering, bred by inequality, believe that genocide in Darfur should be tackled more appropriately by the UK and other nations, and that this genocide should be more widely publicised, and further declares that there are over 20 million refugees in the world, many of whom are children or young people, like the petitioners, but many of whom do not have a family or even a country and need our help as their brothers and sisters.

The petitioners therefore request the House of Commons to urge the Government to take a more positive role in bringing attention to the Darfur genocide, in helping those refugees in need in Darfur, and in getting a solution to the political and security problems and giving appropriate aid so issues are dealt with in a sustainable manner.

And your Petitioners remain, etc.

To lie upon the Table.

Falkland Islands

Motion made, and Question proposed, That this House do now adjourn.—*[Mr. Alan Campbell.]*

8.35 pm

Andrew Rosindell (Romford) (Con): In this the 25th anniversary year of the British liberation of the Falkland Islands, I am grateful to you, Mr. Deputy Speaker, for giving me this opportunity to speak before the House about the islands, and in so doing to remember that victorious day on 14 June 1982 when the Union flag was once again raised above Stanley following the surrender of Argentine forces who had illegally occupied British territory. As well as reflecting on the events of 1982, I should like to highlight the importance of the Falkland Islands to the United Kingdom today as a British overseas territory, and also the enormous progress that the Falkland Islands have made in economic development a quarter of a century after the conflict ended.

On 2 April 1982, the Falkland Islands were illegally invaded by Argentina on the orders of the ruling military regime in Buenos Aires. As hon. Members will recall with pride, that invasion was defeated by a taskforce of brave men and women from Her Majesty's armed forces, sent to liberate the islands by Prime Minister Margaret Thatcher, who instinctively knew that it was Britain's moral duty to free the islanders. She never doubted that victory and liberation would be achieved by Britain's courageous fighting men and women. It was because of Mrs. Thatcher's decisive, measured and unwavering resolve that the loyal British subjects of the Falkland Islands are today able to live in freedom and continue to call themselves British, as all Falkland islanders do with immense passion.

Britain's victory in the South Atlantic not only restored freedom to the Falkland Islands but directly led to democracy in Argentina, which then spread throughout Latin America. It also restored our nation's self-confidence. I could not put it better than to quote the words of Lady Thatcher:

"The members of our Task Force restored our nation's spirit, they restored our nation's standing, and they gave us back our nation's sense of pride and purpose. We remember them. We salute them."

Those British troops who made the ultimate sacrifice did so protecting British people—just like you and me, Mr. Deputy Speaker—who, although 8,000 miles away in the South Atlantic, are our kith and kin and had every right to expect Her Majesty's Government to come to their rescue, which they did so gallantly. I also pay tribute to all the personnel who serve today on the islands at Mount Pleasant airbase, continuing to defend the territory 365 days a year.

I welcome the fact that all Governments since the 1982 conflict have upheld the rights of the people of the Falkland Islands to remain British and consistently refused to discuss the sovereignty of the islands with Argentina. I am grateful to Her Majesty's Government for remaining steadfast and urge them to continue to rebuff all the hostile and illegitimate claims of the Government of the Argentine Republic.

I am proud to serve as secretary of the all-party Falkland Islands group under the splendid chairmanship of my hon. Friend the Member for Macclesfield (Sir

[Andrew Rosindell]

Nicholas Winterton). In that capacity, I have been privileged to attend many ceremonies and commemorative events over the past month to mark this important 25th anniversary. Most particularly, they have included the liberation day commemoration hosted by the Falkland Islands Government at Lincoln's Inn, the dinner hosted by the lord mayor of London at the Guildhall in the presence of Lady Thatcher and, of course, the official Falklands 25 commemoration at Horse Guards parade on Sunday 17 June. Her Majesty's Government should be commended on the organisation of such a great occasion.

All those commemorative events and many others held this year have rightly shown a sense of jubilation and celebration for the Falkland islanders, in being able to determine their own sovereign path. Those events have also provided a fitting opportunity to remember those 255 magnificent British soldiers, sailors, airmen and civilians who, tragically, lost their lives in the conflict of 25 years ago. We should also not forget the sad loss of life endured by Argentine forces, all of which could have been avoided if the Government of Buenos Aires had chosen the path of democracy, rather than illegality and aggression.

Today, the Falkland Islands are a modern, self-confident and prosperous land, proud of their status as a territory of the United Kingdom and determined to uphold their right to choose to remain under the Crown, but increasingly self-assured in running their own affairs and making their own decisions about the future development of the islands. I pay tribute to the Falkland Islands Legislative Council and all its elected Members. They are making great strides in securing economic prosperity and a modern economy for the islands, as well as embarking on many forward-looking policies to develop them for trade, fishing and tourism, while ensuring the protection of the environment and wildlife that lives in abundance on the Falkland Islands.

I should also like to put on the record my thanks to the Falkland Islands Government representative in the United Kingdom, Miss Sukey Cameron MBE, who works tirelessly to promote the interests of the islands here in London and ensures that the Falkland Islands are never forgotten by hon. Members in all parts of the House. The Falkland Islands Association also continues to do sterling work in supporting the Falkland Islands, under the chairmanship of David Tatham CMG, who served as Governor of the Falkland Islands between 1992 and 1996. Every year in December, I attend the Falkland Islands battle day parade at the Cenotaph in Whitehall organised by the association, and I thank it for all the wonderful work that it does.

Now that we have celebrated Falklands 25, I hope that we can also celebrate the Falkland Islands as they are today—a modern democratic society, thriving on the fruits of its own ingenuity and enterprise—and that we in the House, together with Her Majesty's Government, can all support the islands as they grow and develop in the future.

I have been lucky enough to visit the Falkland Islands on two occasions, the most recent of which was in 2005, when I travelled to the south Atlantic as part of my tour of duty with the Royal Air Force and the armed forces parliamentary scheme. On both occasions I could not fail to be struck by one unique feature of the Falkland Islands: the nature and the magnificent wildlife of land, sea and air. I am sure that hon. Members are aware of my keen interest in wildlife, conservation and animal welfare.

With that in mind, I should like to draw the Minister's attention to a project that is under way on the Falkland Islands. Falklands Conservation needs help with an exciting project to establish a wildlife centre in the heart of the islands' capital, Stanley. A permanent home for Falklands Conservation in this special year is, I believe, an appropriate and positive initiative, which will provide a real and lasting benefit to the islands.

Falklands Conservation hopes to expand and capitalise on the growing tourist economy that the islands are enjoying. People from across the globe are attracted to the islands by their natural beauty and exceptional wildlife. While such an active, growing and thriving tourist economy is welcome, we must consider the implications of a developing industry for future generations.

I ask the Minister to meet representatives of Falklands Conservation to discuss how Her Majesty's Government might be able to provide assistance to the islands and help in the development of this excellent project. I believe that a wildlife centre in Stanley of the kind sought by Falklands Conservation could provide the necessary base where tourists, visitors, scientists, naturalists, schoolchildren and the islanders themselves could work together in the best interests of conservation throughout the Falklands.

One project spearheaded by Falklands Conservation is the albatross protection programme. The Falkland Islands hold the world's largest breeding population of black-browed albatross, as I am sure the Minister is aware. Sadly, however, many of these majestic birds are being killed by long-line fishing. In fact, so many have died as a result of that industry that they are now listed by Birdlife International as an endangered species. The Falklands fishing industry is doing its best to reduce its impact on this migrating bird, and has dramatically cut the mortality rate in Falklands territorial waters, for which it should be commended. Falklands Conservation needs to undertake long-term studies to discover more about the scale of this problem and pinpoint where it is occurring. I urge the Minister to work with it and other international groups to reduce illegal fishing in the south Atlantic and to encourage fishing nations in the locality to adopt proven mitigation methods and legal practices under international guidelines, for the sake of protecting the species.

May I also ask Her Majesty's Government to work with local conservationists on the islands to help to promote and protect the indigenous penguin population? In particular, there has been a significant decline in the number of rockhopper penguins, whose numbers on the island today are only a fraction of those of a century ago. This is especially worrying when we consider that the Falkland Islands still have the world's largest concentrations of rockhopper and gentoo penguins.

I am sure that the Minister is well aware of the change in the law that has rightly strengthened the position of Falklands fishing companies by allocating 25-year licences, thus allowing attractive investment opportunities over the long term, especially in the

lucrative Asian markets, where certain types of squid are extremely popular and toothfish can fetch up to £20 per kilo.

I am glad to say that further investment in the islands' future appears likely. The prospect of oil and development drilling work now appears to be on its way. This is a positive step, and I commend the Falkland Islands Government on their decision not to allow any future prospecting to distort the islands' natural beauty, wildlife or conservation projects by insisting that any oil must be loaded offshore.

It is unfortunate that I should have to return to the issue of Argentina's false and illegal claims to sovereignty of the islands. Given the forthcoming presidential elections in Argentina, however, hot air is rising out of Buenos Aires again, which has made the Falkland Islands a topic of debate in Argentina once more. An example of this can clearly be seen in the decision to bar any company fishing in Falklands territorial waters from trading with Argentina. I hope that the Minister will reassure the House and the islanders that Her Majesty's Government will not in any circumstances enter into any discussions or debate with the present, or any future, Argentine Administration on the subject of sovereignty. Furthermore, does the Minister agree that the Falkland Islands flag should be flown on Horseguards Parade every year for trooping the colour, alongside those of Commonwealth nations? Sadly, it was absent on 16 June 2007, even in this 25th anniversary year.

Does the Minister agree that a Falkland Islands representative should be invited to lay a wreath at the Cenotaph in Whitehall on Remembrance Sunday each year, alongside representatives from the other British overseas territories and Commonwealth nations, to mark their valuable contribution and to remember those who lost their lives in the protection of Her Majesty's realms and territories?

I hope that the Minister accepts that those two small gestures would send a positive signal from Her Majesty's Government to the people of the Falkland Islands, and a clear message of pride and patriotism to those who seek to undermine the British Falkland islanders' right to self-determination, their right to remain subjects of the Crown and their right to have the same liberties and freedoms that we, as residents of the British isles and United Kingdom, cherish and defend.

8.51 pm

The Parliamentary Under-Secretary of State for Communities and Local Government (Meg Munn): I begin by congratulating the hon. Member for Romford (Andrew Rosindell) on securing this debate and I commend his efforts to maintain the profile of the UK's overseas territories.

As the hon. Gentleman outlined, in recent months the Falkland Islands have been very much in our minds. The 25th anniversary provided a fitting opportunity for us to remember the determined efforts of our armed forces in 1982, and the sacrifices of those who gave their lives to restore freedom, democracy and the right to self-determination to the islands. It also provided an opportunity for Falkland islanders to demonstrate to the world their successful development of the islands over the past 25 years, exactly as the hon. Gentleman described. As he will know, the Falkland Islands Government held a well-attended showcase conference in London in April, and I am pleased that my hon. Friend the Member for Pontypridd (Dr. Howells), in his capacity as Minister of State at the Foreign and Commonwealth Office, was able to attend and set out again the Government's commitment to the islands.

More recently, my right hon. Friend the Member for East Kilbride, Strathaven and Lesmahagow (Mr. Ingram), former Minister of State at the Ministry of Defence, had the opportunity to see matters at first hand when he visited the islands last month.

The Falkland Islands today are a modern, thriving society—self-sufficient in all matters except the cost of defence. The islands have developed a sustainable fisheries industry, tourism continues to grow and the prospect of a hydrocarbons industry remains real. I might return to that point if time allows.

The economy has been carefully managed by successive Falkland Island Governments. Revenues have been put to good use in the development of education and health services, roads and communications, and most recently a wind farm, which will provide 20 per cent. of the islands' energy requirements. It is regrettable that the Argentine Government continue to put economic pressure on the islands and political pressure on the UK in an attempt to force us to negotiate sovereignty. That will not work. Our position is clear: we support the islanders' right to self-determination and we will not discuss sovereignty unless and until they wish.

However, we are keen to foster a constructive relationship with Argentina in the south Atlantic. We have made practical proposals to strengthen the mandate of the South Atlantic Fisheries Commission, including renewing efforts to establish a multilateral high seas fisheries arrangement in the region, in line with best international practice on sustainable fisheries. We have continued our joint work on de-mining, undertaking a feasibility study, and we expect to publish the final report soon. Falkland Islands councillors have agreed that members of the families of Argentine armed forces who fell can hold a special commemorative event at the Argentine cemetery at Darwin later this year.

I thank the hon. Gentleman for his kind comments about the work of the Government and all those who put effort into the UK commemorations. They provided an opportunity for us to commemorate the conflict in a fitting and respectful manner, remembering the fallen on both sides. We are delighted that a national commemorative event held on Horse Guards Parade on 17 June was attended by more than 10,000 veterans and members of their families, and that it was watched by 2.3 million viewers on television. The live video link to commemorations on the islands was especially poignant and the weather at San Carlos served as a reminder to us all of the conditions that our forces faced in 1982.

The hon. Gentleman asked about flying the Falklands flag, and I am informed that it is not our practice to fly the flags of any of our overseas territories.

The South Atlantic Medal Association 82 and Combat Stress organise opportunities for British veterans to return to the Falkland Islands. In 2007, approximately 200 veterans will be able to travel, with priority given to those who have not been back to the Falklands. The pilgrimage will take place in November,

[Meg Munn]

during the Falklands summer, and I am pleased that my hon. Friend the Under-Secretary of State for Defence will accompany veterans.

As the hon. Gentleman said, it is important to remember that the Argentine people also suffered heavy losses in the conflict. We extended an invitation to Argentina to join a separate commemorative event in London, on a date that was acceptable to both parties. We regret that the invitation was declined. We have now, with the agreement of the Falkland Islands Government, offered members of families of the Argentine armed forces who fell in 1982 the opportunity to travel to the islands towards the end of 2007 to hold a private commemorative event at the Argentine cemetery in Darwin.

The hon. Gentleman mentioned several industries that now exist in the Falkland Islands, including the Falkland Islands fisheries. Since opening the conservation zones in the waters around the Falkland Islands in 1987, the Falkland Islands Government have developed one of the world's best managed and most sustainable fisheries. Islanders hold long-term property rights for maritime resources and have established joint ventures with partners across the world to catch illex and loligo squid and fin fish. Revenues from fisheries now account for more than 40 per cent. of the GDP of the Falkland Islands.

The hon. Gentleman asked specifically about Falklands Conservation, which works specifically with the Falkland Islands Government to safeguard the unique environment of the islands. We support the project through the overseas territories environment programme fund and I am happy to receive representatives to discuss that. Indeed, tomorrow, I am meeting some Falkland Island councillors and will happily discuss any issues in more detail.

The hon. Gentleman asked about hydrocarbons. Seven companies currently hold licences for the second round of oil exploration that is under way in the waters around the Falkland Islands. One of those companies is now in a position to commence exploratory drilling and hopes to secure a rig soon. We support the offshore prospecting policy pursued by the Falkland Islands Government, which is entirely consistent with the United Kingdom's sovereignty over the Falkland Islands.

I reassure the hon. Gentleman and all hon. Members that the Government take seriously their responsibilities to the overseas territories. We are committed to their security, good governance and economic and social development. We have no doubt about our sovereignty over the Falkland Islands and we will continue to uphold the right of Falkland islanders to self-determination. At the same time, despite potential diplomatic challenges, we will continue to look for opportunities for co-operation between the islands and their neighbours in South America.

Falkland islanders can be proud of their achievements. The sustainable way in which they have developed the islands is an example to us all. If the islands continue to develop confidently and sustainably, islanders should be optimistic about the future.

Question put and agreed to.

Adjourned accordingly at two minutes to Nine o'clock.

House of Commons

Thursday 12 July 2007

The House met at half-past Ten o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

Oral Answers to Questions

TREASURY

The Chancellor of the Exchequer was asked—

Tax Credits

1. **Sir John Butterfill** (Bournemouth, West) (Con): What estimate he has made of the likely change in the number of people who will claim tax credits as a result of the abolition of the 10p starting rate of income tax in the financial year 2008-09; and if he will make a statement. [149004]

The Chancellor of the Exchequer (Mr. Alistair Darling): Tax credit take-up is rising, and is 97 per cent. among families with children that are on incomes of less than £10,000. Tax credits mean that households will be £100 a year better off on average, that 200,000 children will be lifted out of poverty and that 580,000 pensioners will be taken out of income tax.

Sir John Butterfill: Given the right hon. Gentleman's reputation for being concerned about social justice, is he not worried that his predecessor's doubling of the marginal tax rate now means that many more people will be forced to claim tax credits? The right hon. Member for Sheffield, Brightside (Mr. Blunkett) described the system as a shambles. Last year, 50 per cent. of all assessments were proved to be wrong and 25 per cent. of those entitled to tax credit found the system so complex that they failed to claim it. Does he not think that the whole matter needs re-examination?

Mr. Darling: I think that the basic proposition behind tax credits is right. The hon. Gentleman will recall that, back in 1997, one of the problems that we faced was a disincentive to working—work did not pay. The tax credit system was designed to ensure that when people went into work they saw the benefit, and that we could help people with additional costs such as child care and so on. However, the hon. Gentleman is right to say that there were administrative problems following its introduction. The National Audit Office report, which is published this morning, highlights some of them. They are comparable to some of the problems with the previous Government's introduction of jobseeker's allowance in the middle of the previous decade. Clearly we need to sort out the problems, but if the hon. Gentleman is asking whether I believe that tax credits are right in principle, the answer is yes, I most certainly do, because they are helping approximately 20 million families, and that is important.

John McFall (West Dunbartonshire) (Lab/Co-op): I welcome the Chancellor to his new position and wish him every success, for the country's sake.

My right hon. Friend knows that the Treasury Committee is interested in errors and fraud in the tax credit system. This morning he sent me, and others, a letter detailing the credit and working tax credit error and fraud statistics. The Select Committee does not condone any fraud in the system, but we want to know whether the Government have made progress in ensuring that there is less fraud. My right hon. Friend mentioned jobseeker's allowance. Has any improvement been made in the past 10 or 12 years on reducing fraud?

Mr. Darling: I thank my right hon. Friend for his good wishes. He has done some excellent work as Chairman of the Select Committee in the past few years and I look forward—if that is the right phrase—to appearing before him and the Committee at some stage.

Her Majesty's Revenue and Customs report was published this morning. I wrote to Opposition spokesmen, and I hope that they got the report. It was due to be published this afternoon, but I thought—not necessarily to my advantage, because of the NAO's comments—that it might be better to draw it to their attention. I am concerned about the extent of error in the system. My right hon. Friend asked about JSA, which was introduced in the mid-1990s. The error rate then was approximately 13 per cent. and it has now decreased to about 5 per cent. I well remember, from my time as Secretary of State with responsibility for social security, that error in the social security system is a problem, although, after years of bearing down on it, we are beginning to see some results.

Let me revert to the central point. The tax credit system, like the tax system, operates on a basis of annual assessment. We set it up that way so that it would be flexible, and people would not be subjected to weekly income tests as they are in most parts of the social security system. There were inevitably some administrative problems following its introduction—we are all aware of that. They need to be sorted out, and they will be sorted out. However, it is important to keep sight of the fact that tax credits have benefited nearly 20 million families, and that many people with children are much better off as a result of our actions. There are times when I wonder whether the Opposition are against tax credits themselves, rather than being concerned about errors in the system.

Dr. Vincent Cable (Twickenham) (LD): I, too, welcome the Chancellor, and I hope that he enjoys his honeymoon—until the day that he has to say no to the Prime Minister. If the Government are so keen to encourage the take-up of the working tax credit, which is as low as 25 per cent. for childless couples, why are people expected to fill in a 10-page form, with 57 questions and 60 pages of explanatory notes, compared with the user-friendly four-page note that is required to get non-domiciled tax status? Why do the Government

make it so difficult for poorer people to claim entitlements and so easy for rich people to avoid paying tax?

Mr. Darling: I thank the hon. Gentleman for his good wishes. I do not know when the honeymoon will come to end; in fact, I think that it has come to an end already—but I thank him all the same. Of course I am willing to look at the application forms for tax credits, but he will appreciate that the simpler a form can be, the more difficulty that can raise later on. I have no doubt that he will focus on that possibility today, because of an apparently simplistic promise to cut income tax by 4p, which would cost him nearly £19 billion. He will find it quite hard to explain how he is going to fill that gap—to do so through fuel duty, for example, would mean something like 39p a litre on fuel. I look forward to hearing how the Liberal Democrats are going to explain their tax changes, and who will lose and who will gain.

Paddy Tipping (Sherwood) (Lab): Have not tax credits proved a valuable way of taking families, and particularly children, out of poverty? Will they not prove to be more effective than, say, offering £20 a week for couples to get married and stay married?

Mr. Darling: I agree with my hon. Friend. The married couples allowance was steadily reduced under the previous Government. Indeed, it was Lord Lamont who did that, and at the time he was being advised by somebody—I think that it might have been the Leader of the Opposition. The problem is that the married couples allowance throws up all sorts of anomalies. For example, if the husband in a couple is killed in a tragic road accident, his widow and children will be left without support—so when we think through the consequence, we see that bringing back the allowance is not the right thing to do. Helping families with children, and the fact that the working families tax credit has lifted more than 600,000 children out of poverty, are things that we should keep in the front of our minds. All of us in the House say that we are concerned about cutting child poverty, and we have a target to do so. Our measures have helped to lift 600,000 children out of poverty, and that is why tax credits are so important to us.

Mr. George Osborne (Tatton) (Con): I of course welcome the right hon. Gentleman to his new job and wish him well in his post. It will be fun shadowing someone with whom I am actually on speaking terms—*[Interruption]*—for the moment, at least. Unlike most Chancellors, he cannot blame his predecessor for the undoubted mess that he has inherited, and there is no greater mess than the tax credits system and its administration. Will he confirm that the figures that he published 30 minutes ago show that in 2005-06, the last year for which the Inland Revenue has published figures, it overpaid £1.7 billion of taxpayers' money and underpaid £549 million. That is well over £2 billion in mistaken payments that bring hardship to many hundreds of thousands of families, and, of course, cost the taxpayer dearly. Does the Chancellor accept, in his second week in the job, that that is a totally unacceptable scandal? Will he promise that the level of error and fraud will be reduced while he is Chancellor?

Mr. Darling: I thank the hon. Gentleman for his good wishes. May I congratulate him, too, on holding on to his position? I see that there was some speculation as to whether he would be moved, but I am glad to see him here. I hope that we shall remain on speaking terms—we shall try for the next 50 minutes or so and see how we get on.

On the hon. Gentleman's point about tax credits, of course it is unacceptable to have such high levels of error. Following the introduction of tax credits, I can well see how those errors arose, especially with a system that allows for annual assessment, and when there are many families whose incomes and circumstances may change quite a lot during that period. However, as a constituency MP, I know, as I am sure that most hon. Members will know, that we all have cases in our constituencies where things have gone wrong and the sums have added up very quickly, and that clearly causes distress. As I said a few moments ago, just as with the social security errors of a decade ago, so with tax credits. We need to do everything we can to reduce those errors. I still think that it is better to model the system on the tax system, and try to work on an annual basis, rather than moving to a far more complex system of assessment. However, the hon. Gentleman is quite right: we need to get the levels of error down and ensure that the right sums are being paid to the right people.

Mr. Osborne: I thank the Chancellor for that answer, but, to be honest, he did not actually respond to the question that I asked. Will he make a commitment that during his time as Chancellor he will reduce the levels of error and fraud? I say that because, as he will have read, the Comptroller and Auditor General's report, which is part of the HMRC accounts, says that there is currently no evidence to demonstrate that there will be lower figures in the next published year. Indeed, the report also shows that the Treasury is still trying to collect almost £4 billion of overpayments from people out there in our constituencies, and that it has given up on £1.6 billion altogether. I therefore put the question to the Chancellor again. Does he believe that during his time as Chancellor he will be able to reduce the totally unacceptable levels of error and fraud, which cause hardship to so many of the people whom we represent?

Mr. Darling: As I have said, I think that the level of error is too high and I want to see it reduced. That will take time, as I know from my experience in dealing with jobseeker's allowance eight or nine years ago. However, as I said to the Chairman of the Select Committee, my right hon. Friend the Member for West Dunbartonshire (John McFall), those error rates, which had stood at 13 per cent. during the last year of the Conservative Government, came down to 5 per cent., and we must apply the same pressure in relation to tax credits. We need to deal with that, but we also need to keep in the front of our minds the benefits that tax credits can bring. I hope that when the hon. Gentleman next gets to his feet, he will tell us whether he supports tax credits—because, as with so many other aspects of Tory tax policy, it is not entirely clear

what the Opposition's policy is on this, especially when they have made commitments to abolish inheritance tax, to reduce corporation tax by 1 per cent., to get rid of stamp duty—

Mr. Speaker: Order.

Mr. Darling: You have got my drift, Mr. Speaker.

Tom Levitt (High Peak) (Lab): I, too, welcome my right hon. Friend back to the Treasury; what goes around comes around, in that respect. Does he agree that the tax credit system is an integral part of the campaign to abolish child poverty by 2020, as we can all see that it is having an effect in our constituencies? Does he also agree that the target date of 2020 is a crucial part of that strategy, and that it is the absence of such a date and such a determination from the social policy document that the Conservatives published this week that shows that they are dealing in words and not deeds when it comes to tackling poverty?

Mr. Darling: I thank my hon. Friend for his kind remarks. I know that he has been extremely concerned over many years in the House to ensure that the Government meet their ambitions to eradicate poverty, especially child poverty and pensioner poverty, which is also important. The fact that we have been able to lift children and pensioners out of poverty over the years, through tax credits and other measures, is important. The key thing to keep at the front of our minds is that if the Government are serious about tackling poverty, we must be prepared to spend sufficient resources to do it. There are huge question marks over the Conservatives in that regard, as I was starting to say a moment ago—but you will be relieved to hear that I will not continue with that line just yet, Mr. Speaker.

Terrorist Assets

2. **Mrs. Nadine Dorries** (Mid-Bedfordshire) (Con): What recent steps he has taken to tighten controls on the movement of terrorist assets. [149005]

The Economic Secretary to the Treasury (Kitty Ussher): Earlier this year, we set out new measures to tighten controls on terrorist assets, including protecting the charitable sector from the risk of terrorist exploitation, licensing those who own or control a money service business, and promoting the proactive use of asset freezing powers, including the creation of a dedicated Treasury asset freezing unit. I am pleased to say that last week the Financial Action Task Force ranked the UK as the first country to be fully compliant with international standards on terrorist asset freezing. In the second quarter of this year, we made three domestic asset freezing designations under the orders on terrorism and al-Qaeda, and this week I made a further domestic designation.

Mrs. Dorries: Tackling money laundering also means, in the words of the Prime Minister, that there should be

"no safe haven for terrorists"

and

"no safe hiding place for their funds."

If that is the case, why was Abu Hamza able to buy a £220,000 semi-detached house in Greenford for cash, two years after his assets were supposed to have been frozen by the Treasury?

Kitty Ussher: The police have conducted their own investigation into that case, and I know that the hon. Lady's colleague, the hon. Member for Hammersmith and Fulham (Mr. Hands), has raised the issue with my predecessor in an Adjournment debate. The police were absolutely satisfied that, because no asset was transferred to the designated person, there was no cause for concern.

Keith Vaz (Leicester, East) (Lab): I welcome my hon. Friend to her new responsibilities and wish her well in them. Britain, of course, cannot do this alone. Is it not important to work with international partners to ensure that what we do here is replicated in the European Union, for example? What plans does she have to work with our EU colleagues to ensure that they adopt practices similar to ours?

Kitty Ussher: I am grateful to my right hon. Friend for his kind remarks, and I can reassure him that we are in constant contact with our European Union partners on this issue. Indeed, I shall be travelling to Brussels this evening for the budget ECOFIN, where we will support the EU budget lines precisely on these measures.

Household Liabilities

3. **Tom Brake** (Carshalton and Wallington) (LD): If he will make a statement on the impact on the economy of the level of personal bankruptcies and home repossessions. [149006]

The Exchequer Secretary to the Treasury (Angela Eagle): The Treasury continually monitors the levels of household liabilities and assets, and their implications for the wider economy are examined as part of the pre-Budget report and Budget forecasting.

Tom Brake: Hard-working families are facing a three-pronged attack of rising interest rates, rising debt and rising unemployment. That will feed through into greater home repossessions and personal bankruptcies, with a severe knock-on effect on the economy. Does the Minister agree that it is time to provide better access to free financial advice, time for health warnings on credit promotions, and time to show greater flexibility in the social fund at times of economic downturn?

Angela Eagle: I do not share the hon. Gentleman's downbeat assessment of the economy. At the moment, the number of home repossessions is half what we inherited in 1997 and only a fifth of the 1991 rate. We have had a decade of stability, and strong and stable economic growth; net household wealth has actually risen in real terms by 65 per cent., so I do not recognise the rather gloomy place that the hon. Gentleman seems to inhabit.

Miss Anne Begg (Aberdeen, South) (Lab): Perhaps the underlying cause of house repossessions and bankruptcy is the level of personal indebtedness, so it is

important to educate people about its effects, particularly if they are over-borrowing in relation to their income. Is it not sometimes too easy for people to become bankrupt, as they do not always realise the implications for future borrowing and for their future lives more widely?

Angela Eagle: I thank my hon. Friend for that question. We have set aside £120 million for the fund on financial inclusion and education, which seeks to teach some of those lessons and to counter some of the advertising that drives small numbers of people into over-indebtedness. That is one clear aim of the Government's financial inclusion policy.

Mr. Richard Spring (West Suffolk) (Con): The hon. Lady will know that UK interest rates are now the highest in the G7 and are perhaps likely to rise higher. To what extent does she believe that the record levels of insolvency are at least in part due to that cause?

Angela Eagle: The hon. Gentleman is right in that interest rates have risen slightly over the recent period—[HON. MEMBERS: "Slightly?"]—but they are still on average only half what they were during the Tories' period in office. We need to remember that we have had a decade of stability with growth in incomes, employment and wealth. The hon. Gentleman is scaremongering about the current situation.

Sarah McCarthy-Fry (Portsmouth, North) (Lab/Co-op): I welcome my hon. Friend to her new position and acknowledge her remarks about irresponsible advertising. More particularly, is she concerned about celebrities who endorse products that are totally unsuitable for the people at whom the advertising is directed, and does she have any plans to tackle the problem?

Angela Eagle: My hon. Friend makes an extremely good point about advertising in general, and the Financial Services Authority has been looking into it, particularly in respect of misleading advertisements, of which we have seen many examples of late. It is important that the industry adhere more effectively to the voluntary codes presently in place. If there is no sign of improvement, we will certainly look into what more the Government can do through regulation.

Justine Greening (Putney) (Con): I congratulate the hon. Lady on her move into the Treasury team. Does she agree, however, that our country faces a growing crisis of young people in debt? The latest figures from the Insolvency Service for the first quarter of 2007 show a 24 per cent. increase in personal bankruptcy on the same period last year. In my constituency, the citizens advice bureau tells me that people in debt in their 20s are now the largest group with whom it deals. Does she not accept that in taking away the 10 per cent. tax rate at the last Budget, and disproportionately taxing young people more, the Government are now part of those young people's problems in trying to service debt? Does not she agree that the Government should look closely at the matter, and decide on severe action, instead of taxing those young people more?

Angela Eagle: I thank the hon. Lady for the welcome to me, and return that welcome to her on her first Front-Bench appearance. I hope that she will have many more such appearances, and that she enjoys her time on the Front Bench—*[Interruption.]* On the Opposition Front Bench, that is.

With regard to young people in debt, financial education is an issue, and that is why recent announcements have been made about changing the curriculum. We must ensure that the £120 million put aside in the financial inclusion fund is spent on increasing the sophistication of financial understanding to match the ongoing sophistication in the financial services industry and the techniques sometimes used by the advertising industry to tempt people into debt.

The hon. Lady must remember that although debt levels are higher, asset levels are also higher, because we have had a stable economy. Therefore, the £1 trillion in personal debt is set against £7 trillion in assets. As the economy grows, asset values grow. Because we have low inflation—at half the rate that the hon. Lady's party managed when it was in office—people can sensibly borrow more money than before. That is what is happening.

Mr. Andrew Love (Edmonton) (Lab/Co-op): My hon. Friend will be well aware of the worrying increase in the use of individual voluntary arrangements. Those are totally inappropriate for many people who find themselves in financial difficulties. What more can be done, either directly or through the regulator—the Financial Services Authority—to make sure that those arrangements are used only when appropriate?

Angela Eagle: My hon. Friend is right to say that it is extremely important for the new IVAs to be used in the appropriate way. They were introduced to ensure that bankruptcy was not the only option, and they can be appropriate in certain circumstances. It is important that the Insolvency Service, the financial services industry and our education system teach people how to use the instruments introduced to deal with debt in a way appropriate for them. It is important that people do not rush into uninformed decisions.

Goodison Review

4. **Mr. John Whittingdale** (Maldon and East Chelmsford) (Con): If he will implement the recommendations of the Goodison review of museums and private giving. [149007]

The Chief Secretary to the Treasury (Andy Burnham): The Government have implemented 29 of Sir Nicholas's recommendations, and will continue to keep the further issues raised under review.

Mr. Whittingdale: I welcome the Chief Secretary to his post. Is he aware, however, that it is now three and a half years since the publication of the Goodison review—a report that was commissioned by one of his predecessors as Chief Secretary? When will the Treasury respond to the report's tax recommendations, which have universal support in the arts world as a means of substantially increasing private giving at relatively modest cost? May I draw his attention to the unanimous recommendation of the Select Committee on Culture, Media and Sport to that effect?

Andy Burnham: I thank the hon. Gentleman for his kind welcome, and pay tribute to him for having the courage to be the first Tory to raise the issue of museum funding for at least four weeks. As I said, many of Sir Nicholas Goodison's recommendations to the Treasury have been implemented; others have proved more challenging, although we keep those matters under review. I hope that he will accept that museums and galleries get about £6 million from gift aid, which is a significant contribution. I warn him that such tax changes would have to be funded, and if he is considering doing so by introducing museum charges, that would be a somewhat backward-looking and elitist policy.

Mrs. Madeleine Moon (Bridgend) (Lab): I, too, welcome my right hon. Friend to his new position. Does he agree that museums have played a critical part in education and the strengthening of our economy, not only in the arts and culture but in improving pupils' understanding of science, technology and maths? Is not free admission crucial to the rolling out of our education plans and helping to improve our economy?

Andy Burnham: I could not agree more. Since Lord Smith of Finsbury had the courage to introduce the policy, there has been a huge increase in the number of people visiting our museums and galleries, many of them for the first time. My hon. Friend is right to highlight the link between education and museums, and the need to make museums even more accessible to school children and school parties. I can give her an absolute guarantee that we will maintain the policy of free entry to museums and galleries, principally because it has brought enormous cultural benefits to all the country's major cultural centres.

Sir Nicholas Winterton (Macclesfield) (Con): I, too, welcome the Minister to his hew position. The House should be as one in dealing with the art, culture, tradition and heritage of this country. Historically, patronage—which has recently been given rather a bad name—has played a major role in arts and heritage. Will the Minister and the Treasury team look more favourably on expanding patronage of the arts, which is one of the best ways of obtaining money from those who have it and investing it in what we believe in—arts, heritage and tradition?

Andy Burnham: I thank the hon. Gentleman for his welcome. I will give him a commitment to keep these matters under review, but I recall from my time as an adviser at the Department for Culture, Media and Sport—it seems many years ago now—that most museums are still able to display only a small part of their collections. If there is new money to come into the museums sector, be it from tax relief or from direct grant, we must consider how it can best be used to strengthen further the renaissance and the cultural boom that we have seen since this Labour Government came to power.

Mrs. Louise Ellman (Liverpool, Riverside) (Lab/Co-op): Can my hon. Friend assure me that the Government will continue to give financial support to the exciting new developments in national museums in Liverpool as part of the city's regeneration? What impact does he think a policy of charging for admission would have on the development of the museum?

Andy Burnham: I pay tribute to my hon. Friend for her support for Liverpool's status as European capital of culture. I have visited Liverpool a good deal recently and seen the changes taking place in the city, and it gives me—as a native scouser—huge pride to see it on the up, and ready to enjoy a fantastic celebration of culture next year. If we were to bring back museum charges at this stage, just as we are about to throw open the doors of the marvellous national museums and galleries in Liverpool, it would be a complete dereliction of our duty to the people of my hon. Friend's city and this country.

Disposable Household Income

5. **Michael Fabricant** (Lichfield) (Con): What assessment he has made of the trend in real disposable household incomes over the last 12 months; and if he will make a statement. [149008]

The Exchequer Secretary to the Treasury (Angela Eagle): Real household disposable income grew by 0.3% in the 12 months to the first quarter of 2007, supported by high levels of employment and growth in wages and salaries. The Budget forecast is for disposable income to grow by 2 ¼ % to 2 ¾% over the whole of 2007.

Michael Fabricant: The Minister sounds very enthusiastic, but is she aware that family income tax has risen by about £1,300 and council taxes by 92 per cent. since 1997? There has also, of course, been a £100 billion raid on pensions. As the Minister knows, for the last two quarters disposable income has fallen as a consequence of all that. How will she reverse the trend?

Angela Eagle: It is important to recognise that over the last decade real disposable incomes have risen by an average of 2.6 per cent. a year. During the last 10 years of Tory government, it rose by only 1.6 per cent. In a decade of stability, real disposable incomes have risen by 20 per cent., earnings by 40 per cent., and prices by only 21 per cent. You do not need to be Mr. Micawber to work out how that makes you feel.

Miss Julie Kirkbride (Bromsgrove) (Con): Has the Minister assessed the incomes of the poorest working people in our society who, as a result of Government policies, are now going to pay income tax at the rate of 20p in the pound rather than 10p? Is that fair?

Angela Eagle: Tax credits compensate for that, but I hear that the Opposition want to get rid of them.

Mr. Andy Reed (Loughborough) (Lab/Co-op): The Government have rightly set a target of ending child poverty by 2020 and halving it by 2010. They have made enormous strides by reducing the numbers affected by 600,000 so far, but what will my hon. Friend do for the lowest fifth of those with disposable incomes so that, by 2010, we have made a significant difference, especially as it appears that, over the last year, the progress made has slowed? Are there any new initiatives to ensure that we end child poverty in this country?

Angela Eagle: The strategies to end child poverty rely on making work pay and on giving people the opportunity to earn more money as they stay in work. We must ensure that the labour market is open to them, that they have training opportunities and that they have opportunities to upskill. We also need to ensure that we carry on making progress with Sure Start and with affordable child care to allow many women who look after children to have an opportunity to work. We have a multi-pronged approach and, in the pre-Budget report and subsequent Budgets, the Treasury will take account of how we are doing with our unprecedented targets to end child poverty.

Mr. Simon Burns (West Chelmsford) (Con): In the last few months, a considerable number of nurses in my constituency have either written to me or visited me in my surgeries to express grave concern that their disposable household income will be falling as a result of their below-inflation pay award. Given the fantastic work that they, ancillary workers and others do in the NHS, why are they being punished in this way?

Angela Eagle: We have to look at what has happened to public sector pay overall. There has been a 25 per cent. real increase in health service pay in the last period. It was important in this round of pay rises to ensure that we kept inflation under control, which is why the pay increase was staged. Inflation is forecast to be back below its 2 per cent. target by the end of the year, which means that the money in nurses' pockets will not be eaten away by inflation getting out of control. That is an important part of the stability that we have been able to deliver in the last 10 years. Although it is difficult at the moment and nurses in England might not be happy, they will benefit from getting inflation back down under control by the end of the year.

Mr. Brian Jenkins (Tamworth) (Lab): Does my hon. Friend realise that work needs to be done on household incomes and their effect over the life cycle? As a young person purchasing my first home and bringing up the work force of the future, I had less liquidity at the end of the week than when the amount of mortgage taken out of my wages every week was diminishing. If I had been offered the opportunity to offset my capital investment at the start of my life cycle, I would have been able to bring up my children with a better standard of living and met the cost at a later part of my life. Has she considered this?

Angela Eagle: That philosophical question implies a complete change in the way in which we do the national accounts. It would require massive inter-generational transfers between individuals when they are young and individuals when they are older; pensions and savings are the only examples I can think of. My hon. Friend will be glad to know that the success of individual savings accounts, which have now become available to lower income people much more than tax-exempt special savings accounts were, gives a chance for some of that transfer to take place. Perhaps we should also rely on the endless ingenuity of the financial services sector to see what it can make of my hon. Friend's question.

Julia Goldsworthy (Falmouth and Camborne) (LD): What does the Exchequer Secretary estimate will happen to disposable incomes in the next 12 months, particularly those of people on low incomes who will be particularly hard hit by the abolition of the 10p tax rate? Although the Minister has said that tax credits might offset that, many groups of people are ineligible for tax credits, such as the under-25s. Does the Minister have any plans to soften the blow for such important groups?

Angela Eagle: We always keep such issues under review, but the hon. Lady must explain how her party's new proposals for a 4p cut in income tax, which will give 75 per cent. of the £18 billion sum involved to the wealthiest 40 per cent. and less than 1 per cent. to the bottom 10 per cent., will help the low paid.

Mr. Philip Hammond (Runnymede and Weybridge) (Con): Given that the Chancellor's predecessor has boxed him in by setting tax and spending levels for the next three years and that Monetary Policy Committee decisions will largely determine inflation and growth, will the Exchequer Secretary tell us what policy tools remain available to the current Chancellor to address the fall in real disposable income?

Angela Eagle: There are plenty of policy tools that can be employed and nuances and changes that can be made—

Mr. Hammond: What are they?

Mr. Speaker: Order. It is good manners to let the Minister reply.

Angela Eagle: I was remiss; I should have welcomed the hon. Member for Runnymede and Weybridge (Mr. Hammond) to his new position in the shadow Treasury team.

As I was saying, in the period between the pre-Budget report and the Budget there are many opportunities to change structures and approaches, both fiscally and in terms of monetary policy, to fit in with new issues and situations that arise. The hon. Gentleman would not aspire to sit on the Government Benches if he did not think that he would have some options if he were in the Treasury.

Emily Thornberry (Islington, South and Finsbury) (Lab): I welcome my hon. Friend to her new post; her promotion is as welcome as it is overdue. Labour Members put the interests of children first, and children of the poorest families are our highest priority. With that in mind, will my hon. Friend tell me what proportion of low-income families with children have taken up tax credits?

Angela Eagle: My understanding is that the take-up of tax credits by low-income families with children is very high—the proportion is in the high 90 per cent. range. I thank my hon. Friend for her generous welcome to me.

Pension Funds

6. **Mr. Robert Goodwill** (Scarborough and Whitby) (Con): What assessment he has made of the impact on pension funds of the abolition of dividend tax relief in 1997; and if he will make a statement. [149009]

The Chancellor of the Exchequer (Mr. Alistair Darling): When my right hon. Friend the Prime Minister was the Chancellor and he ended dividend tax relief and announced a 2p cut in corporation tax in 1997, he considered a wide range of factors.

Mr. Goodwill: Various figures have been bandied around as to the effect of the abolition of dividend tax relief. To put the record straight, what is the most recent Treasury figure for the cumulative effect of that annual smash-and-grab raid on our pension funds?

Mr. Darling: The only figures that have been bandied around have come from the Conservative party. The decision that the then Chancellor took was right. We wanted to ensure that investment decisions were taken for good business reasons, rather than for tax advantages. The hon. Gentleman will no doubt bear it in mind that under the previous Conservative Government the rate of dividend tax relief was cut on no fewer than five occasions. The last time it was cut was in 1993 when the then Chancellor, Lord Lamont, was being advised by the current leader of the Conservative party. Not only did the Conservatives cut the rate of dividend tax credit, but they failed to cut corporation tax at the same time.

Mr. David Drew (Stroud) (Lab/Co-op): Rather than continuing to look at the change in corporation tax, will my right hon. Friend look at what I think is the real cause of pension funds getting into trouble and subsequently having to receive help from the financial assistance scheme: the pension holidays that many of them took? I have been asking questions requesting the publication of information on how many of those funds had previously taken pension holidays, but the Treasury has as yet failed to answer. I hope that the Chancellor will change his mind and look into the issue, because it is the cause of the subsequent problems.

Mr. Darling: I agree with my hon. Friend. The causes of the difficulties that many pension funds encountered in the early part of this decade were many. There was the stock market collapse, following the collapse of the dotcom bubble in 2000. Many pension trustees had allowed a pension holiday through the 1980s and 1990s, and many did not realise until the beginning of this decade that their beneficiaries were living a lot longer than they thought. Moreover, a change to the accounting rules made companies bring on to their balance sheets their occupational pensions, which unfortunately led to many deciding to curtail their benefits or to end the schemes altogether.

Encouragingly, since that time the stock market has recovered, trustees are being more realistic and the Government have introduced legislation to help the victims of failed pension funds. The new pensions Bill, which will come before Parliament in the next Session, will provide further help, and we want to restore the link between earnings and pensions. In addition, we have introduced the winter fuel payment that has helped pensioners throughout the country, and the pension credit, which has helped to lift pensioners out of poverty. A range of things needs to be done, but my hon. Friend is right—people have to remember that what they get out of a pension has a lot to do with what they put into it, and the pension payment holidays did have a damaging effect in the 1980s and 1990s.

Sir Peter Tapsell (Louth and Horncastle) (Con): May I, in welcoming the right hon. Gentleman to his grand and historic office, remind him that yesterday, when I asked the Prime Minister about the massive blow that he struck, as Chancellor, against occupational pension funds, he replied by hiding behind the stock market crashes to which the right hon. Gentleman has just referred, and pointed out that pension fund assets had doubled? That being the case, how does the present Chancellor explain the fact that so many well-managed and profitable businesses now have very large pension fund deficits, and that almost all firms—including even the Bank of England—are closing their final salary schemes, which are so much more beneficial to pensioners than the alternatives now on offer?

Mr. Darling: I thank the hon. Gentleman for his opening remarks. I know that he has seen a good few Chancellors in his time, although I am not sure whether he was here when we joined the gold standard some years ago. I know that he has a keen sense of history, so he will know that before 1997, Chancellors of the party that he supports steadily decreased the amount of dividend tax credit. They started in 1979—when, incidentally, the Conservatives doubled VAT, even though they said during that year's election that they would not—and they did it again in 1986, 1987, 1988 and 1993.

Sir Peter Tapsell: What has that got to do with it?

Mr. Darling: It has got a lot to do with it. The hon. Gentleman was critical of the decision that my right hon. Friend the Prime Minister took, as Chancellor, back in 1997. It was the right decision to take in the long-term interest of this country, and it is the long-term interest that we will keep our eyes on. It is very important to ensure that we have a climate in which people are encouraged to invest for good business reasons, and that the system is not distorted because of tax reasons. On the hon. Gentleman's point about pensions, I refer him to what I said a few moments ago. Pension funds have got into difficulties because of a combination of factors. I mentioned the stock market collapse and the change to the accounting rules, which had a profound effect on pension funds. Other factors also had an effect, such as the pension holidays that such funds took. However, we are determined to do everything that we can to help pension fund trustees, as well as helping pensioners present and future.

Barry Gardiner (Brent, North) (Lab): Will my right hon. Friend confirm that tax credit dividends were simply a perverse incentive not to invest in one's business the profits that one achieved, and that the

long-term growth in the value of businesses as a result of the abolition of such tax credits is precisely the reason why the hon. Member for Louth and Horncastle (Sir Peter Tapsell) was able to allude to the fact that the value of pension assets has risen from £500 billion to more than £1 trillion during the period in question?

Mr. Darling: My hon. Friend is right and I can only assume that he has been looking at the papers that were made available to the former Chancellor, Norman Lamont, and released under the Freedom of Information Act 2000, which make it abundantly clear that at the time the Treasury was aware of the distortion. Of course, the document then went on to note:

"Everybody is being asked to pay more tax"—

in that Budget—

"and exempting institutions must play their part."

The Conservative Government made the changes because they had run out of money; we made them because we wanted long-term sensible arrangements to encourage long-term investment in this country.

Mr. David Gauke (South-West Hertfordshire) (Con): May I, too, welcome the Chancellor and congratulate him on his appointment? I press him to answer the question put by my hon. Friend the Member for Scarborough and Whitby (Mr. Goodwill). In 1997, the Chancellor was perfectly happy to say that

"there is no question that in the long term and the medium term"

the abolition of dividend tax credits for pension funds

"will be good for companies and it will be good for pensioners",

despite the advice he received from Treasury officials. Independent experts say that the cumulative cost is something like £100 billion—at least. The Treasury must have made its own calculations. Let us hear what they are.

Mr. Darling: The hon. Gentleman refers to the advice that my right hon. Friend received in 1997, which was of course the subject of a debate in April—a debate that the Opposition may now wish they had not brought up. It was quite clear that all the predictions made when the Chancellor tested what might happen after the changes did not come to pass: the stock exchange rose afterwards and the amount of contributions to pension funds continued to rise. The hon. Gentleman needs to reflect on the fact that nobody—not the Conservative party, no one else in the country, no one else in Europe and the developed economies of the world—is actually calling for the restoration of that system of dividend tax credits. As the shadow Chancellor himself has said, the test of whether he is ready for government is whether or not he can resist additional calls for public expenditure. He is right on that point, even if not on most others.

Tax Credits

7. **Mr. Andrew Robathan** (Blaby) (Con): What estimate he has made of the likely change in the number of tax credit claimants following the abolition of the 10 per cent. starting band of income tax in the financial year 2008-09; and if he will make a statement. [149013]

The Chancellor of the Exchequer (Mr. Alistair Darling): I refer the hon. Gentleman to the answer I gave to Question 1.

Hon. Members: He was not here.

Mr. Robathan: Actually, I was here. May I, too, congratulate the Chancellor on his new job, and also on his relatively reasonable response to my hon. Friend the shadow Chancellor about the shambolic and chaotic situation regarding tax credits? Given that almost half the claims have been mispaid and that of those, nearly 2 million people have received demands to pay back money, which of course they have already spent, does he think it sensible that by abolishing the 10p tax rate, instead of first sorting out the system, more people will become eligible for it and thus sucked into that shambolic and chaotic situation?

Mr. Darling: There are two points and I think that the shadow Chancellor touched on the first when he made the perfectly reasonable point that people had been overpaid, the sums can be substantial and if they are on modest incomes that is one of the reasons why it takes longer to get repayments and there is more money outstanding. We have to be sensitive about people's ability to pay. However, on the second point, I do not follow the logic of the hon. Member for Blaby (Mr. Robathan) at all. If changes are made to the tax system that relate to people with children, it is important that we use the tax credit system to help them. The changes that the then Chancellor announced earlier this year in the Budget mean that more families with children are being helped, which is something that I want to continue to happen.

David Taylor (North-West Leicestershire) (Lab/Co-op): The Institute for Fiscal Studies is hardly a cheerleader for our party, but its assessment of the Budget in this regard is broadly very positive indeed. The IFS indicated that of the 10 deciles of income where it had assessed the impact the lowest two had benefited most from the changes. However, will the Chancellor respond to the IFS's one observation of concern, which is that those who lost out due to the changes were disproportionately low-earning, single people, with no dependent children? Will he promote take-up—

Mr. Speaker: Order.

Mr. Darling: I agree with the point that my hon. Friend made in relation to the IFS, which was extremely complimentary about the budget changes; but of course, I recognise what he said. The former Chancellor increased the threshold for working tax credit. He increased the child tax credit itself, which will help us to take 200,000 children out of poverty. We increased the age allowance, so low-income pensioners over the age of 65 will be no worse off and 580,000 will be removed from tax altogether. As my hon. Friend has said, the IFS showed that the biggest proportion of gainers are those at the lower end of the income distribution, which stands in stark contradiction to what the Liberals are proposing today.

Non-domiciled Status

8. **Norman Baker** (Lewes) (LD): When he expects to complete his consideration of the tax liabilities of those with non-domicile status. [149015]

The Financial Secretary to the Treasury (Jane Kennedy): I saw the hon. Gentleman make his entrance halfway through our time this morning, and I am pleased that he has found the time to join us.

The Government's review of the residence and domicile rules is ongoing. The Government are mindful that any change to the current system would need to balance carefully the principles of ensuring fairness and of promoting the UK's international competitiveness.

Norman Baker: I thank the Financial Secretary for her courteous welcome.

The review was started in 2002 and seems to be taking an inordinate amount of time. Is that in any way connected with the large sums of money given to the Labour party by those who qualify for non-domiciled status, such as Lakshmi Mittal? While we are on the subject of this new sleaze-free environment that the Prime Minister has created, can we have an absolute guarantee that neither the Prime Minister nor the Chancellor will appoint as an economic adviser anyone who qualifies for non-domiciled tax status?

Jane Kennedy: To deal with the general point about non-domiciled status, it is important to keep such issues in context and perspective. Resident non-domiciled people remain a relatively small group who are liable to pay UK tax on their earnings in the UK. Indeed, the Exchequer benefits to the tune of £3 billion. It is rich for the Liberal Democrats to come here and seek to lecture other hon. Members, given the circumstances in which some of their donors are living.

Jim Cousins (Newcastle upon Tyne, Central) (Lab): Does my right hon. Friend not acknowledge that this issue is now a rich source of public concern, a great deal of complication, which makes money for accountants, and a great deal of abuse? Britain's reputation as an offshore tax haven and the concern expressed by tax authorities in the United States about that must be addressed. We cannot run the tax economy of this country as a large-scale version of Chelsea football club.

Jane Kennedy: Contrary to recent press claims, the International Monetary Fund does not categorise the UK as a tax haven, despite some recent publicity attached to an IMF working paper, which was seeking to develop a methodology to identify tax havens. Under that proposed methodology, the UK would have counted as a tax haven, but the methodology is seriously flawed. I could go into the detail of why that was so, but I suspect that I would try your patience if I did so, Mr. Speaker. However, I acknowledge the concerns that my hon. Friend has raised and appreciate that a debate is taking place about the matter, and I will keep it under very close review.

Mr. Mark Field (Cities of London and Westminster) (Con): Although I have some sympathy with the concerns addressed by the hon. Member for Lewes (Norman Baker), at least in relation to donors to the Labour party, may I tell the Financial Secretary that it is of great importance to the City of London and to ensuring its place as a pre-eminent global financial capital that we ensure that we have the very best talent here? Will she therefore ensure that, whenever the report comes into play—five years seems quite a long time for it to be ongoing—there is a balance between the interests of London as a global financial capital, which benefits all of us, and the issues of non-domiciled status?

Jane Kennedy: I am grateful to the hon. Gentleman for those comments. I acknowledge the very serious point that he makes. As I said earlier, fairness in the tax system is one of our primary objectives, but it is also important to promote the UK's competitiveness, by remaining an attractive place to do business.

Mr. George Mudie (Leeds, East) (Lab): The Financial Secretary will be aware that a Select Committee is looking at private equity and non-domiciliary taxation as an aspect of private equity. It is clear already that those matters are costing the Treasury and the taxpayer considerable sums of money and that they are rewarding the main participants—the self-proclaimed masters of the universe—with grossly inflated sums of money, without any real risk. Can the Financial Secretary confirm that the review set in train on those taxation measures is still under way and will report at pre-Budget time?

Jane Kennedy: I can confirm that the review is under way and that it will report. If my hon. Friend will excuse me, I will not be drawn into a discussion on the particular issues that he raised, because it is a much wider subject. Estimates of the tax loss to the UK as a consequence of the use of the remittance basis by those who are not domiciled in the UK are not routinely made. We do not hold information on overseas income and gains that do not give rise to a tax liability in the UK, but, as I have said, individuals claiming that they are resident but not domiciled declare approximately £9.8 billion in taxable income, which leads to a UK tax liability of about £3 billion.

Income Tax

9. **Jo Swinson** (East Dunbartonshire) (LD): What account he took of the estimated number of people who would be subject to a higher marginal rate of taxation as a result of Budget 2007 in taking the decision to abolish the 10p rate of income tax. [149016]

The Chancellor of the Exchequer (Mr. Alistair Darling): I would have referred the hon. Lady to the reply that I gave to Question 1, but I do not think that she was here when I gave it. My right hon. Friend the Prime Minister looked at a range of factors before deciding to reduce the basic rate of income tax to 20p from next year.

Jo Swinson: I thank the Chancellor for that reply. Obviously, my question was different from Question 1. I have seen from his written answer that the Treasury's own figures show that 5 million households are worse off as a result of abolishing the 10p tax rate, and it is those on low and middle incomes who are suffering

most at the hands of the Labour Government. Will the new Chancellor rise to the challenge of creating a fairer tax system, or will he continue his predecessor's habit of acting like Robin Hood in reverse?

Mr. Darling: The hon. Lady would do well to read in *Hansard* tomorrow the exchange in relation to Question 1, which she might find interesting. As I said just a few moments ago, when she was in the Chamber, we increased the working tax credit to help people without children. We also increased child tax credit, which helps people on low incomes. I suggest that before she next gets to her feet to speak she should have a good look at her own party's proposals, because the benefit they provide to people on low incomes is very small indeed. Green taxes are interesting, but they can sometimes hit people on low incomes very hard, and she needs to think about that.

Business of the House

11.31 am

Mrs. Theresa May (Maidenhead) (Con): May I ask the Leader of the House to give us the forthcoming business?

The Leader of the House of Commons (Ms Harriet Harman): The business for next week will be:

MONDAY 16 JULY—Opposition day [17th allotted day]. There will be a debate entitled "Overseas Corruption" followed by a debate entitled "Fair Taxation on the Super Rich". Both debates arise on a Liberal Democrat motion.

TUESDAY 17 JULY—Consideration of Lords amendments to the Pensions Bill followed by, if necessary, consideration of Lords amendments, followed by Committee and remaining stages of the Parliament (Joint Departments) Bill *[Lords]*.

WEDNESDAY 18 JULY—Consideration of Lords amendments to the Statistics and Registration Service Bill followed by, if necessary, consideration of Lords amendments.

THURSDAY 19 JULY—If necessary, consideration of Lords amendments, followed by a debate on Zimbabwe on a motion for the Adjournment of the House.

FRIDAY 20 JULY—The House will not be sitting.

The provisional business for the following week will include:

MONDAY 23 JULY—Second Reading of the Criminal Justice and Immigration Bill.

TUESDAY 24 JULY—Opposition day [18th allotted day]. There will be a debate on an Opposition motion. Subject to be announced.

WEDNESDAY 25 JULY—Consideration of Lords amendments followed by consideration of the draft legislative programme on a motion for the Adjournment of the House, which I will open, followed by, if necessary, consideration of Lords amendments.

THURSDAY 26 JULY—Motion on the summer recess Adjournment.

I anticipate making an oral statement to the House on my priorities as Minister for Women before the summer recess. As my right hon. Friend the Prime Minister said yesterday, we also expect an oral statement next week on the Government's housing policy.

Mrs. May: I thank the right hon. and learned Lady for giving us the future business. Last week, she offered me a non-aggression pact. Of course I am happy to co-operate with her in the interests of the House, as I did with her two predecessors, but pretending to protect the interests of the House to stop me holding the Government to account is not a peace deal—it is an attempt to use hon. Members as a human shield, not to protect the House, but to protect her from scrutiny.

Talking of scrutiny, there is a backlog of 109 inquests into the deaths of servicemen and women serving in Iraq and Afghanistan. Last October, the right hon. and learned Lady was responsible for the inquests. Then, she said that the backlog was "unacceptable" and would be "sorted out", but that has not happened, and the backlog has caused considerable distress to bereaved families. Will the Secretary of State for Justice come to the House urgently to make a statement on what he will do to sort out that backlog?

The Government are due to respond to the Leitch review of skills, which they commissioned in 2004, and which reported more than six months ago. Will the right hon. and learned Lady ensure that the Secretary of State for Innovation, Universities and Skills comes to the House to make an oral statement when he publishes the Government's response?

Yesterday, the Prime Minister said:

"regeneration... may be...better...than the creation of super-casinos"—[*Official Report*, 11 July 2007; Vol. 462, c. 1438.]

and the media were briefed that the Manchester super-casino was dead in the water. That is no way to announce a change in Government policy. If the Prime Minister respects Parliament, will he order the Secretary of State for Culture, Media and Sport to come to the House to make a statement?

On 23 July the Second Reading of the Criminal Justice and Immigration Bill will take place, but yesterday the Prime Minister said that he would add the recommendations from the Flanagan review to the Bill in the autumn. How can we give the Bill a Second Reading when part of it is not even written? May we have an urgent statement on that Bill?

The conclusions of the Brussels European Council say:

"National parliaments shall contribute actively to the good functioning of the Union".

Presumably, "good functioning" will be determined by the European Court of Justice. That would constitute a fundamental change in the relationship between our sovereign Parliament and the institutions of the European Union, so may we have a debate in Government time on the need for a referendum on the European treaty?

Leaders of the House are, by tradition, Chairmen of the Modernisation Committee, but the Government's motion to appoint the right hon. and learned Lady as Chairman of the Committee has been withdrawn twice. Why? Failure to move the motion means that the Committee remains in limbo, so may we have a statement on that?

Successive Leaders of the House have briefed the Lobby every Thursday about forthcoming House business. The right hon. and learned Lady has refused to do that, but I understand that she will brief the Lobby in her job as chairman of the Labour party. Will she take time from her duties as Labour party chairman to make a statement to the House on the relationship between Parliament and the media?

Finally, the right hon. and learned Lady has said that the law that she would most like to pass would mean that

"All jobs must be available part-time",

but as she is unable to take her place as Chairman of the Modernisation Committee, and is unable to brief the Lobby, does she not think that being chairman and deputy leader of the Labour party, Minister for Women and Leader of the House is taking part-time working just a little too far?

Ms Harman: I look forward to working with the right hon. Lady, and I say to her and to the whole House that it is right for all Members of the House to hold Ministers to account. I expect the House to do that, and as Leader of the House I will protect it in doing exactly that. She asked me about the important issue of inquests for those members of the armed forces who have tragically lost their lives in Iraq. There will be questions to the Secretary of State for Justice before the House rises for the summer recess, and no doubt the issue will be raised then, but I remind the House that we did act to ensure that there were no delays to those inquests.

We gave the Oxfordshire coroner the resources to appoint two assistant deputy coroners to expedite those inquests. On inquests for those whose bodies have been repatriated to RAF Lyneham, which comes under the jurisdiction of the Wiltshire coroner, the Government and I made it clear that we will not allow a backlog to arise in the way that it did in Oxfordshire. If the Wiltshire coroner makes it clear what resources are necessary, those resources will be forthcoming. We are all absolutely clear that we cannot have delays to inquests. Indeed, when I was Minister of State at the Ministry of Justice I wrote to the Wiltshire coroner and asked him whether he would like to have a meeting with my officials so that we could establish what extra resources, if any, he needed, and provide those resources. No backlog has built up since RAF Lyneham took over from Brize Norton, but my colleagues in the Ministry of Justice are taking the issue seriously.

The right hon. Lady mentioned the Leitch review and asked whether there would be an oral statement on skills. I can say that there might well be.

The right hon. Lady asked about casinos. I remind her that there will be Culture, Media and Sport questions and if there is something to be announced, no doubt there will be a statement, written or oral, from my colleagues in that Department. I remind the right hon. Lady and the House what the position is with respect to casinos. Agreement was not reached between this House and the House of Lords about the substance, or about the process whereby we would try to reach agreement. That being the case and there being deadlock, my right hon. Friend the Prime Minister told the House yesterday that the gambling prevalence study is under review, and that he would take the opportunity of the summer to reflect on whether further consideration would be given to how to regenerate areas that are greatly in need of regeneration, including east Manchester. Both the process and the substance are important matters for the House, and I can assure the right hon. Lady that we will do everything we can to make sure that information is brought to the House, following the Prime Minister's remarks to the House yesterday.

On the Criminal Justice and Immigration Bill, the right hon. Lady is aware that the Flanagan review is under way. So long as any proposed amendment is within the scope of the long title, it would be quite normal for the Government to table an amendment. If it met with the support of the House and was within the scope of the Bill, it would be included in the legislation. There would be nothing unusual there.

No, there will not be a debate on the need for a referendum because there is no need for a referendum of the British public. However, there will need to be proper scrutiny by the House of any amending treaty.

With respect to the Modernisation Committee, I hope, like the previous Leader of the House, to be Chair of that Committee. The House will know that the procedure is that a motion is tabled to replace the previous Leader of the House with myself, as Leader of the House, as a member of the Modernisation Committee. That motion has been tabled and will be moved in due course, and I expect to take up my position on the Modernisation Committee. I regard its work as extremely important to the House. It has already made great progress in the years that it has sat, and I congratulate all the Members who have been part of the Committee on the good work that it has done and the difference that it has made in the House.

With reference to the right hon. Lady's question about the briefing to the Lobby, if I as Leader of the House have something to say about the business of the House, I will seek to say it today in business questions. I will therefore not need to hold a Lobby briefing after business questions in the House. If I have something to say to the House, I will say it in the House. However, as a Member of Parliament I have obviously spoken to journalists for the past 25 years and no doubt I will continue to do so. As the right hon. Lady has asked, I can tell the House that I have no standing arrangement to brief the Lobby in my role as chair of the party. I hope that if I fail in my job as Leader of the House, she and all other Members will call me to account. That is only right. But it does not make sense for her to say that I am not doing my job, when I have just started it with absolute and complete commitment.

Mr. Brian H. Donohoe (Central Ayrshire) (Lab): Will my right hon. and learned Friend take time to consider arranging a debate on civil service dispersals? In my constituency in the past few weeks there has been an announcement about the possible withdrawal of jobs in another of the sectors of civil service, to the detriment of an already serious situation, as there is a dearth of civil service jobs in the constituency.

Ms Harman: Perhaps I can suggest to my hon. Friend that he raises that issue with my right hon. Friend the Chancellor of the Duchy of Lancaster, who will answer questions next Tuesday. I am sure that he will have heard the points that my hon. Friend has made about his constituency.

Simon Hughes (North Southwark and Bermondsey) (LD): The Leader of the House's statement is welcome, as is the announcement of the debate on the draft legislative programme announced yesterday which will enable the whole House to make its contribution before we rise for the summer. In that context, may I reinforce the point made by the right hon. Member for Maidenhead (Mrs. May) about the Criminal Justice and Immigration Bill? It is clearly illogical to start to debate a major Bill when we know that significant changes will be made on the other side of the summer recess. Will the Leader of the House think again, talk to colleagues in the Ministry of Justice, and see whether the Bill can be deferred so that it can be introduced in its final form, as the Government want it, rather than in its initial form?

Will the Leader of the House deal with three things that were not in yesterday's statement but might have been, that are absolutely to do with House business and that I thought were on the Government's agenda? Will she bring proposals before the House so that we can discuss whether Parliament, rather than the Government, should have control of parliamentary business and decide who chairs its Select Committees, and will we get the promised statement about Lords reform that we were told would happen before the summer but have not heard anything about yet?

On serious matters, one of which was touched on by the right hon. Member for Maidenhead, Liberal Democrat Members continue to share the concern about inquests into the deaths of those killed on active service abroad. If necessary, can we have a statement before the end of term? I am grateful for what the Leader of the House said, but there is widespread concern that there should be no delays.

I hope that there will be a statement on the state of the Prison Service, given today's indication that we have probably the highest suicide levels in our prisons for many years. Given that the Government have taken an initiative, controversial as it may have been, which means that things are slightly more settled, can we have an opportunity for a less heated debate about the future of our prisons this side of the summer so that we can be reassured that things are under control, not out of control?

Lastly, given that we are coming up to the summer holidays, let me say that there are some good things in the Government's programme about the future of youth provision. The Leader of the House has expressed a great interest in that important matter. Could we have a statement on leisure provision for young people as well as the necessary statement on casinos and possible changes in leisure provision for older people, which are clearly implied in what the Prime Minister said yesterday?

Ms Harman: I heard what the hon. Gentleman said about the Criminal Justice and Immigration Bill, and no doubt my ministerial colleagues will reflect on that. However, I am sure that he would agree that if any amendment that is within the scope of the long title wins the support of the House, there is no reason for not tabling it. Like the right hon. Member for Maidenhead (Mrs. May), he raised the matter of proportionality—whether there are a great many new amendments that override issues that have been settled on Second Reading. That point will no doubt be clear to my colleagues in the relevant Department.

On Parliament taking control of business, what is important is that we agree through the usual channels the business that comes to this House and that I, as Leader of the House, put it to the House in a statement on Thursdays. There are no plans to change that. As for Parliament deciding who chairs Select Committees, Parliament does exactly that. Proposals are made and it is then for Parliament to decide whether it approves and supports them. On our side of the House, Members of Parliament actually vote on who should be nominated on to Select Committees. On the Lords reform statement, yes, it was promised that it would happen before the House rises, and that will be the case.

As regards the very important question of inquests for those in our armed services who have tragically lost their lives in Iraq, we have the Coroners Bill in the legislative programme that we will debate before the House rises. The problems that arose in Oxfordshire that caused so much heartache to bereaved relatives and were very difficult to sort out would not have arisen in such a way if the coroners legislation were already in force. The Bill is an important one that will do much to remedy the situation. I reaffirm that there is not a backlog of inquests in Wiltshire arising from the fact that bodies are now repatriated to RAF Lyneham. Officials in the Justice Department will discuss with the Wiltshire coroner how they can keep up to date and ensure that he has the resources he needs.

The hon. Gentleman mentioned the state of the Prison Service. The suicide rate is actually down from the level it reached in 1997, but any suicide is one too many, and it is a matter of concern that there has been an increase in the suicide rate compared with last year. My right hon. Friend the Secretary of State for Justice is addressing that matter, and the hon. Gentleman can no doubt ask about it during Justice questions next week.

Mr. David Winnick (Walsall, North) (Lab): Is there going to be a very strong protest from the Government against the insistence of the Iranian regime again to start stoning people to death, in order to raise the issue internationally? Is it not totally undesirable that in the 21st century such a barbaric practice should be encouraged and carried out by the Iranian regime? One hopes that efforts will be made by the Government to make it an international issue.

Ms Harman: My hon. Friend has made a very important point indeed. This country, along with our counterparts in Europe, and working internationally through the United Nations, wants to be sure that we not only protect the human rights of people in this country, but that we are a strong force for the defence of human rights internationally. No doubt we shall raise that matter through the international institutions.

Mr. Peter Atkinson (Hexham) (Con): Can the Leader of the House explain why it has been comprehensively leaked that the Government are proposing to abolish regional assemblies? Yesterday the media carried stories that the Prime Minister wished to undo the handiwork of the former Deputy Prime Minister. It is quite wrong that such important decisions are made in this way. We were promised a document or a Green Paper today, but it has not appeared because of some last-minute hitch. It is vital that Parliament is kept up to date and told what the Government intend to do about this important matter.

Ms Harman: I cannot comment on what the hon. Gentleman says about reports in the newspapers, but I agree that the question of local governance and regional assemblies is an important issue that concerns Members throughout the House. If any policy is to be announced, or change to be made, it should be done in this House, and no doubt it will be.

Mr. Jim Hood (Lanark and Hamilton, East) (Lab): May I first say how delighted I am with the appointment of the new Leader of the House, and welcome her to her position? I am particularly pleased with her promise to protect the rights of Back Benchers.

Is the Leader of the House aware that the Scottish Grand Committee has not met at all during this Parliament? Will she have a word with the new Secretary of State for Scotland and ask him to discuss the matter with the usual channels in order to call a Scottish Grand Committee as soon as possible? It is long overdue and if she wants to protect the rights of Back Benchers, a Scottish Grand Committee would be the best way to do that.

Ms Harman: I thank my hon. Friend for bringing this matter to my attention. I will do as he suggests and raise it with my right hon. Friend the Secretary of State for Scotland. Hon. Members can raise issues during this question time, and it provides an important opportunity for them to do so, but if issues arise between Thursdays, they are all welcome to come to talk to me in my office, which is outside, behind the Speaker's Chair—turn left, and it is the second on the right.

Mr. Andrew Mackay (Bracknell) (Con): Presumably the new Foreign Secretary will open next Thursday's debate on Zimbabwe. If so, will the Leader of the House ensure that he says in the simplest and clearest terms that it is totally unacceptable for Mugabe to come to the EU-Africa summit in Lisbon? That summit will achieve a lot and it should go ahead, but it should not do so if Mugabe comes. If we are to protect human rights in Zimbabwe and stand up for the people there, it is essential that the Foreign Secretary makes our position absolutely clear. He would have support for that from all parts of the House.

Ms Harman: That position has already been made clear by the Government and no doubt it will be reinforced. There will be a debate on Zimbabwe next week. There is a great strength of feeling throughout the House on this matter, and a great deal of frustration and concern for those who are suffering in Zimbabwe.

Mrs. Gwyneth Dunwoody (Crewe and Nantwich) (Lab): The reputation and success of British companies abroad, particularly in the United States, rests largely on their responsible behaviour and support for international labour laws. Will the Leader of the House give us time before the House rises for the summer to debate the behaviour of bus companies operating abroad, and whether they are supporting sensible and important trade union rights that are fundamental to any Member of this House?

Ms Harman: My hon. Friend raises an important point, but I cannot immediately say where this point could be taken further so that hon. Members could follow it up. On this side of the House, we all believe it is very important that individuals at work have the right to join a trade union and to have it recognised. We also believe that the standards British companies operate with workers in this country should not be double standards; the same ones should apply to companies abroad. That is why we included a responsibility to report on such matters in the Companies Act 2006. The hon. Lady raises an important point; I will ascertain which Minister is responsible for taking the matter forward and write to them.

John Hemming (Birmingham, Yardley) (LD): The Leader of the House might be aware that in Scotland more than 65 per cent. of children who leave care aged under five return to their parents. In England, more than 60 per cent. of children taken into care aged under five are adopted. The children in care Bill will be debated later this year, but will the Leader of the House ensure that Government time is given to debate such issues before the draft Bill is published?

Ms Harman: The hon. Gentleman raises an important point. We need to be absolutely sure that children at risk of neglect or abuse are put in a place of safety and well cared for. We also want to ensure that if parents can care for their own children, they are supported in doing so. For too long, the family justice system has been a poor relation to the criminal justice system. What it does affects people's lives for ever, and it is a big priority for the Ministry of Justice. The Secretary of State for Justice will answer questions next week, and perhaps the hon. Gentleman can raise the matter then.

Graham Stringer (Manchester, Blackley) (Lab): Yesterday the media were briefed that the Manchester super-casino was dead in the water. It has profound constitutional implications for our relationship with the other place if we are to kowtow to its decisions. If the super-casino does not go ahead, we also need to know how we will replace the 3,500 jobs that will be lost. Can my right hon. and learned Friend arrange a debate on these matters that are very important to the people of Manchester?

Ms Harman: We recognise that there was a difficult situation and a deadlock was reached. Therefore, the question is one of how to take matters forward. My right hon. Friend the Prime Minister said that while we await the gambling prevalence study, further consideration will be given to the question of the regeneration of east Manchester. I know that my hon. Friend will play a big role in the discussion, along with the local authority, about how needed regeneration is brought to Manchester.

Ann Winterton (Congleton) (Con): Will the Leader of the House ensure that we have a debate in the near future in Government time on FRES—the future rapid effect system, which is the biggest procurement project by the Army, with costs that started at £6 billion but now stand at £16 billion? It will fix the Army's military direction for the next 30 years. I secured a half-hour Adjournment debate in Westminster Hall some considerable time ago, but the issue is far too important for just Back Benchers. Will she speak to the Secretary of State for Defence and ensure that we have that debate?

Ms Harman: I will draw the hon. Lady's point to the attention of my right hon. Friend the Secretary of State, who will answer Defence questions on Monday. All hon. Members would agree that the way in which we effect the procurement of the Ministry of Defence is important for supporting our armed services and their work. It is also important for our manufacturing industry.

Geraldine Smith (Morecambe and Lunesdale) (Lab): I am concerned that we are facing another postal strike today after Royal Mail's refusal to enter into meaningful negotiations with the Communication Workers Union. However, the root cause of Royal Mail's problems appears to be the damaging impact of unfair competition, which could easily jeopardise the universal service obligation if it is allowed to continue. That worries me because I have a large rural constituency, and I therefore ask the Leader of the House to my pass on my concerns to the Secretary of State for Business, Enterprise and Regulatory Reform and to arrange an urgent debate on the matter.

Ms Harman: My hon. Friend has raised an important issue. We all want that dispute to be settled as soon as possible by negotiation. She also questioned the structure of and framework in which the negotiations are taking place. I will do as she asks and draw it to my right hon. Friend's attention.

Sir George Young (North-West Hampshire) (Con): I welcome the right hon. and learned Lady's announcement that we are to have nearly a full day's debate on the draft legislative programme—that is an enormous improvement on her proposal of last week. Does not the new process, which I welcome, have two consequences? First, might not the Loyal Address be a little shorter since so many details of the Bills will already be in the public domain? Secondly, are there implications for the traditional five or six-day debate that we normally hold after the Queen's Speech?

Ms Harman: If the right hon. Gentleman is asking about the length of what the Queen reads out in the Gracious Speech, I do not anticipate its being shorter. Her Majesty will announce the legislative programme; we will simply be able to debate it before it is done and dusted and set in stone. People will have an opportunity to discuss what should be in the Gracious Speech. I do not expect the debate after the Queen's Speech to be shortened, unless that appears to be acceptable.

Mr. Paul Truswell (Pudsey) (Lab): My right hon. and learned Friend will know that the recently published White Paper on planning has generated considerable debate outside this place, especially about public involvement in the planning process. Will she arrange an early debate in the House so that hon. Members can express their views on the White Paper proposals before they are drafted into a Bill?

Ms Harman: There will of course be many further opportunities for discussing the important and difficult question of planning. We need to ensure that necessary developments that are in the public and local interest are effected as swiftly as possible, with as little expense and effort as possible for those who implement them, and that local people who are likely to be affected have an opportunity to respond. The debate is important and will doubtless continue in the House.

Stewart Hosie (Dundee, East) (SNP): I welcome the right hon. and learned Lady to her new job. Today, *The Scotsman* published a story that cited a report by Scottish Widows, which suggests that some 41 per cent. of people in Scotland—39 per cent. throughout the UK—save nothing for the near future. That is worrying. Will the Leader of the House ask the Chancellor of Exchequer to make a statement on the Government's attitude to savings, their plans to encourage people to save more, and especially their view of one of Scottish Widows' recommendations, which is to increase the annual contribution limit for those with individual savings accounts?

Ms Harman: The hon. Gentleman could raise ISAs with my right hon. Friend the Chancellor of the Exchequer. I thank him for his words of welcome to me in my new position. The Government's approach to pensions has been to offer people the possibility of saving more for their retirement safely, with the amount being topped up by their employers. I also draw attention to safe savings for those on low incomes—for example, the regulation that we introduced to protect people and support those who invest in credit unions.

Mr. Jim Devine (Livingston) (Lab): May we have a debate in Government time on the performance and behaviour of Greenbelt, a factoring company, which charges homeowners up to £400 a year and provides little or no service? It is Farepak for homeowners. Yesterday, its lawyers wrote a threatening letter not only to me but to my constituent, Paula Hoogerbrugge. Paula has been monitoring the company's performance nationally. She is a single mum, yet it not only sent her a threatening letter, but its representatives contacted her employers with a clear view to having her silenced or sacked. Will my right hon. and learned Friend join me in condemning that despicable behaviour?

Ms Harman: I thank my hon. Friend for raising the matter in the House. The behaviour that he describes is worrying and I will raise it with my right hon. Friend the Secretary of State for Business, Enterprise and Regulatory Reform. Important financial sectors must have proper methods of probity.

Mr. Paul Goodman (Wycombe) (Con): The Wycombe rape crisis centre in my constituency supports approximately 200 victims of rape, sexual assault and childhood abuse a year. According to the National Council for Voluntary Organisations, it faces closure because

"it was only given a matter of weeks' notice that it wouldn't receive funding in the coming year".

I know that the right hon. and learned Lady, as Minister for Women, takes such issues seriously. I gather that up to 190 other projects are affected. May we have a debate in the near future on sexual assault and rape?

Ms Harman: I pay tribute to the important work that the voluntary sector contributes to supporting women and men who have been the victims of serious sexual

[Ms Harman]

offences. The rape crisis centre movement does important work, which is funded by a combination of national and local finance from health and social services budgets. Wearing my hat as Minister for Women, I undertake to look into the position in the hon. Gentleman's constituency. The Government have invested a great deal in developing a network of sexual assault referral centres to ensure that women who suffer violent sexual assaults are properly supported. That is important not only to help them with the aftermath of that terrible crime but to support them to give evidence in a prosecution so that perpetrators can be brought to justice. Rape is a repeat offence; until perpetrators are brought to justice, they continue offending.

Mr. Ian Cawsey (Brigg and Goole) (Lab): May I draw my right hon. and learned Friend's attention to early-day motion 1872, about the Holocaust Educational Trust?

[That this House commends the Holocaust Educational Trust for its tremendous work in educating about the horrors of the past, reaching thousands of students across the country; congratulates the Trust for its flagship Lessons from Auschwitz Project which has seen over 4000 sixth-form students and teachers visit the Nazi death camp Auschwitz-Birkenau; notes that the project provides participants with a unique insight into the catastrophic results of what can happen when racism spirals out of control; further notes that the project encourages young people to use their rights as citizens and contribute positively to a future free from discrimination, racism and hatred; further notes Government support for the project which now enables the Trust to facilitate these visits to Auschwitz-Birkenau for two 16 to 18 year old students from every school and further education college in the UK; recognises the far reaching impact this funding has on young people across the UK; and calls upon the Government to continue this vital support of this project and its commitment to ensure Holocaust education remains an integral component of school teaching in the UK.]

The motion commends the trust's work and the Government for their funding, which allows visits to Auschwitz for two 16 to 19-year-old students from every school and further education college in the UK. May we find time to debate the trust's work so that we can encourage the Government to continue the funding in future and ensure that holocaust education remains an integral component of school teaching in the UK?

Ms Harman: It is important to recognise and support the work in schools to remember and understand the terrible events of the holocaust. I join my hon. Friend in congratulating the Holocaust Educational Trust on its work. The Government's financial support is important but I know that its work is mostly done by volunteers. I pay tribute to the volunteers who keep that important work going. We must never forget.

Sir Nicholas Winterton (Macclesfield) (Con): I am sure that the Leader of the House will be aware that, as a progressive but traditional moderniser in the House, I would be very happy indeed to chair the Modernisation Committee if elected, if she has some difficulty in that. But seriously, I have very much appreciated the private conversations that she and I have had about her job and modernisation. Will the right hon. and learned Lady be more specific about when the motion on her appointment to the Committee will come before the House, so that I can be there personally, as the veteran member of the Committee, to support her appointment as Chairman?

Ms Harman: I thank the hon. Gentleman in two respects. First, I thank him for all the work that he has done over the years on the Modernisation Committee, which has made a difference to the House. As a Member for 25 years, I can see the difference that the Committee has made to how Members can do their work here. I thank him for being the backbone of the Committee, along with colleagues on my side of the House. Secondly, I thank him for the sentiments behind his offer to nominate me to chair the Committee, were the House to see fit to put me on it. I assure him that he will not regret that offer and the trust that he has placed in me. I undertake to do my job properly as Leader of the House and, if I am chosen, as the Chair of the Modernisation Committee.

Helen Jones (Warrington, North) (Lab): I wonder whether my right hon. and learned Friend could find time for a debate on support for working carers, and on the operation of the carers allowance in particular. It discriminates against those on low pay who are trying to keep themselves in work, particularly those whose hours fluctuate. Before the Government's review of the national carers strategy is complete, will she ensure that the House has a proper opportunity to debate how financial support for carers should operate to keep in work those who wish to work?

Ms Harman: There will be an opportunity to debate those issues in the Health and Social Care Bill, but my hon. Friend raises a very important point indeed. There are a growing number of older people in this country, and the front line for the support and care of those people is the family. That is what most older people want and what most families want. We do not want to have to make people choose between their job and the care and support that they want to give older members of the family.

Perhaps as Minister for Women I could tell my hon. Friend that one of our three priorities will be supporting those families who are supporting older relatives. That includes not only rights at work to flexibility, but financial support. We have gone a long way to give financial support to families with young children. We need to do more to give financial support to those doing the incredibly important work of caring for older relatives. I shall bring my hon. Friend's points to the attention of the relevant colleagues with whom we are working.

John Bercow (Buckingham) (Con): May we have a debate on the Floor of the House and in Government time on sexual health and reproductive rights? Given that the UK still has the highest rate of teenage pregnancies in western Europe and that many young women understand neither how their bodies work nor

how to access contraception, does the right hon. and learned Lady agree that we need dramatically to improve the quality of sex education in this country, not least in schools, in order both that children can acquire the biological facts and that they have the opportunity to discuss their views, their values and their relationships?

Ms Harman: I thank the hon. Gentleman for raising that point, which was discussed in the debate on the Opposition motion yesterday. It is important that we recognise that it is a crucial issue not only for young women and girls, but for young men and boys. There is still much too high a rate of sexually transmitted diseases, although progress is being made on that, and although the rate of teenage pregnancy is falling, it is still much too high. One of the things that will affect that in future is the issues that my hon. Friends concerned with education have raised. The issue is about ensuring not only that young people receive the right advice and information, but that they have aspirations and want to make absolutely sure that they get on with their lives and not have early, unwanted and unintended pregnancies.

Keith Vaz (Leicester, East) (Lab): When can we have a debate on the Prime Minister's impressive proposals for constitutional reform? It looks as though we are reaching a position where we might have a written constitution or a new Bill of Rights. Before any decision is taken on who should be drafting such important documents, will my right hon. and learned Friend undertake to ensure that we have a discussion in the House on the proposals, so that we can have an input into who is selected?

Ms Harman: I understand that my right hon. Friend the Secretary of State for Justice has said that if there is further information, he will give it in a statement to the House. As my right hon. Friend the Prime Minister said when he introduced the paper on constitutional reform, there will be a number of proposals to improve the accountability of the Government to Parliament and to improve and strengthen the relationship between Parliament and the people. A number of proposals will come forward, and we shall obviously want the fullest possible debate and engagement of hon. Members.

I need to mention to the hon. Member for Macclesfield (Sir Nicholas Winterton) that I perhaps did not respond to his point about timing. I hope that the motion will be moved early next week, but since I have unfortunately not given him quite the right information twice on this matter, let us hope that I get it right third time lucky.

Sir Nicholas Winterton: Thank you.

Mark Hunter (Cheadle) (LD): Members in all parts of the House agree on the need to curb CO_2 emissions. However, given that the international activities of UK companies account for some 12 to 15 per cent. of global CO_2 emissions, could the Leader of the House please find time for a debate on the impact of climate change on people in developing countries?

Ms Harman: The point that the hon. Gentleman raises is a big concern not only to my right hon. Friend the Secretary of State for Environment, Food and Rural Affairs, but to my right hon. Friend the Secretary of State for International Development. The people who contribute least to the problem of global warming, but who are first to suffer its effects, are those in poor countries. I assure the hon. Gentleman that that is one of the main motivations behind the Climate Change (Effects) Bill and is embedded in our international development programme. As for British companies, one of the important things in the Companies Act 2006 is the openness that they are required to have about their corporate responsibility, not only when they are doing things in this country, but in their operations abroad.

David Taylor (North-West Leicestershire) (Lab/Co-op): In view of the comments made by the new Minister for Trade and Investment—that trade unions are a backward-looking irrelevance with no place on today's agenda—and of his past campaigns to curb maternity leave, freeze the minimum wage, frustrate environmental law and block corporate killing legislation, could the Leader of House find time in this place to hold a pilot confirmation hearing for the former Digby Jones, as a precursor to all such appointments to the House of Lords in future years?

Ms Harman: My hon. Friend will know that we believe strongly in good minimum standards for all people at work, including in respect of health and safety and the minimum wage, and that we think that the Corporate Manslaughter and Corporate Homicide Bill is important. Nobody should go to work and lose their life as a result of a business trying to cut costs. I can further say to him that it is for the Prime Minister to choose his Ministers and that all Ministers are collectively accountable for Government policy, including me.

Mr. Christopher Fraser (South-West Norfolk) (Con): On 14 June, I raised with the right hon. and learned Lady's predecessor my concern that the Department for Transport's high-level output specification for the railways would be kicked into the long grass over the summer recess. I am pleased to have received a letter from the former Secretary of State for Transport, which states:

"I agree that a debate on the HLOS would be useful."

He also felt that it would be welcomed by Members of the House. With just two weeks left before the House rises, will the Leader of the House tell us what progress has been made on the publication of the report and a subsequent debate on it?

Ms Harman: I thank the hon. Gentleman for bringing this matter to my attention. I am not able to give him an answer, but I undertake to look into it. I would say to him and other hon. Members that, if they need an answer on an important issue that relates to undertakings that Ministers have given the House, it is a good idea to let me know in advance. I can then investigate the situation with my ministerial colleagues and report substantively to the House. Twenty-four hours' notice would be good.

Mrs. Sharon Hodgson (Gateshead, East and Washington, West) (Lab): Following the sub-national review and the appointment of regional Ministers, which I welcome—especially the appointment of the Minister for the North East, my right hon. Friend the Member for Newcastle upon Tyne, East and Wallsend (Mr. Brown) to my very own region—may I ask the Leader of the House for more details of how Parliament will have democratic oversight of regional issues? Does she agree that new structures should include social partners, such as Northern TUC and the trade unions, to ensure that we get the best possible public policy delivery for all our regions?

Ms Harman: I thank my hon. Friend for raising that point. She is a champion for her region, both in the House and back in her home town. I join her in congratulating my right hon. Friend the Member for Newcastle upon Tyne, East and Wallsend, who will be the Minister accountable for the north-east. Accountability for work in the regions will be established not only through the regional Ministers at the Dispatch Box but through the Department for Communities and Local Government, the Department of Health and all other Departments with an important regional impact.

Mr. Mark Harper (Forest of Dean) (Con): I should like to join my right hon. Friend the Member for Maidenhead (Mrs. May) in pressing for an urgent statement from the Secretary of State for Justice. I listened carefully to what the Leader of the House said in her reply to my right hon. Friend. I understand from reports that Wiltshire's coroner, county council and chief constable have all requested a meeting with the Justice Secretary or representatives of his Department to discuss more funds for inquests. They have been told that they will have to make their case in the autumn. The backlog of inquests into the deaths of our service personnel has been increasing rather than declining, and our brave men and women are, unfortunately, being killed in theatre faster than we can carry out the inquests. It is unacceptable for their families that the backlog is increasing, and I ask the Leader of the House to urge her colleague to meet the Wiltshire coroner as soon as possible to ensure that the backlog increases no further during the summer.

Ms Harman: The hon. Gentleman raises an important issue. I have spoken to my right hon. Friend the Justice Secretary this morning. He is going to have a meeting with the Wiltshire coroner, and it will not be in the autumn—it will be much sooner than that. On 17 June, when I was Justice Minister, I wrote to the Wiltshire coroner to invite him to meet officials in the Justice Department in order to ensure that delays did not build up. We had very bad delays building up in Oxfordshire, and when I was Justice Minister I took action with the Oxfordshire coroner to sort out that very bad problem. I said at the time that I was not prepared to see a similar problem arise in Wiltshire, and that remains the Government position. My right hon. Friend the Secretary of State for Justice will not allow delays to arise.

Hon. and right hon. Members are right to raise this issue, but I want to reassure the House that we will not let a backlog build up. So far as a statement is concerned, when I first raised this issue, I offered statements on a regular updating basis so that people could see all the inquests that were waiting to be heard. I updated that information at the end of last month. The situation has not changed materially since then, so I will not suggest to my right hon. Friend the Secretary of State that he issue another written statement. He will, however, meet the coroner in Wiltshire to assure himself that no more delays will build up.

Barry Gardiner (Brent, North) (Lab): In warmly welcoming my right hon. and learned Friend to all her new posts, may I venture to suggest that she might not—at least, not yet—have had time to read the proceedings of the third international congress of the Asia Pacific Society of Infection Control in Kuala Lumpur this week? If she had read it, her eye might have been caught by the paper entitled "Ultraviolet sterilised bedroom air protects patients from MRSA". Will she take the opportunity to congratulate Dr. Peder Nielsen, the consultant microbiologist who is the director of infection prevention and control at Northwick Park hospital, where a significant trial on MRSA control has just taken place with great success? Might the Leader of the House enable a debate—

Mr. Speaker: Order. I am trying to do my best to get every hon. Member in at the tail end of business questions. That is not easy when hon. Members seek to congratulate constituents. There are other ways of handling these matters.

Ms Harman: I join my hon. Friend in his congratulations to Peder Nielsen. Infection control at Northwick Park hospital, and in hospitals throughout the country and world wide, is a big challenge that we want to take forward. The matter will no doubt be raised in Health questions.

Mark Pritchard (The Wrekin) (Con): May we have an early debate on the Government's proposals to change the national curriculum? It is disappointing that an announcement was made, yet again, to the BBC before being made to the House. There has been no oral or written statement on the matter today. I see the Minister for Lifelong Learning, Further and Higher Education, the hon. Member for Harlow (Bill Rammell), in his place, and it would have been nice to hear the announcement in the House first. When we have that debate, may we discuss the need for any global theories on climate change to be taught in a balanced way, looking not just at man-made issues but at atmospheric factors, so that climate and global changes are not presented as a quasi-religion or as pantheism?

Ms Harman: This matter has been under consideration by the Select Committees, and it has also been discussed on the Floor of the House. The Secretary of State for Children, Schools and Families, my right hon. Friend the Member for Normanton (Ed Balls), has already made an oral statement on it. In addition, he will answer oral questions on Thursday week. No doubt, these questions will be put to him then.

Jim Sheridan (Paisley and Renfrewshire, North) (Lab): Will my right hon. and learned Friend arrange for a statement on what progress has been made on reviewing the security at UK airports? She may be aware of the public statement by Conservative Members that people standing in queues at airports could be targets for terrorists. I am sure that she will agree that it does not fall within the remit of hon. Members to advise terrorists. Travelling through airports is frustrating, but the security measures that are in place are there to safeguard all of us.

Ms Harman: I know that my hon. Friend is working with all who work at Glasgow airport, which serves his constituency. That is important work, and I support the points that he has raised.

Dr. Evan Harris (Oxford, West and Abingdon) (LD): Following the changes to the machinery of government, there will no doubt be an oral or written statement on the changes to the Select Committees. Does the Leader of the House accept that the Government have a good reputation in the science community, and that the science community at large, as well as Members on both sides of the House, wish to see the continuation of the Science and Technology Committee, which is able to scrutinise science across government, leaving the scrutiny of individual Departments to the appropriate departmental Select Committees? Will she pass that message on to the usual channels or to those who decide these matters?

Ms Harman: There is discussion on the future of the Science and Technology Select Committee in the light of the changes to the machinery of government affecting schools, children and universities. Those discussions are ongoing and, should there be any change, an announcement would no doubt have to be made to the House and voted on, if necessary.

David T.C. Davies (Monmouth) (Con): Council tax in the constituency of Monmouthshire have risen by 184 per cent. over the past 10 years. Will the Leader of the House ask a Minister to make an urgent statement to the pensioners of Monmouthshire to explain how they can possibly deal with these exorbitant rises while keeping a roof over their heads?

Ms Harman: This question relates to a devolved matter, but I will draw the hon. Gentleman's points to the attention of my right hon. Friends the Secretaries of State for Wales and for Communities and Local Government.

Mike Penning (Hemel Hempstead) (Con): May we have an urgent debate on the Floor of the House in Government time on the accountability of the Health and Safety Executive? On 11 December 2005, my constituency was rocked by the Buncefield explosion. Safety at that depot was the responsibility of the Health and Safety Executive, but we have now been informed that Crown immunity will be claimed, should—I stress should—any action, civil or criminal, be brought against the HSE. In the 21st century, how can it be right for Government agencies to have Crown immunity, rendering my constituents unable to receive any due compensation?

Ms Harman: I cannot give the hon. Gentleman an immediate answer on accountability, but I will raise the matter with the relevant Secretary of State, as health and safety is a very important issue.

Jo Swinson (East Dunbartonshire) (LD): May I draw the House's attention to early-day motion 813, which stands in my name and is supported by 53 hon. Members, about the nomination of the Antonine wall for world heritage site status?

[That this House welcomes the nomination of the Antonine Wall for UNESCO World Heritage Site status; notes the historical significance of the Wall as denoting the true north-western frontier of the Roman Empire; further notes that the Wall's distance slabs form one of the most important groups of preserved Roman military sculptures; further notes the importance both of preserving the Wall and educating the public about its historical significance; and supports the ongoing work in other countries to denote more extensively the borders of the Roman Empire as World Heritage sites.]

This summer, UNESCO inspectors will visit my constituency in Dunbartonshire and several others through which the wall runs in order to evaluate the bid. Can we have a debate on the Antonine wall and the contribution that the UK's world heritage sites make to our local communities, economies and cultural life?

Ms Harman: Bearing in mind the fact that one of the Bills included in the draft Queen's Speech is a heritage Bill, there might be an opportunity for the hon. Lady to raise the issue there.

Mr. Mark Lancaster (North-East Milton Keynes) (Con): Can we have a debate on early-day motion 1761, on the future of the Territorial Army?

[That this House is concerned at the impact of the 5 million saving required to be made by the Territorial Army (TA) over the next two financial years; acknowledges that the proposed implementation plan put forward by Commander Regional Forces will stop all recruiting in TA units that are not making a significant contribution to current operations, delay the establishment of six squadron size units until April 2009, cancel Cambrian Patrol, cancel all TA involvement in the Nijmegen marches, cancel divisional skill at arms meetings and freeze the recruitment of 244 non-regular permanent staff; and, given the disproportionate impact this will have on the morale and effectiveness of the Territorial Army, urges the Government to reconsider the requirement to implement these savings.]

Only yesterday, the Prime Minister said that he had "nothing but praise" for those in the Territorial Army and continued by saying that he believed that the whole House would want to say that we owe them "a debt of gratitude". What he did not say was that the Government are cutting the TA budget by £5 million. Given the likely effect, is it right for Ministers to praise the Territorial Army from the Dispatch Box only to cut its budgets?

Ms Harman: We would all agree with what the Prime Minister said about the important work of the Territorial Army. I draw the hon. Gentleman's attention to Defence questions next Monday, when he

[Ms Harman]

will have an opportunity to raise the matter with the Secretary of State for Defence.

Justine Greening (Putney) (Con): Will the Leader of the House join me in pressing the Department for Transport to make publicly available the environmental modelling results currently being passed to BAE in relation to Heathrow expansion, but not to me as an MP? I have tabled a parliamentary question about this and made a freedom of information request, but so far these results have not been made available to me. It is a matter of great concern to my constituents. Will the Leader of the House find out from the Department for Transport when it plans to make these results publicly available?

Ms Harman: I will draw the hon. Lady's points to the attention of my right hon. Friend the Secretary of State. There are some exemptions to the Freedom of Information Act and the hon. Lady's question may fall under the commercial confidentiality exclusion. I am not aware of the detail on that, but I will find out and ask my right hon. Friend to respond directly to the hon. Lady.

Mr. Peter Bone (Wellingborough) (Con): Last week, I drew the House's attention to Mrs. Ruby Waterer, who was going blind, but was denied treatment on the NHS and would have had to go privately. Immediately after the Leader of the House's reply, she was granted treatment on the NHS, so I would like to thank the right hon. and learned Lady for her involvement. Unfortunately, four more people in my local area contacted me yesterday, as they had been told that they would have to go blind because the NHS would not treat them. Their only option is to go privately and pay up to £8,000. Would it not be appropriate for the Secretary of State for Health to make a statement on what is clearly a very important issue?

Ms Harman: I will bring, again, the hon. Gentleman's points to the attention of my right hon. Friend the Secretary of State for Health. The case raised at business questions last week was a heart-rending but quite complex one, involving questions of referral and the appropriateness of diagnosis. It raises important concerns. If the hon. Gentleman would like to give the details of the four other cases to the Secretary of State, I am sure they will be looked into.

Mr. Philip Hollobone (Kettering) (Con): The future of sub-post offices in the Kettering constituency, across Northamptonshire and, indeed, across the whole country hangs in the balance, awaiting the Government's announcement of its detailed closure programme. Will the Leader of the House confirm when the details of which post offices are to be closed will be announced, and when they are, will the Minister responsible for the Post Office make an oral statement to the House and respond to hon. Members' questions?

Ms Harman: Consultation and discussion are under way, led by the Department for Business, Enterprise and Regulatory Reform. All hon. Members recognise the important role for sub-post offices. We want to ensure that we have the right level of public subsidy and the right services provided to local people.

Orders of the Day

Further Education and Training Bill *[Lords]*

As amended in the Public Bill Committee, considered.

New Clause 5

FUNCTIONS OF LEARNING AND SKILLS COUNCIL FOR ENGLAND IN RELATION TO EDUCATION AND TRAINING FOR PERSONS AGED 16 TO 19

'(1) LSA 2000 is amended as follows.

(2) Omit section 2 (education and training for persons aged 16 to 19).

(3) In section 3D(1) for "sections 2 and 3" substitute "section 3".

(4) In section 13(1) omit "2,".'—*[Sarah Teather.]*

Brought up, and read the First time.

12.35 pm

Sarah Teather (Brent, East) (LD): I beg to move, That the clause be read a Second time.

Mr. Speaker: With this it will be convenient to discuss the following amendments: No. 26, in clause 6, page 6, line 31, leave out subsection (1).

No. 27, page 6, line 37, leave out 'that Act' and insert 'LSA 2000'.

No. 28, schedule 2, page 28, line 2, column 2 , at beginning insert 'Section 2.'.

Sarah Teather: New clause 5 and consequential amendments Nos. 26 to 28 are essential probing amendments designed to tease out the Government's intentions with regard to 16-to-19 funding, following the announcement of a new departmental structure. The effect of those amending provisions, taken together, is to remove the statutory duty on the Learning and Skills Council to provide education, training and leisure activities to 16 to 19-year-olds.

The Minister for Lifelong Learning, Further and Higher Education may recall our previous debates on the subject. For example, he said:

"Lord Leitch made it clear—as the Government have made clear—that the role of the LSC can and should continue to evolve and change, but Lord Leitch also made it clear that instinctively he was not in favour of ripping up structures and starting again simply for the hell of it, but that we had to reform the process overall."

He also said:

"The hon. Member for Brent, East (Sarah Teather) made a criticism of 16 to 19 funding, and she advocated that it be transferred to local authorities. I am not convinced by her argument, and it is usually the case in these issues that the Liberal Democrats support the view of providers. In my experience of talking to college principals up and down the country, there would not be support for her proposition. ."—[*Official Report*, 21 May 2007; Vol. 460, c. 171-74.]

That is interesting, as just two weeks ago the Prime Minister announced that that money would be transferred to local authorities.

First, I warmly welcome that announcement and that change and I invite the Minister to do likewise. I believe that if it is done well, this could offer an exciting shift in policy. It could finally allow us to join up 14-to-19 education in a genuinely coherent way. It could provide an opportunity finally to end the invidious gap between students in the sixth form and those at further education colleges. It could herald the opportunity mentioned in the White Paper for funding to follow the student, so that people in the 14-to-19 range could move between institutions if required in the light of the Government's reforms of diplomas. I view this as genuinely exciting and I hope that the Minister has reflected on the change over the past two weeks and will feel as excited as I am and willing to embrace it.

In order to generate the necessary change, we need legislation. I am trying to be helpful by tabling amending provisions to repeal part of the Learning and Skills Act 2000, which would be required for enactment. It will also be necessary to amend the Education and Inspections Act 2006 to place a new statutory duty on local authorities for 16 to 19-year-olds. That is not in order for this Bill, so I cannot do that, but I have done what I can to help. I hope that the Minister will receive it in the helpful spirit in which it is intended.

I assume that the Minister will respond in a few moments and say that he does not wish to enact these provisions now, but to go away, consult and consider them very carefully. If so, will he tell me when he wishes these changes to be brought forward and whether it is his intention to repeal the relevant section of the Learning and Skills Act? If not, why not? Does he intend to continue to use the Learning and Skills Council as a conduit for money for 16 to 19-year-olds? If so, does he not think that it could be an extra barrier of bureaucracy? If he thinks that the LSC should continue to play a role in 16-to-19 education, is it mainly in respect of apprenticeships?

There seems to be a bit of turf war going on at the moment between the Department for Innovation, Universities and Skills and the Department for Children, Schools and Families. I hope that the result of that turf war will be that, eventually, many apprenticeships will be transferred to the DSCF and not continue to remain with DIUS. Only in that way will we get genuinely joined-up treatment of all 14-to-19 provision. It would be unfortunate if that were to generate weird barriers between part-time and on-the-job learning.

The important thing is how the transfer of 16-to-19 money is done: the transfer alone will not generate what we want if the money continues to be ring-fenced, and if the 0-to-16 funding continues to be ring-fenced in a separate grant. If there must be ring-fencing—which, on the whole, I am not in favour of—it would be much better to ring-fence 14-to-19 funding, and then to have 0 to 13, or at least 0 to 10 and 11 to 13, in separate grants.

The announcement has enormous implications for the Bill. Indeed, it renders some aspects of the Bill redundant. Does the Minister intend to bring forward legislation at a later stage to amend the Bill in the light of the announcement? We are being asked to pass a Bill that contains a number of powers that will be irrelevant

[Sarah Teather]

if the Government move the 16-to19 money—in particular, clause 17, which we will debate at some length on the next group of amendments, which gives intervention powers to the Learning and Skills Council. Were the money for 16 to 19-year-olds moved, however, many colleges would no longer have the LSC as their funding partner. That would seem to bring the proposal into question. Similarly, with regard to clauses 14 to 16, which refer to the merger, dissolution and publication of proposals for new colleges, the Learning and Skills Council may not fund such colleges at all, and would certainly never be the major funder. Of the £9 billion now provided by the LSC, the Government propose to move £6 billion to local authorities.

I hope that the Minister will tell us whether he intends to amend the Bill in the future. I do not feel comfortable passing a Bill now that gives powers to the LSC that will clearly become irrelevant in a relatively short period. It will be unhelpful if the Minister cannot assure me on the record that the Bill will be amended when the new proposals come forward, with respect not only to the duties on local authorities, but to other clauses that relate to LSC powers over colleges.

Lastly, what will remain with the LSC and what might its role be? In Committee, the Minister said:

"Even under the demand-led approach that we are moving towards—we envisage most of the funding going through the demand-led process—there would still be a relationship with the Learning and Skills Council. Funding would still come from the council. If it will not have the ultimate power of intervention, and if we want to protect the public purse and the public interest, who will take on the responsibility?"—*[Official Report, Further Education and Training Public Bill Committee*, 14 June 2007; c. 110.]

In the light of the recent announcement, does the Minister still believe that to be the case? Does he still see a role for the LSC? Many rumours abound about the Government's intention to move that money for 19-plus adult skills to regional development agencies or to sector skills councils. I was hoping that the Treasury sub-national review might have been published by now to give us at least some hint of the direction of the Government's travel. Although ministerial appointments have been published, those proposals have not.

Mr. Barry Sheerman (Huddersfield) (Lab/Co-op): The hon. Lady is very knowledgeable in this area, and I was not privy to the Committee's discussions. What is her view of what should happen to the LSC, which seems increasingly endangered?

Sarah Teather: At the moment, we are simply consulting on what should be done with the money. An internal party working group is in the process of taking evidence, and I would be happy to discuss such proposals at a later stage. I am interested to know the Government's intentions and whether they have a view on the matter. A move from a £9 billion organisation to a £3 billion organisation would seem to undermine the future of the LSC.

Mr. Tim Boswell (Daventry) (Con): The hon. Lady raises an entirely proper point. Does she agree that for those of us who have sometimes been critical—perhaps not always fairly critical—of the administrative costs of the LSC, it is self-evident that if the volume of traffic or turnover through the council is reduced, the ratio of overheads to final expenditure is commensurately increased?

12.45 pm

Sarah Teather: I agree with the hon. Gentleman. I do not want to criticise the announcement, as we have been calling for it for a long time, as the Minister knows. I am extremely pleased that the Government have announced their intention to move 16-to-19 money to local authorities. My question is: what happens next? Certainly, the announcement has enormous implications for the LSC. I have been similarly critical of some of the LSC's overheads, although I have not used the same language as the hon. Gentleman. I am aware that the LSC has been through several restructuring processes and that staff face quite a lot of uncertainty. It would be helpful if the Government were to put on the record their intentions for the organisation, at least to indicate to staff employed by that organisation the future direction of Government travel.

Mr. John Hayes (South Holland and The Deepings) (Con): It is good to welcome the Minister back to his job, albeit in a new Department, and I look forward to exchanging various comments and ideas with him over the coming weeks and months, in the happy spirit that has pervaded our previous exchanges.

I digress from that sentiment in no way by saying that the new clause and amendments seem to highlight a fundamental flaw in the Government's thinking. In a sense, the amendments prise open a gap between the Bill and the Government's strategy. The hon. Member for Brent, East (Sarah Teather) was measured in her comments; she could have been altogether more direct. She might have asked why we were debating a Bill in isolation from the Government's approach to the Leitch review of skills. We still await the Government's response to that fundamental review, which, we think, will come out next week—it has been delayed three times already. We understand that one of the reasons for the delay was that the first draft was simply not up to scratch: one agency told me that it could have been written by a seven-year-old child with chickenpox.

Given the paucity of the Government's approach and the delays suffered, it is unsurprising that we are debating in isolation a Bill that might contradict some of the Government's response to Leitch, and which certainly contradicts much of Leitch's analysis. The new clause and amendments relate to the departmental reorganisation and its implications for the LSC. The Chairman of the Select Committee, the hon. Member for Huddersfield (Mr. Sheerman), asked the hon. Member for Brent, East what she thought about the LSC, and in doing so prompted the question of what the Government think about it. Leitch does not mention the LSC until about page 75 of his report, and then talks about further rationalisation in that body. We are not clear whether the Government see a long-term future and a central role for the LSC. We certainly do not know whether the Government's response will merely be to bolt on a new structure to the existing one. I suspect that we might end up with that, and that would be thoroughly unsatisfactory.

As the hon. Lady said, the decision to create two new Departments to cover education and skills has significant implications for FE colleges because of the plan to route funding for 16-to-19 education via local authorities. That is what the new clause and amendments address.

Mr. Boswell: Does my hon. Friend agree that the last thing that the sector needs is more bodies, or a further proliferation of bodies? I am already uneasy about splitting the Department. What the sector needs is a simple line of funding and communication so that it can get on with its job.

Mr. Hayes: My hon. Friend, in his typically learned and well-informed way, makes two points. First, he makes the point that the split into two Departments creates a problem of clarity—it is difficult to know where responsibilities will lie for different aspects of the previous Department's work. He then made a second and even more profound point about the bureaucracy, over-regulation and micro-management that has typified the Government's approach to further education and to skills more generally.

Because I have high hopes of the Minister—rejuvenated by his reappointment—I hope that he will take the opportunity of the response to Leitch to clear away some of that bureaucracy and lift some of the burden on our excellent further education colleges, so that we can meet the skills targets that he wants to be met and on which we share a view. I do not take a negative view—I am not pessimistic—but unless the Minister rises to the challenge identified by my hon. Friend, I am afraid that my hopes will be dashed and the whole House, indeed the whole country, will be disappointed.

According to the *Times Educational Supplement*,

"Billions of pounds in funding for colleges is due to be taken from the Learning and Skills Council and put under the control of local authorities. The handover of about £7 billion of the LSC's £11bn-a-year budget will be the culmination of Gordon Brown's reorganisation of education."

The reform will require yet more legislation, presumably as part of the proposed Bill to raise the school leaving age to 18. We had a taste of it in what could be described as the early Queen's Speech—the pre-Queen's Speech Queen's Speech—which hinted that there might be further legislation to do just that.

Sarah Teather: The hon. Gentleman will have observed that the publication accompanying yesterday's statement contained no information about the proposed Bill. That suggests that the Government will use it to amend the process of funding 16-to-19-year-olds.

Mr. Hayes: I agree. It is not as though we did not tell the Government—we said that this Bill was not fit for purpose because it had come to the House irrespective of the Government's response to Leitch. We may well see, in the autumn, a further Bill dealing with skills and further education and making structural changes to the way in which skills are funded and managed, although this Bill will have only just hit the statute book. It strikes me as bizarre to publish the Leitch report and the Bill simultaneously, given that the one bears very little relation to the other.

Jeremy Wright (Rugby and Kenilworth) (Con): Would it not be very much in the interests of the Learning and Skills Council for the Government to clarify their thinking on its future? The Bill talks of moving from a local to a regional structure. The LSC will inevitably need to do some work on that, which may come to nothing if the Government change their mind later.

Mr. Hayes: The Government's approach has a touch of rearranging the deckchairs and changing the sheet music for the dance band on the Titanic as we face our journey to the lifeboats. One wonders whether, expecting some massive change, the Learning and Skills Council is desperately trying to reorganise itself before it is reorganised in a way not of its own choosing. We need the Government to be straightforward, and the hon. Lady's new clause and amendments give them an opportunity to be so. Do they envisage a long-term future for the LSC in its current form, in the context of the new clause and amendments? Do they expect it to continue much as it is now, or do they anticipate fundamental reform of the funding and management of skills of the kind that is hinted at, indeed identified, by Leitch, and which Members in all parts of the House consider now to be necessary?

As I have said, there is mention of further legislation, presumably as part of the proposed Bill to raise the school leaving age to 18. Conservative Members have concerns about the proposal to return college funding to local authority control. We are proud of what many further education colleges achieve. I make no apology for repeating what I have said before—that the House should celebrate their work, congratulate the professionals in them, and applaud the achievements of the many students who pass through them. Conservative Members trace those achievements back to the crucial Further and Higher Education Act 1992, which gave further education colleges their freedom from local authority control and set them on a path to the success that they now enjoy.

Madam Deputy Speaker (Sylvia Heal): Order. I wonder whether the hon. Gentleman will now confine himself to the new clause and amendments under discussion.

Mr. Hayes: I shall be delighted to do so, Madam Deputy Speaker.

The Association of Colleges is concerned about the plan to route funding for 16 to 19-year-olds via local authorities, which is precisely what is dealt with in the new clause and amendments. The proposed changes are creating considerable uncertainty in the sector, as I was told by the principal of a further education college that I visited earlier this week. The colleges are not certain what the change means, and they are not confident about their future. They are not even confident that the Government see a long-term future for further education at all. I do not share the Armageddon view of the Government's position, but I do think that a lack of certainty and clarity is causing a problem with morale in the sector, particularly in relation to the issues dealt with in the new clause and amendments.

[Mr. Hayes]

Many young people cross boundaries to attend colleges in other local authority areas, but changing funding responsibilities may make it more difficult for them to exercise that choice. I ask the Minister to comment on that problem in particular. The Bill also creates confusion by extending the role of the LSC in training for 16 to 19-year-olds. Clause 6 would give it a new duty in relation to education and training provision for that group

"with a view to encouraging diversity in the education and training available to individuals".

It seems to be critical for those individuals to be able to exercise maximum choice, but the fact that the new powers will soon be obsolete again raises the question of the Bill's purpose. On Second Reading I argued that it was not fit for purpose and that further legislation might well be required. We now learn that the Learning and Skills Council is likely to be stripped of many of its current functions, but we have yet to hear the Government's detailed response to Leitch.

In the past, the Minister has been dismissive of the inquiries made by the hon. Lady and me, and mentioned by the hon. Member for Huddersfield, about the possibility of new legislation. Will he tell us whether he anticipates further legislation, and whether it will deal specifically with the points raised by the hon. Lady and amplified by me? If he says that he does, it will contradict what he said in Committee, namely:

"To move the system in a more demand-led direction one does not need to legislate". —*[Official Report, Further Education and Training Public Bill Committee*, 12 June 2007; c. 19.]

I was doubtful about that at the time, and I remain doubtful. It appears to me that the Government have changed their position and are now suggesting that they may well need to legislate. The former Leader of the House said that the Government were "planning legislation" on Leitch when he was questioned on the matter as early as 21 June. Can the Minister confirm that, and can he tell us what reason the Government would have to legislate on Leitch if not to introduce the demand-led system that Leitch advocates?

Conservative Members are in favour of reducing the mountain of bureaucracy that stifles the delivery of training and prevents the establishment of a system tailored to the needs of business and learners alike. The Government have been complacent. Debating these very matters in Committee, the Minister said that concern expressed by my hon. Friends, particularly my hon. Friend the Member for Rugby and Kenilworth (Jeremy Wright), about the £1 billion of public money spent by the LSC for purposes other than training was "erroneous". City and Guilds takes a rather different view. Under the heading "The Cost of Bureaucracy", it suggests that the regulatory impact and overall burden on providers warrants "serious and sustained attention". Will the Minister deal with the concerns of third parties such as City and Guilds?

In essence, and in conclusion, the hon. Member for Brent, East has done the House a service by proposing the new clause because there is a gaping hole in the Government's position. It is not clear where responsibility will lie in the medium term, nor is it clear, as my hon. Friend the Member for Daventry (Mr. Boswell) said, whether contradiction and confusion will be a permanent feature of the Government's strategy or whether it is merely that the Bill and the Government's other plans are not consistent. It is not clear whether the Government will have to legislate further. It is not clear whether the Minister will be responsible for these things for very much longer, or whether they will pass to another agency or Government Department. That lack of clarity is doing the sector no favours and the House no service. I hope that the Minister will be able to reassure me that he is rather clearer than he has given the impression of being thus far.

1 pm

The Minister for Lifelong Learning, Further and Higher Education (Bill Rammell): I welcome the hon. Member for Brent, East (Sarah Teather) to her new position and, for the avoidance of doubt, I confirm that I continue to be the Minister with lead responsibility for the Learning and Skills Council. The hon. Lady referred to some of the remarks that I made in Committee and referenced them with the position we are in today. I need simply remind her that the role of Ministers is to argue current Government policy with conviction; I did that in Committee and I am more than happy to do it here today.

It is the Government's intention to provide strong strategic leadership for the reforms to the 14 to 19 curriculum and qualifications and for increasing participation and attainment by young people by the age of 19. That responsibility, announced as part of the recent machinery of government changes, sits with the Department for Children, Schools and Families. We intend that the new Department will have responsibility for overall planning and funding for 14 to 19 learners to achieve that ambition. It will focus on those young people who are not in education, employment or training, who often need personal support services to help them engage. It will take responsibility for raising the education leaving age.

With that responsibility, we intend to transfer funding for 14 to 19 learners—I am pleased that the hon. Member for Brent, East has welcomed that—to the local authorities' ring-fenced education budgets. Crucially, the Department for Innovation, Universities and Skills—in effect the Department for the knowledge economy—will lead the work to ensure that this country has the skilled work force that it needs to compete in the global economy. At the heart of that task is the development of funding and performance management of further education in England—a vital and continuing role. Included within that role are efforts to make sure that the system is able to deliver the 14 to 19 reforms to which I referred earlier. If ever there was a need for joined-up government, it is in this area.

Both those reforms are logical developments of the Government's policies, such as Every Child Matters, the 14 to 19 reforms, the challenge set by Sandy Leitch and the further education reform agenda. Those are welcome and both Departments are now working on the practical implications of the announcements. It is clear that the reforms will require legislation. The Prime Minister has indicated that the Bill to raise the education leaving age from 16 to 18 will be one of the measures on the Government's legislative agenda next year. We will seek to secure on the programme for the

following year a Bill to deliver the reforms announced in the machinery of government changes. Before then we will, rightly, consult on the details and timing of the funding transfer to ensure no disruption to schools, colleges and training providers. That is the fundamental issue.

Kelvin Hopkins (Luton, North) (Lab): One issue that my hon. Friend has raised, and which I raised on Second Reading, was that of NEETs—those not in education, employment or training. They are not tracked at all and, in my constituency, there is no knowledge of what happens to them after the age of 16. Would it not be simple to instruct local authorities to make a list of people who appear to be missing from education and training as soon as they leave school at 16, and to do that fairly quickly?

Bill Rammell: I respect my hon. Friend's intentions; he has worked on this matter for a long time. It is not fair or accurate to say that no tracking takes place. The Learning and Skills Council, local authorities and the Connexions service work together to provide advice, guidance and support and to track young people in those circumstances. One issue that we debated in Committee is that the NEET group is changing; it is somewhat simplistic to say that they are all suffering from a lack of opportunities. As a result of that discussion, I committed to write to members of the Committee and I will be happy to forward that correspondence to my hon. Friend.

Mr. Hayes: I thank the Minister for that letter and for exploring the issue in more detail. Why does he think the number of NEETs has grown since 1997? It is not absolutely clear why and he must have a pretty good idea of what strategic changes have brought that about.

Bill Rammell: If one looks at the long term trend, it is not accurate to say that the number has grown. Broadly, the percentage has remained similar. I am not denying that this is a significant challenge for us. Across Government, real effort is going into this area. Some of the reforms we are looking at now will enable us to take that body of work further forward.

Chris Ruane (Vale of Clwyd) (Lab): Yesterday, I took four young women aged 16 and 17 who were NEETs around the House of Commons and spoke to them for one and half hours. Three of the four said that they fell off the education radar because of bullying. What message can the Minister give to those three young women from my constituency that that issue is being tackled, not only in Wales but in England?

Bill Rammell: My hon. Friend raises a serious and important point. The new Department takes bullying extraordinarily seriously, as we did in the former Department. We must ensure that there is best practice in every school. We must also ensure that schools are not blind to the problem and do not carry on as if it does not exist. Within every school we need proper procedures to expose the issue, tackle it and give children and young people the confidence that there is security within the classroom and the school.

We also will ensure that there is no disruption to 14 to 19 reforms, including the introduction of new diplomas, and to the skills reforms, including the move to a system which is more demand-led. We will continue the vital work of employer engagement, which Opposition Members have been particularly interested in. The hon. Member for South Holland and The Deepings (Mr. Hayes) asked about further legislation. I reiterate that moving to a demand-led system does not require legislation. We are already moving to a demand-led system; the significant proportion of funding through Train to Gain and skills accounts will, under existing arrangements, move to a demand-led approach. We do not need further legislation to increase the proportions. Other elements will require legislation and I will come on to those.

Mr. Hayes: The Minister has provoked this intervention. Surely he is not telling the House that fundamental changes to the responsibility of the LSC and new powers for the sector skills councils—another element of Leitch that I assumed the Government would take seriously—as well as changes to the funding regime would not require some changes to legislation. There are statutory powers and responsibilities embedded in the system that would have to be changed if we were to adopt the Leitch agenda in its fullest form. I do not understand why the Minister is being so defensive; if there is to be legislation, let us say so and have an open and honest debate about the public policy implications.

Bill Rammell: I am not denying, and I have not denied, that there will be a need for further legislation. However, a move to demand-led funding does not require further legislative change. That is possible and is happening at the moment. The proportions of demand-led funding are increasing significantly as of today. As I said, we are moving to a more demand-led system, which is vital to employer engagement.

All of this will take time, however, and although we will seek to effect early changes that can be made under current legislation—for example, our commitment to close further the funding gap between schools and colleges as resources allow might be enabled by the new system, and lessons from the dedicated schools grant might be used to inform how funding methodology can be developed—I estimate that we will not be able to give effect to the full legislative changes until the academic year 2010-11. In the three full academic years between now and then, the LSC will retain the legal responsibility for securing and funding all forms of post-16 education and training outside higher education. In particular, it will retain the duty to secure the proper facilities for young people aged 16 to 19.

As the LSC will for the time being retain that duty for young people, we must ensure that it can operate effectively. Establishing the performance management and viability of colleges, including their work with young people and adults, will be discharged on behalf of the Government by the LSC until such time as new legislation is introduced. Therefore, now is not the time to make changes to the LSC's duties in respect of providing proper facilities for young people.

Sarah Teather: I thank the Minister for that answer, but may I return to an earlier point I made? Will the Government give an undertaking now that, when the

[Sarah Teather]

funding changes are introduced, they will amend the legislation so that the performance management assessment of colleges is no longer done by the LSC? I would not feel comfortable passing the Bill if I did not have confidence that the Government would make such changes in a few years, because otherwise we would effectively be giving powers to assess the management of a college to an organisation that would no longer have any relevance to the college.

Bill Rammell: I cannot, and will not, give the specific commitment that the hon. Lady asks for, as if I were to do so it would pre-empt legitimate consultation on the detail of this matter, which should take place. It is certainly the case that we will have to consider changing the overall legislative framework, including changing the proposed legislation in this Bill. However, I think that the hon. Lady is asking me to go further by specifically ruling out that the LSC will be part of that process, and it would not be right to do so.

Sarah Teather: My understanding, especially from the discussion that members of the Education and Skills Committee had with David Bell yesterday, is that the Government have made it clear that it is their intention that the LSC will not be part of the process, but that they are consulting on the means to get there—on how to move the money for the 16 to 19 age group. It is therefore completely illogical for the Government not to say that at some point in the future they will end the LSC's responsibility for the performance management of colleges which will not be funded by it. That is what I want the Minister to say. We are passing measures that will need to be changed in the future and I do not want to pass them unless the Government are prepared to give us an undertaking that they will come back and look at this issue.

Bill Rammell: We will certainly come back and look at the issue, but we must consult on the detail, and we must make a decision once 14 to 19 funding is transferred to local authorities' ring-fenced budgets about which is the appropriate body to manage the overall intervention regime. It is right that we consult on the detail of that, which will almost certainly mean that we will need to return to the House. However, it is wrong to ask me to say explicitly now that a reformed LSC will not have a role to play in that.

1.15 pm

One of the amendments is intended to probe our intentions in respect of the transfer of 14 to 19 funding. The machinery of government changes consolidate our policy aim to ensure that there is a coherent offer of education and training to all young people at local level, with overall responsibility residing in one body—the Department for Children, Schools and Families. The changes also help us to achieve our ambition of making a step change in delivering a world-class skills base. The new Department for Innovation, Universities and Skills will provide a strong voice across Government for effective investment in research, science and skills and put them centre stage in the Government competitiveness strategy. That is one of the most exciting elements of the machinery of government changes. There will be shorter-term action that we can take to consolidate our approach, deliver our aims and ease transition to the new arrangements. I understand the spirit of the hon. Lady's amendments, but now is not the right time to introduce the measures they propose. As I have said, we will consult on the detail and the timing of the changes to ensure that there is no disruption to providers or, more importantly, to students and employers.

The probing amendment is silent on which bodies would gain responsibility for 16 to 19 provision if we were to remove that from the LSC. Our policy intention is clear: the Department for Children, Schools and Families will lead the Government's overall strategy for children and young people, and specifically for the 14 to 19 phase, where the funding to support learners in that age group will transfer from the LSC to the local authority ring-fenced grant. However, in terms of the detail of the funding transfer we will need to determine the exact allocation of responsibilities and duties, which duties should apply to the Secretary of State and which to local authorities, and whether other bodies will also need to continue to co-operate or be under a duty to support the delivery of the 14 to 19 offer.

Mr. Hayes: This is an important debate about an important issue in the Bill, and the hon. Member for Brent, East (Sarah Teather) makes a valid point about competence. If the competence for funding is to move, is it not critical that the other competences move with that? Accountability, inspection and management functions must follow the money. I am unsure about the Minister's view on that. I appreciate that he is consulting, but he must have a notional view of how he expects that to pan out.

Bill Rammell: If I were standing here now—a week or so after announcing the government machinery changes—setting out a blueprint of exactly how we intend to proceed, I would be criticised for having drawn it up behind closed doors and for not having consulted people or involved them in the process. As we have not done that, I am being criticised for not giving a steer as to the future direction. We are handling this matter correctly. We have made it clear that there is likely to be a period of up to three years under the existing system during which the funding will continue to be routed through the LSC. Given the importance of providing services to those young people, adults and employers who are currently in the system, we must ensure that we manage that transition without disruption, but we will need to reflect, consult and debate on the way forward after that period, and we intend to do so.

On the detail of the funding transfer, we will for example need to be clear about the roles of different bodies in the delivery of apprenticeships and the duty currently residing in the LSC to secure facilities for learning of sufficient quality and quantity. I am sure that Members will agree that it is vital that the transition to the new arrangements does not interrupt our existing reform programme, which is significant and is delivering improvements on the ground. Delivery of courses and training to young people must also be unaffected.

Many measures are already working well, such as the local partnership teams that have been established which bring together the best from the LSC and the local authorities to create a variety of learning routes and means of progression for young people. That is leading to higher levels of participation and achievement than we have ever had before. We must build on such successes.

We might want to consider making changes that do not require legislation, and the amendments would not allow for that more flexible approach to change, which would be a pity. It is important that there is careful consideration and consultation on the details before legislation is brought before Parliament. Given our policy intention on the 14 to 19 phase, we also need to consider and consult on the best way to deliver our skills ambition on post-19 education and training. That must preserve and build on the progress through the LSC that we have already made to meet the needs of employers and learners. These are significant changes, and we need time to consider all the issues and to get them right.

Before I conclude, let me respond to some of the specific points that were raised. The hon. Member for Brent, East asked whether we will introduce measures to enact such changes. We will undoubtedly have to consider changes to the legislative framework, including those proposed in the Bill. I hope that that gives at least some of the reassurances that she was looking for.

Kelvin Hopkins: The White Paper proposed that common funding principles for schools and colleges be put in place by 2008-09. I presume that that still holds true.

Bill Rammell: It certainly is our intention to have a common set of funding principles for schools and FE. We are already making significant progress in reducing the funding gap between school sixth forms and FE, which is a very important and positive step forward.

The hon. Lady also asked whether we would repeal section 2 of the Learning and Skills Act 2000. That is clearly an option that we will rightly have to consider. She also asked about apprenticeships and where responsibility should lie in that regard. As my Department is the employer-facing Department, it is appropriate for such responsibility to stay with it, given the skills and innovation agenda. However, we need to make sure that all young people have diversity of choice, and there will have to be co-operation across Departments.

The hon. Member for South Holland and The Deepings made some kind of insult involving seven-year-old children with chickenpox that I did not fully follow. The Leitch implementation plan will be published very shortly. We have taken—

Mr. Hayes: What I said was that I was told by an authoritative third party that the original version of the response to Leitch could have been written by his seven-year-old son at a time when he had chickenpox. Given that it was so poor, and that it has been reworked several times and the Government's response has been delayed several times, will he tell us unequivocally now that the Leitch response will be published next week, that Parliament will have a chance to debate it, and that it will not be published outside this place? All Members deserve the chance to scrutinise and debate this important matter.

Bill Rammell: I can and will give the commitment that our response will be published very shortly, and there will be opportunities to debate and scrutinise it. My experience is that every White Paper, Government response and piece of legislation that I have seen in five years as a Minister has benefited from a first, second, third and fourth draft—indeed, as many drafts as were necessary to ensure that we got the detail right. That has rightly happened with the Leitch implementation plan, and I hope that, when the hon. Gentleman sees our response, he will feel able to support it. I can make it clear to him that nothing within the strategy that we will put forward is contradicted by any of the Bill's provisions.

I hope that I have been able to reassure Members about our intentions. As I said, these are significant changes and we need time to consider all the issues and to get them right. Therefore, although I appreciate the opportunity for an early debate on this matter and thank the hon. Member for Brent, East for providing it, I hope that she feels able to withdraw her motion.

Sarah Teather: I thank the Minister for that response; he gave a lot of extra detail on the time frame and the Government's intentions. I am pleased to see his change of heart on this issue, and that he joins me in welcoming these changes. I was disappointed, however, with the vagueness of his response to the question of amending this legislation in future. As I said at the outset, the new clause and accompanying amendments are probing amendments—I wanted to know more about the Government's intention. I also tabled them because the Government's announcement has enormous implications for the Bill before us. I am not wholly reassured that when future legislation is introduced logical changes in respect of performance management and responsibility for opening, closing and merging colleges will take place. I remain disappointed that the Minister has not given more detail on that issue, to which I suspect we will return when we discuss the next string of amendments on clause 17.

I am also disappointed that the Minister continues to argue that apprenticeships should remain within the Department. I am hoping that a change of view and a volte-face similar to that which we have already seen will take place at some point in the next couple of months. There is a danger in leaving apprenticeships within the Department, rather than including them with all other 14 to 19 learning. It could create a rather confusing barrier between the part-time learning that inevitably happens at the start of an apprenticeship, often off-site—perhaps in a college or another classroom-based setting—and the move to on-site, work-based learning. It is not obvious what the division will be, and it would be very disappointing if leaving apprenticeships within the Department created a confusing barrier. It is important that young people know that they have a range of options, including apprenticeships, along with other forms of vocational learning. I hope that the Government change their view on that issue.

However, this is a probing new clause, and I beg to ask leave to withdraw the motion.

Motion and clause, by leave, withdrawn.

Clause 17

INTERVENTION: ENGLAND

Mr. Hayes: I beg to move amendment No. 21, in page 11, line 33, leave out clause 17.

Madam Deputy Speaker: With this it will be convenient to discuss the following amendments:

No. 25, page 12, leave out lines 39 to 45.

No. 22, page 14, line 12, leave out clause 18.

Mr. Hayes: Clauses 17 and 18 transfer and extend the power to intervene in FE colleges. Clause 17 transfers such power to the Learning and Skills Council, and clause 18 transfers it to Welsh Ministers. I have said today and previously that I celebrate the work of FE colleges, and it is not just me who takes this view. FE colleges do particularly well in Ofsted inspections: Ofsted deems 90 per cent. of such colleges to be satisfactory or better. Students report high levels of satisfaction—67 per cent. are either "very" or "extremely" satisfied with their experience of college life. We take pride in what those colleges have achieved in the years since they were incorporated.

The Bill is a missed opportunity, however, to advance the agenda recommended by Sir Andrew Foster in his report. He argued that there should be less centralisation and a move towards greater self-regulation. Clauses 17 and 18 move in the opposite direction, however, to that recommended by Sir Andrew, whom the Government commissioned to consider these matters. We are disappointed that they feel that must extend the LSC's power to interfere in the life of colleges. Such micro-management is unhelpful and further diminishes the morale of those missioned to run and manage our colleges.

Underperformance in the sector is rare, by Ofsted's and the Minister's own admission. Indeed, I challenged him on this point in Committee, and he agreed that FE colleges are doing a good job, for the most part. There is no evidence of growing problems, and no evidence that Ministers have had to use their existing powers to intervene in respect of college principals to deal with underperformance. Indeed, and as the Minister knows, when I asked him how often the Government had used those existing powers since they emerged in statute to sack college principals, he revealed that not once have they ever been used. The Government have never had to use them to interfere in the lives of colleges as a result of underperformance, yet they are seeking to extend them and to transfer them to the LSC. As I said, performance is deemed to be satisfactory or better in the overwhelming majority of colleges. Where it is not, we have been offered no evidence to suggest that that is due to inadequate leadership, or that the powers that the Government are seeking to create would be likely to solve the problem.

We have reached the point where a sensible Minister—one who has listened and made concessions in respect of concerns expressed by Opposition politicians and third parties—is, frankly, dancing on the head of a pin. The powers are now so qualified as a result of his listening and responding that they are barely worth introducing at all. Ministers already have powers and if they choose to use them, they can do so. There is no need for the detailed powers proposed. Of course, there must be accountability where public money is spent, and of course a long-stop power is needed, because the public interest is involved and we all want to ensure both rigour in respect of standards and probity in our colleges. The Minister is right to say that the standards are in learners' interests but, given that the existing powers have not been used, the concerns expressed in colleges about their extension and the lack of evidence that they would improve standards, I really do not understand why he insists on maintaining that part of the Bill and why he will not give way and accept the amendments.

1.30 pm

There is a particular issue about the powers being vested in the LSC. All the evidence is that there is too much regulation and too much micro-management in the lives of colleges. This is yet another statutory power over colleges, which sends out an important signal about how the Government see the future. We see the future in the shape of self-regulation, but the Government clearly do not, despite the fact that the Minister tells me he has a working party looking at just that subject. A working party is looking at how colleges can self-regulate, yet the Bill says they need to be regulated by a third party—they need a third party to decide not only whether their principal is up to the mark but whether their governors, senior managers and members of staff are up to the mark. Surely, in a mature organisation that is being well managed and led, those judgments are best made by people close to the action on the front line who understand the circumstances of their colleges and the needs of learners—the community of interests. I really do not see why the LSC, which when all is said and done is a quango, not a democratically elected body, and certainly not vested in the local community, should take those powers.

I have one or two further questions—as if my previous words were not enough to damn the clause. First, the regulatory impact assessment states that there will be an additional burden on the LSC in terms of administering the new intervention strategy. The Minister is a diligent man and will have the figures to hand, so will he estimate the cost of that additional burden and tell us whether new staff will be involved to implement the strategy, whether existing staff will handle it, and how often he anticipates using it? He will have modelled those figures because that is the sort of man he is; he is a Minister who has done his work so he will have the answers for the House. What impact will the strategy have on existing staff, how much time will it take and what will it cost?

Moreover, the Minister must have a notional view of how many colleges are in such a state that he expects the powers to be implemented. Does he expect the powers to be used regularly? What kind of colleges does he expect will be subject to the powers? He will have the details to hand—the number, and probably the names and addresses, of the colleges he expects to be first in the firing line of the new, draconian powers.

Furthermore, what are the proposed savings in the Department for Education and Skills—although I should have called the Department by its new name—of transferring the intervention strategy to the

LSC? There must be a concomitant saving and I am sure the Minister has those figures at his fingertips, too. How can we judge the effectiveness of powers that have never been used? Why do powers that have never been used need to be extended to college managers? I ask that question specifically because the provisions apply not just to principals but to other managers in colleges, too.

Finally and definitively, once again I ask the Minister, as I have both privately and publicly, whether he expects the powers to be used more often once they have been transferred to the LSC. If he does not—he shakes his head—and as the existing powers have never been used, why should we waste any more time debating the clause? It should simply be struck out of the Bill. I commend the amendment to the House.

Sarah Teather: We debated clause 17 extensively in Committee, and subsequently I held some helpful meetings with the Minister's officials, for which I am grateful as they clarified some of my concerns. Nevertheless, I continue to be concerned about the clause, which is why I added my name to the amendment tabled by the Conservatives and why I tabled amendment No. 25.

My objections in Committee, which continue, are, first, that I do not understand the point of the clause, particularly as the Secretary of State has never used the existing powers. Secondly, I am extremely uncomfortable about transferring such directive powers to an organisation that is in no way democratically accountable. Thirdly, although I appreciate the changes the Government have made to the clause and that it will not apply to teaching staff but only to staff at the most senior level of an organisation, I am extremely uncomfortable about giving the LSC powers to begin dismissal proceedings. I am not sure that that is anything more than sleight of hand in terms of the powers the Government proposed originally.

I now have a new objection to the clause, to which I referred earlier. We touched on the point in Committee when I reminded the Minister that for many colleges the LSC is not the sole funding partner at present. At some point in the future when the Government initiate the changes—presumably in two or three years' time—the LSC will no longer be a funding partner at all for many colleges. I remain disappointed that the Government are not willing to state on the record that they intend to change the clause when they bring in the changes to 16-to-19 funding. I understand the Minister's point; he wants to consult and he does not want to be hemmed into a corner. He will obviously need to consult on the detail of the proposal, but it seems blatantly illogical for him to continue to argue that the Government might ever want to retain the clause if they intend to transfer funding powers to local authorities. For that reason, I remain concerned about the clause, and hope that the Minister will give me some reassurance about a point that I have already raised several times today.

Kelvin Hopkins: Two of the best colleges in the country are in my constituency, so it is difficult to talk about what happens when colleges go wrong because I do not have much experience of that. The colleges constantly achieve grade 1 in their inspections; they both have beacon status and perform excellently. They do a wonderful job.

None the less, the Government or someone—the local authority, the LSC or even an institution with more direct Government links—must have some intervention powers. I know of other colleges that have been allowed to run their own show for a long time without much regulation at all. They have performed badly, their staff are demoralised, they have sold off land and property willy-nilly and not behaved well. There must be some degree of intervention to make sure that colleges measure up and do the right thing.

The most valuable thing is cross-pollination between good and poor colleges. In colleges such as the sixth-form college of which I have been a governor for the past 14 years there is an immense amount of skill, wisdom and understanding of how to run a good college, which should be spread to other colleges. The Government ought to facilitate as much of that learning—cross-pollination from good colleges to weaker ones—as can possibly be managed, because there are good ways to do things and there are poor ways to do things.

Of course, some colleges have inherent disadvantages, and they should not be treated unfairly. Just because a college has perhaps not performed well in terms of academic results, its principal should not simply be sacked or whatever. Sometimes a college has a pool of students who are more difficult than others. If the college, especially if it is an FE college, is in a deprived area, with very alienated students, problems can arise that are not directly the principal's fault.

Cambridge sixth-form college has every advantage. It is surrounded by highly academic, intelligent, qualified people, whose children are naturally very positive about education and do extremely well. One must be understanding about each college's pool of students, but some ability to intervene must be retained. The inspection process must go on, and we must facilitate as much as possible the cross-pollination from good colleges to weaker ones to ensure that they can learn best practice.

Jeremy Wright: I, too, want to speak briefly in support of the amendments tabled by my hon. Friend the Member for South Holland and The Deepings (Mr. Hayes). There are four reasons why they are sensible. First, clause 17 is in many ways oddly placed in the Bill. Elsewhere in the Bill,, the Government are quite properly attempting to give more freedoms to FE institutions. In many cases, they are giving them the freedom to award foundation degrees, and in other places they are giving FE colleges more authority over what they do. Yet we now see a further restriction of that authority and further intervention by the LSC in the day-to-day management of the colleges. Of course, I entirely agree that it is not right that there should be no possibility to intervene when colleges are clearly going wrong, but that is a wholly different thing from the micro-management of the institution and the ability of the LSC to intervene in the way that is proposed.

The second reason, to which my hon. Friend the Member for South Holland and The Deepings also referred, is that I remain unconvinced that the Government have worked out what all these changes will cost, not only for the reasons that he has given but because there could be legal costs if the LSC is

[Jeremy Wright]

responsible for deciding to remove members of the governing body. Again, we discussed that in Committee, but we still do not have a clear sense of what the Government believe these changes might cost the learning and skills councils. All that we know heretofore is that the Government expect an additional cost to fall on the LSC, but no one knows what that additional cost might be. That seems profoundly unsatisfactory.

The third reason why these amendments are right is that what the Government are doing in the clause is setting up the LSC to do something different from what they and, indeed, we in the Opposition would like the LSC to do. We all want the LSC to be very much learner-focused and to encourage learners to find their own way through further education and to do the courses and acquire the skills that are most suited to them. Surely we do not want the LSC to become bogged down in the kind of management decisions in FE colleges that the clause gives it the opportunity and, indeed, encourages it, to do. The clause will create an LSC that none of us wants, doing things that none of us wants it to do.

The fourth reason has become apparent only during the later stages of the proceedings on the Bill and as a result of the machinery of government changes that the Government have talked about in the past few days. As there is now undoubtedly a question mark over the future of the LSC in general, it seems crazy to start to discuss changes that will give it more power, more authority and more responsibility in specific areas, when we do not yet know what form the LSC, or any successor body, will have in the future. For all those reasons, my hon. Friend's amendments are entirely right and deserve the support of the House.

Bill Rammell: I welcome the constructive debates that we have had on clauses 17 and 18, but I am somewhat disappointed that we appear not yet to have reached a consensus, especially as the organisation that rightly represents and lobbies on behalf of colleges—the Association of Colleges—clearly believes we have achieved the right approach to eliminate poor provision on behalf of learners and employers. I strongly believe that clause 17 is an essential component of our reforms of the FE system in England. It is vital if we are to be able to deliver our promises to eliminate inadequate provision by 2008. Similarly, clause 18 is fundamental to enable Welsh Ministers to achieve their aims.

1.45 pm

We have acknowledged that in England there is less underperforming and/or failing provision in the system than we have had previously, and I am personally committed to accelerating that trend. We have made real progress. Nevertheless, where there is real and fundamental failure, it is right that we retain these powers of intervention.

There has been considerable debate about the accountability of the LSCs and the autonomy of governing bodies. I agree that they are important matters of principle, but I make no apology for putting the interest of learners first. As hon. Members eloquently said in Committee, further education can transform an individual's life chances. That is why we are determined to do everything necessary to ensure that poor, failing and underperforming provision is effectively tackled, and why there needs to be a clear and robust process for identifying and managing underperformance and failure in the FE system.

Nevertheless, I have listened very carefully to all the points made on these issues, and the Government amendments that I tabled in Committee address the issues concerning greater transparency, parliamentary accountability and the autonomy of governing bodies. I am disappointed that there remains opposition in the House to our proposals for intervention in failing colleges, particularly as I have indicated that the Association of Colleges and Fforwm in Wales are satisfied that we have addressed their concerns in the revised iterations of clauses 17 and 18 respectively.

The AOC has also said that it considers that this approach is consistent with our plans to move towards a more self-regulatory system. It believes that it will help to drive a culture of responsibility and a pursuit of high standards and raising performance across the system.

Mr. Hayes: I have taken the opportunity to put on the record the fact that the hon. Gentleman has been a listening Minister. He has taken representations from the Opposition and others, and the Bill has been affected by that. He is right to say that he has listened to our representations on this and other clauses, but the AOC, like us, is dealing with a moving target. He has changed Departments; the Government have changed the structure of Government; the 14-to-19 curriculum is all over the place; and the response to the Leitch review is still awaited. The AOC is responding to a changing situation, and to quote it without taking account of those changes is a little unfair, frankly. I think the Minister knows that the clause does not stand up, and even at this late stage he should agree to the amendment and withdraw the comments that he has just made.

Bill Rammell: I have not discussed these proposals with the AOC since the machinery of government changes. However, I have worked long enough and hard enough with the AOC to know that, in the two weeks since these announcements were made, if it had a fundamental problem, it would have beaten a path to my door to ensure that I was aware of that message, and it has not done so. I am confident that we have responded; we have listened; we have moved; and we have addressed the concerns that Opposition Members and colleges have put forward.

This is about getting the balance right. These powers of intervention will be very rarely used. We want governing bodies to take responsibility for their own circumstances and to deal with underperformance of their own volition, but it must be right that, in extremis, when all else has failed, as my hon. Friend the Member for Luton, North (Kelvin Hopkins) said, there should remain a power of intervention. There have been a number of instances over the years, particularly during the 1990s, when there have been real cases of failure in the system. I am sure that, if that occurred in Opposition Members' constituencies and they were

told that the LSC, the Government or anyone else had no power of intervention, they would be the first to complain.

Kelvin Hopkins: I think that I might be helpful. I have today received a briefing from the AOC saying that the clause addressed its original concern, which was specifically related to the rights and responsibilities of colleges and governing bodies and the possible conflict with existing employment law. It is satisfied with the clause, and I want to reassure my hon. Friend the Minister.

Bill Rammell: I thank my hon. Friend. I am having to get used to the fact that he is intervening to help me, which has not always been the case—he knows that I make that comment with the best regard. He is absolutely right: the AOC has been satisfied. I turn now to some of the specific points that have been made. In terms of the additional burden, the LSC will deal with it from existing resources. We are not talking about major additional expenditure. Indeed, the proportions may well come down.

Jeremy Wright: May I take the Minister back to the issue of intervention powers? He is right to say that we all wish there to be intervention powers available in extreme situations, but surely some of those powers already exist and are held by the Secretary of State. We on this side of the House do not understand why it is necessary to transfer the powers to the LSC, given that, as he said, they are so rarely used.

Bill Rammell: It is right that those powers reside in a body that is close to the interface with colleges and that is aware of all the detailed circumstances that relate to a particular provider. There is still an accountability framework for the Secretary of State to oversee the provisions, which will assure accountability to the House for the actions that the LSC takes. It is right that, in extremis, those powers exist. As I said, there is not a concern in terms of an additional burden. Neither is there a contradiction between having the powers in extremis and at the same time strongly advocating a move towards a system of greater self-regulation on the part of FE colleges.

Mr. Hayes: That is dancing on the head of a pin—and it is not even elegant. It is not even a foxtrot; it is some vile, contorted dance. The Minister is telling us that it is consistent with self-regulation to have additional regulation from someone else. He is giving extra powers to the LSC at the same time as saying that he wants to move towards colleges regulating themselves. He says that the powers are necessary, but powers already exist in statute for the Secretary of State to intervene, in extremis, to ensure quality and probity, and they have never been used. Even now, will the Minister give way on this matter and accept the amendments? That would be in the spirit that has pervaded during the course of the considerations. I am disappointed in him. Let us stop this rather hideous dance.

Bill Rammell: I can lay claim to many skills, but dancing is not among them. What I said about wanting greater self-regulation is not at all inconsistent. I urge the hon. Gentleman to talk to the self-regulation group, which is made up of FE college providers who are enthusiastic and committed to the process. At the same time, those providers recognise that, in extremis, when all else fails, there has to be a back-stop power of intervention. That is what the provisions are about. We have listened, responded and moved significantly, but we have to retain the powers. In that context, I ask the hon. Gentleman to withdraw the amendment.

Mr. Hayes: As I have said, the Minister is a responsible man. He has listened to the measured case that has been put by the Opposition, who have adopted a constructive approach throughout the consideration of the Bill. That is what good opposition is all about. However, frankly, the response to this debate has not been worthy of the Minister or others on the Treasury Bench. The opinion of the House needs to be tested on this matter. Colleges do a good job. They are deemed to do so by their students and by Ofsted. The powers that the Secretary of State has to intervene to deal with failure on the part of principals, governors and others have never been used, but, despite that, those powers are being extended and vested in the LSC.

Finally, the Minister tells us that that is consistent with a move to self-regulation. We trust college governors, principals and managers to mind their affairs properly. It is clear from what we have heard today that the Minister is not prepared to invest the same level of trust in them. We believe in our FE colleges. We do not believe that they are likely to fail and if they do, we think that they will sort those matters out properly themselves. Of course there need to be long-line powers, but they exist. This aspect of the Bill is unnecessary. I am convinced that the clause should be removed from the Bill and I therefore urge the House to support the Opposition amendment—I am delighted to say that the hon. Member for Brent, East (Sarah Teather) has supported it eloquently—which would improve the Bill.

Question put, That the amendment be made:—

The House divided: Ayes 132, Noes 255.

Division No. 180] **[1.55 pm**

AYES

Afriyie, Adam	Butterfill, Sir John
Ainsworth, Mr. Peter	Cable, Dr. Vincent
Amess, Mr. David	Carswell, Mr. Douglas
Baron, Mr. John	Cash, Mr. William
Barrett, John	Clappison, Mr. James
Beith, rh Mr. Alan	Clark, Greg
Bellingham, Mr. Henry	Clarke, rh Mr. Kenneth
Benyon, Mr. Richard	Clifton-Brown, Mr. Geoffrey
Bercow, John	Cormack, Sir Patrick
Beresford, Sir Paul	Cox, Mr. Geoffrey
Binley, Mr. Brian	Crabb, Mr. Stephen
Bone, Mr. Peter	Curry, rh Mr. David
Boswell, Mr. Tim	Davies, David T.C. *(Monmouth)*
Bottomley, Peter	Duncan Smith, rh Mr. Iain
Brady, Mr. Graham	Dunne, Mr. Philip
Brake, Tom	Ellwood, Mr. Tobias
Brazier, Mr. Julian	Evans, Mr. Nigel
Breed, Mr. Colin	Fabricant, Michael
Brokenshire, James	Fallon, Mr. Michael
Bruce, rh Malcolm	Field, Mr. Mark
Burns, Mr. Simon	Foster, Mr. Don
Burstow, Mr. Paul	

Fox, Dr. Liam
Fraser, Mr. Christopher
Gale, Mr. Roger
Gauke, Mr. David
George, Andrew
Gibb, Mr. Nick
Gidley, Sandra
Goldsworthy, Julia
Goodman, Mr. Paul
Gove, Michael
Gray, Mr. James
Green, Damian
Greening, Justine
Greenway, Mr. John
Hammond, Mr. Philip
Hammond, Stephen
Harper, Mr. Mark
Harris, Dr. Evan
Hayes, Mr. John
Hemming, John
Hoban, Mr. Mark
Hogg, rh Mr. Douglas
Hollobone, Mr. Philip
Holloway, Mr. Adam
Holmes, Paul
Horam, Mr. John
Howard, rh Mr. Michael
Howarth, David
Huhne, Chris
Hurd, Mr. Nick
Jackson, Mr. Stewart
Johnson, Mr. Boris
Jones, Mr. David
Kawczynski, Daniel
Kirkbride, Miss Julie
Kramer, Susan
Lamb, Norman
Lancaster, Mr. Mark
Letwin, rh Mr. Oliver
Lewis, Dr. Julian
Liddell-Grainger, Mr. Ian
Lilley, rh Mr. Peter
Loughton, Tim
Luff, Peter
Malins, Mr. Humfrey
Mates, rh Mr. Michael
McLoughlin, rh Mr. Patrick
Moore, Mr. Michael
Murrison, Dr. Andrew
O'Brien, Mr. Stephen
Öpik, Lembit
Paice, Mr. James
Pelling, Mr. Andrew
Price, Adam
Prisk, Mr. Mark
Pritchard, Mark
Randall, Mr. John
Robertson, Mr. Laurence
Robinson, rh Mr. Peter
Russell, Bob
Selous, Andrew
Shepherd, Mr. Richard
Simpson, Mr. Keith
Smith, Sir Robert
Spicer, Sir Michael
Spring, Mr. Richard
Steen, Mr. Anthony
Streeter, Mr. Gary
Stuart, Mr. Graham
Swinson, Jo
Tapsell, Sir Peter
Teather, Sarah
Tyrie, Mr. Andrew
Vara, Mr. Shailesh
Villiers, Mrs. Theresa
Walker, Mr. Charles
Waterson, Mr. Nigel
Watkinson, Angela
Whittingdale, Mr. John
Wiggin, Bill
Willetts, Mr. David
Williams, Mark
Williams, Mr. Roger
Williams, Stephen
Wilshire, Mr. David
Winterton, Ann
Winterton, Sir Nicholas
Wright, Jeremy
Young, rh Sir George

Tellers for the Ayes:
Mr. David Evennett and Mr. Brooks Newmark

NOES

Ainger, Nick
Allen, Mr. Graham
Anderson, Mr. David
Anderson, Janet
Austin, Mr. Ian
Austin, John
Bailey, Mr. Adrian
Baird, Vera
Balls, rh Ed
Banks, Gordon
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Bell, Sir Stuart
Benn, rh Hilary
Benton, Mr. Joe
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Borrow, Mr. David S.
Bradshaw, Mr. Ben
Brennan, Kevin
Brown, Lyn
Brown, rh Mr. Nicholas
Bryant, Chris
Burden, Richard
Burgon, Colin
Byers, rh Mr. Stephen
Caborn, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Ronnie
Caton, Mr. Martin
Cawsey, Mr. Ian
Challen, Colin
Chapman, Ben
Clapham, Mr. Michael
Clark, Paul
Clarke, rh Mr. Charles
Clelland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Connarty, Michael
Cook, Frank
Cooper, Rosie
Cooper, Yvette
Corbyn, Jeremy
Cousins, Jim
Crausby, Mr. David
Creagh, Mary
Cruddas, Jon
Cryer, Mrs. Ann
Cunningham, Mr. Jim
Cunningham, Tony
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Dai
Davies, Mr. Quentin
Dean, Mrs. Janet
Dismore, Mr. Andrew
Dobbin, Jim
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Dunwoody, Mrs. Gwyneth
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Engel, Natascha
Ennis, Jeff
Farrelly, Paul
Field, rh Mr. Frank
Fisher, Mark
Fitzpatrick, Jim
Flint, Caroline
Flynn, Paul
Follett, Barbara
Francis, Dr. Hywel
Gardiner, Barry
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gilroy, Linda
Goodman, Helen
Griffith, Nia
Grogan, Mr. John
Gwynne, Andrew
Hall, Mr. Mike
Hall, Patrick
Hanson, rh Mr. David
Harman, rh Ms Harriet
Hendrick, Mr. Mark
Heppell, Mr. John
Hesford, Stephen
Heyes, David
Hill, rh Keith
Hillier, Meg
Hodge, rh Margaret
Hoey, Kate
Hood, Mr. Jim
Hope, Phil
Hopkins, Kelvin
Howarth, rh Mr. George
Hoyle, Mr. Lindsay
Humble, Mrs. Joan
Hutton, rh Mr. John
Iddon, Dr. Brian
Irranca-Davies, Huw
Jackson, Glenda
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Lynne
Jones, Mr. Martyn
Joyce, Mr. Eric
Keeble, Ms Sally
Keeley, Barbara
Keen, Ann
Kelly, rh Ruth
Kennedy, rh Jane
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, Jim
Ladyman, Dr. Stephen
Lammy, Mr. David
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Love, Mr. Andrew
Lucas, Ian
Mactaggart, Fiona
Mahmood, Mr. Khalid
Mallaber, Judy
Marris, Rob
Marsden, Mr. Gordon
Marshall, Mr. David
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonagh, Siobhain
McDonnell, John
McFadden, Mr. Pat
McFall, rh John
McGovern, Mr. Jim
McGuire, Mrs. Anne
McIsaac, Shona
McKechin, Ann
Meacher, rh Mr. Michael
Merron, Gillian
Michael, rh Alun
Milburn, rh Mr. Alan
Miliband, rh Edward
Miller, Andrew
Moffat, Anne
Moffatt, Laura
Moon, Mrs. Madeleine
Morley, rh Mr. Elliot
Mountford, Kali
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
O'Hara, Mr. Edward
Olner, Mr. Bill
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pound, Stephen

Prentice, Bridget	Taylor, David
Prentice, Mr. Gordon	Thomas, Mr. Gareth
Prescott, rh Mr. John	Thornberry, Emily
Primarolo, rh Dawn	Timms, rh Mr. Stephen
Prosser, Gwyn	Tipping, Paddy
Purnell, rh James	Todd, Mr. Mark
Rammell, Bill	Touhig, rh Mr. Don
Raynsford, rh Mr. Nick	Trickett, Jon
Reed, Mr. Jamie	Truswell, Mr. Paul
Riordan, Mrs. Linda	Turner, Dr. Desmond
Robertson, John	Turner, Mr. Neil
Robinson, Mr. Geoffrey	Twigg, Derek
Rooney, Mr. Terry	Vaz, rh Keith
Roy, Mr. Frank	Vis, Dr. Rudi
Ruane, Chris	Walley, Joan
Ruddock, Joan	Waltho, Lynda
Seabeck, Alison	Ward, Claire
Shaw, Jonathan	Wareing, Mr. Robert N.
Sheerman, Mr. Barry	Watts, Mr. Dave
Sheridan, Jim	Whitehead, Dr. Alan
Simpson, Alan	Wicks, Malcolm
Singh, Mr. Marsha	Williams, Mrs. Betty
Skinner, Mr. Dennis	Wills, Mr. Michael
Smith, rh Mr. Andrew	Winnick, Mr. David
Smith, Ms Angela C. *(Sheffield, Hillsborough)*	Winterton, rh Ms Rosie
Smith, Angela E. *(Basildon)*	Wood, Mike
Smith, Geraldine	Woolas, Mr. Phil
Snelgrove, Anne	Wright, Mr. Anthony
Southworth, Helen	Wright, David
Spellar, rh Mr. John	Wright, Mr. Iain
Starkey, Dr. Phyllis	Wright, Dr. Tony
Stoate, Dr. Howard	Wyatt, Derek
Strang, rh Dr. Gavin	**Tellers for the Noes:**
Stringer, Graham	**Mark Tami and**
Sutcliffe, Mr. Gerry	**Mr. Michael Foster**

Question accordingly negatived.

Clause 19

POWER TO AWARD FOUNDATION DEGREES

Mr. Hayes: I beg to move amendment No. 23, page 15, line 22, after 'England', insert 'or Wales'.

We move to one of the parts of the Bill that deals with the Principality of Wales. I see the new Under-Secretary of State for Wales on the Treasury Bench. I am sad to say that I saw off the last one, the hon. Member for Carmarthen, West and South Pembrokeshire (Nick Ainger), following the grilling that I gave him in Committee, but I am pleased to see that he is present and we look forward to hearing from him later, perhaps. He made a positive contribution, but despite that, now joins us in a Back-Bench capacity.

Ian Lucas (Wrexham) (Lab): Can the hon. Gentleman assist us with the whereabouts of the shadow Welsh Ministers, as he has moved an amendment relating to Wales?

Mr. Hayes: The shadow Welsh Ministers have been in almost constant contact with me on the matter. I have taken their sagacious advice on almost every word that I am about to utter. Their interest in it has been extraordinary, as I will no doubt illustrate in my remarks to the House.

In a letter of 27 June 2007 to John Graystone, chief executive of Fforwm, the Welsh equivalent of the AOC, on the opportunities for FE colleges in Wales to apply for powers to award foundation degrees, the Minister of State wrote that these matters are

"for the Welsh Assembly Government Ministers to consider since education is a devolved issue."

However, the clause in question relates to the power of the Privy Council. The Welsh Assembly Government has not been devolved any powers with regard to the Privy Council. In other words, there is real doubt about whether the Welsh Assembly has the competence to allow Welsh colleges to award foundation degrees, even if the colleges were able to do so, and even if the Assembly wanted them to do so.

The issue was clarified by Lord Adonis on Report in the House of Lords on 27 February 2007, when my noble Friend Baroness Morris of Bolton asked him to clarify what the Association of Colleges' sister organisation in Wales had said. She said that there was some confusion in the Welsh Assembly as to whether clause 26 was sufficient to allow the Welsh Assembly to enact similar legislation to enable Welsh colleges to award their own degrees.

The noble Lord Adonis said:

"The only other point on which I think I should respond now is that of Wales; having not been able to give an answer in respect of Wales earlier, I certainly do not feel that I can let it pass a second time. The noble Baroness, Lady Morris, asked whether Clause 26 would be wide enough to allow the National Assembly for Wales to pass measures similar to Clause 19. The answer is no. She is correct that Westminster would need to legislate for that to be possible, unless an Order in Council were made to give the National Assembly the measure-making power."—[*Official Report, House of Lords*, 27 February 2007; Vol. 689, c. 1559.]

It seems from what Lord Adonis said that the Bill is insufficient to enable Welsh colleges, even if the Assembly wished to do so, to award foundation degrees. There is clearly an important constitutional point here. I will not—because you would not allow me to do so, Madam Deputy Speaker—wax lyrical about the wider issue relating to the way in which the Bill has been dealt with in respect of Wales, although Members in all parts of the House have profound concerns about that. However, in dealing with the amendments it is important to be clear that Welsh colleges should have at least the potential power to award foundation degrees in the same way as English colleges will enjoy after the passage of the Bill.

Chris Ruane: Like the hon. Gentleman, I was contacted on 26 or 27 June by Fforwm, almost at the end of the legislative process. These are important matters that we are discussing. Has he any concern that HE in Wales and FE in Wales did not contact us at the beginning of the process, but have left it to the very end?

Mr. Hayes: There is a good case, made by Labour Members on Second Reading and subsequently, for the Bill to have been subject to pre-legislative scrutiny. There should have been much more discussion at a very early stage with all parties concerned about the way in which the Bill applies in Wales.

2.15 pm

I have an admission. I like to make admissions from the Dispatch Box because politicians are often too arrogant, are they not? We all have a lot to learn, and it was not until Second Reading that I picked up on the significance of the matter that the hon. Gentleman raises, and I did so because of the contributions from Labour Members representing Welsh constituencies, who knew much more about it than I did. Once I became convinced that it was an issue because of their eloquence, I looked at it closely and raised it in some detail, following discussions with my hon. Friends who represent Welsh constituencies and speak for the Opposition on Welsh matters.

In Committee the then Minister dealt with the matter in an extremely diligent and measured way, and we had a good exchange, but I have yet to be satisfied that the matter has been brought to a satisfactory conclusion. The hon. Gentleman makes the valid point that there should have been much more discussion at an earlier stage with colleges, Members of the Welsh Assembly and all those affected in Wales and elsewhere.

Chris Ruane: I thank the hon. Gentleman for his generosity in letting me intervene again. He said that he had had discussions with his MP colleagues. Can he tell me the position of the Conservative group in the Welsh Assembly on this important issue?

Mr. Hayes: My office has been in touch with the Conservative Members in the Assembly, and they share some of the concerns that I have described. They feel that there would have been a more satisfactory outcome, had the matter been debated in more detail at an earlier stage. I do not for a moment suggest that I know which colleges are capable, prepared or enthusiastic to award foundation degrees, but I am sure that to build an inconsistency into the system, which means that Welsh colleges will not be able to do so whereas English colleges can, does not seem like good government. I am not sure that we would have reached that destination if the matter had been handled rather more diligently at the outset.

Mark Williams (Ceredigion) (LD): I thank the hon. Gentleman for giving way to someone who represents a Welsh constituency. Although I do not disagree with the hon. Member for Vale of Clwyd (Chris Ruane) about the delay, I point out that there were early discussions. There were discussions in the National Assembly's Education, Lifelong Learning and Skills Committee on 1 February. The confusion at that meeting has partly contributed to the delay, as the then Minister in the National Assembly stated at that meeting that there was very little demand for the provision. That seemed to be backed up by legal advice at the time, then the legal advice changed. That leads us to the amendment, which we on the Liberal Democrat Benches will support. The confusion has been there for a long time, although I appreciate what the hon. Member for South Holland and The Deepings (Mr. Hayes) said about the delay.

Mr. Hayes: I have nothing useful to add, except to say that we now have an opportunity, with a new and enthusiastic Minister, to put matters right. I make no criticism of the previous Minister, as I said. He dealt with the issue diligently, but I wondered whether he was "landed in it" by the circumstances in which he found himself. I am not sure that this is not part of a bigger issue about the way in which the House operates in relation to Welsh affairs. The point was made on Second Reading by Members representing Welsh constituencies. This is not the first time, but the second or third, that the process has occurred.

Mr. Don Touhig (Islwyn) (Lab/Co-op): Does the hon. Gentleman agree that there is a lesson to be learned from this? He may remember that on Second Reading it was revealed that the Assembly is consulting on this matter, but its report will not be completed until the autumn. Here we are, enacting legislation on an issue where we do not have a settled view. We must avoid such mishaps in future.

Mr. Hayes: I made exactly that point in Committee. We have not reached a settled position on how we deal with this kind of legislative imperative. It would be extremely questionable if we were regularly to adopt the kind of process that meant that matters were transferred in a way that at least gave rise to a doubt about whether they had been scrutinised and debated as fully as required. I will not put it more strongly than that, because to do so would be an overstatement, but there are doubts about whether this is the right way to proceed, and they have not been answered satisfactorily by Ministers.

As I said, this goes beyond the Bill to wider constitutional points. We will have the opportunity to debate those points in relation to amendments in a later group. However, we need convincing answers from the Minister about whether Welsh colleges will have any power in the short term to award foundation degrees. In correspondence with Jane Davidson, previously Minister for Education, Lifelong Learning and Skills at the Welsh Assembly, Fforwm was given other arguments as to why colleges in Wales should not be given that power, including reservations about the proposal expressed by the European unit of Universities UK,

"on the grounds that there is a risk to the credibility of UK qualifications at the European level."

That is a pretty thin argument, given that those reservations could apply equally to colleges in England. Another argument put forward by the former Minister in Committee was that there is no demand from colleges in Wales. I was surprised by that but was not qualified to challenge it at that point. Subsequently I have had representations from institutions in Wales saying that that is not so, and that there may well be institutions in Wales that would like to investigate whether they should go down this road. I personally have concerns about the cross-border implications, because there is no doubt that colleges that gain this status will, over time, gather a particular esteem and appeal. Given that colleges naturally attract students from across the border, I wonder what the implications for colleges on both sides of the border are if some are unable or forbidden to gain this status and their competitors are moving ahead with alacrity and skill.

Chris Ruane: The hon. Gentleman asks whether there are colleges in Wales that would like these award-making powers. I can confirm that there are,

including, in my constituency, Rhyl college, which is part of the Llandrillo college network. I believe that there are others.

Mr. Hayes: That confirms what I thought. As I say, I took a keen interest in this once it became clear that it was a more significant issue than most people had recognised. My Welsh colleagues, and Welsh Labour Members, identified this early on, as one would expect, but as soon as it was drawn to my attention I realised that it was a much more significant part of the Bill than most observers would have gathered at that early stage. I, too, have learned that there are colleges that would like to pursue this opportunity.

In Committee, the then Minister said

"FE colleges in Wales are not demanding degree-awarding powers."—*[Official Report, Further Education and Training Public Bill Committee,* 14 June 2007; c. 140.]

Yet in a letter to the Minister of State on 6 July, Fforwm stated:

"This is patently not the case."

It goes on:

"Fforwm is strongly supportive of the principle that FE colleges in Wales with high numbers of HE learners which reach the rigorous quality procedures necessary for the validation of degrees and have a critical mass of students should have the power to award foundation degrees. This is the same position as in England, where most colleges will not wish to validate foundation degrees."

The Opposition understood throughout consideration of the Bill that only a small number of colleges, at least at the beginning, will take advantage of this opportunity. It is absolutely right that colleges should have the capability and the capacity to do this properly. That is important from the perspective of learners and from the perspective of the degree brand. We are advocates of rigour and excellence. However, it may well be that colleges in Wales can meet those high standards, and it would be wrong to establish two systems—a Welsh system and an English system, the former without the opportunity to grow in the way that I have described and the latter able to do so. Colleges in Wales, and their representative organisation, clearly wish clause 19 to apply to both England and Wales. Fforwm says:

"We do not consider it sensible to treat the two countries differently in this matter."

The insertion of 'and Wales' in clause 19 after 'in England' would suffice for that purpose.

Colleges in Wales feel that they have fallen between two constitutional stools—the law-making powers of Westminster and the devolved legal powers of the National Assembly for Wales. It is unfortunate that we have reached that point. I do not claim for a moment that it is the result of any ill will or malice, but it is important, even at this late stage, that Ministers recognise that this is a significant problem that needs to be addressed. I therefore hope that the Minister will, with a similar kind of alacrity and enthusiasm to that which I suggested was prevalent among Welsh educationists, adopt my amendment and so get himself out of a rather deep hole.

Mr. Paul Murphy (Torfaen) (Lab): I agree with a great deal of what the hon. Member for South Holland and The Deepings (Mr. Hayes) said. In fact, I think that I agree with all of it. I hope that the Under-Secretary of State for Wales, in what I guess is his first speaking role from the Front Bench, will address some of the comments made.

2.30 pm

Briefly, I want to touch on two points, the first of which is a point of process. The hon. Gentleman said that this is a matter for the Privy Council. Indeed, it is. When I was Secretary of State for Wales, I was regarded, as is the present holder of that post, as being the Privy Councillor for Wales, and it seems to me that the present Secretary of State for Wales should have been involved much more closely with this matter than he has been.

There is no doubt that this has been a pretty messy development. We shall refer later, when discussing amendments Nos. 8 and 9, tabled by my right hon. Friend the Member for Islwyn (Mr. Touhig), to the constitutional aspects of the Bill. However, the hon. Member for South Holland and The Deepings was right to point to the procedure that was put in place after the enactment of the Government of Wales Act 2006, which ensures that there should be a proper legislative Order in Council to deal with these matters. Why? Because all of the detail we have just heard from the hon. Gentleman would have been discussed at much greater length. There would have been much greater co-ordination between the National Assembly for Wales and our Government, and that would have been done, if I may say so, in a particularly Welsh way. We could have discussed why it is that further education colleges in Wales will not be given the same opportunities as those in England.

My second point concerns precisely that. I spent 17 years of my life teaching in further education in Wales, and since that time there have been enormous developments in the sector. All of us who represent Welsh constituencies can point to tremendous co-ordination and co-operation between higher and further education in Wales, which is to be commended. However, this legislation goes beyond that. I cannot understand why it is that the National Assembly for Wales—one assumes—and the Welsh Assembly Government are opposed in principle to giving the power to further education colleges to award degrees when in England such colleges have exactly such powers, particularly given that the body representing further education in Wales has clearly said that the principle of colleges having such powers should be accepted. Perhaps it is an example of seeing a chance to be different for the sake of being different. If that is the case, that is wrong. I look forward to hearing the Under-Secretary say that that is not the case and that there is good reason why the Government's proposals for England are not good enough for the people of Wales.

Sarah Teather: I also raised that point in Committee and I thought it odd that we were neither giving the power to Welsh colleges to award degrees nor giving the permissive power to the Welsh Assembly to confer such powers on colleges. When I raised that point with the then Minister, the hon. Member for Carmarthen, West and South Pembrokeshire (Nick Ainger), he said that FE colleges were not demanding degree-awarding powers. It is now clear that that appears not to be the

[Sarah Teather]

case. The briefing I have from Fforwm says that it believes that the door should not be shut so formally on the opportunity for colleges in Wales to award their own foundation degrees. The former Minister said that when Fforwm does its review of FE and HE in Wales it can bring forward proposals, and if there is a clear recommendation that Welsh colleges should be given that power, there will be an option to bring forward an Order in Council, which would be a time-consuming solution to the problem.

It is frustrating to realise that part of the reason why there appears not to have been a clamour from Welsh colleges, or even representatives, is the confusion about what powers the Bill confers on the Welsh Assembly. As my hon. Friend the Member for Ceredigion (Mark Williams) said a few moments ago, when the matter was discussed in the National Assembly's Education, Lifelong Learning and Skills Committee, the Minister there said that while she felt there was little need or demand for the provision, the Assembly had carte blanche under clause 27 to introduce provision for the awarding of foundation degrees at a later date. Initial legal advice taken during the Committee seemed to confirm that view. However, following the meeting, written advice suggested that clause 27 did not allow the Assembly to confer those functions on the Privy Council. That certainly seemed to be the understanding of the former Minister when we discussed the matter in Committee.

We have an odd situation in that the Bill confers almost all the provisions for England on Wales, except the only interesting bit—the only bit that has got anyone excited. It is remiss that poor legislative scrutiny has led to Welsh colleges missing out on something that the Government believe to be very important for English colleges.

Chris Ruane: There has been a lack of consultation, especially with Welsh Back-Bench Labour Members of Parliament, by higher education and further education in Wales and by the National Assembly. I look to my hon. Friend the Under-Secretary for reassurance that, even at this late stage, we will have some input as legislators into the final outcome of the Bill.

I welcome the measures that have been announced. I am pleased that FE colleges in England can issue foundation degrees. I hope that that will shortly happen in Wales, too. It is an important stepping stone towards achieving the Labour Government's goal of ensuring that 50 per cent. of our young people have degrees. It is welcome, and I give credit to the previous Conservative Government, who allowed the polytechnics to become universities and award degrees. That, too, was an important step.

Further education colleges play an important role in education, especially in working class areas. I look to my constituency of the Vale of Clwyd and my home town of Rhyl, which has a college for the first time in its history. Denbigh, too, has a college for the first time. That is genuine progress. I can recall my days at university, but coming from a large council estate of 3,000 people, I could probably count those who went to university on the fingers of one hand. Degrees are becoming more accessible.

I am concerned about all of Wales, but especially north-east Wales and, specifically, Wrexham, Flintshire and Denbighshire—scouse Wales, as I prefer to call it. We need to consider the way in which the provisions will affect those communities. Let me cite some statistics, which I have already given to the Under-Secretary, on educational achievement in those areas and the number of people going into higher education.

There are 22 local authorities in Wales. According to the Joseph Rowntree Foundation's league table, in which 22 is best and 1 is worst, Wrexham is sixth for key stage 2 achievement, fifth for those achieving five or more GCSEs and seventh for numbers going to university. Neighbouring Flintshire does well for primary and secondary education, achieving 12th and 20th positions respectively, but falls way down to eighth on numbers going to university. My county of Denbighshire is eighth for achievement at the age of 11, seventh for achievement at the age of 16 and 11th for numbers going to university. We need better access to degrees in north-east Wales and the Bill could help to achieve that.

I urge my hon. Friend to convey the results of the soundings that he has taken from all parties to the National Assembly and the HE institutions in Wales, to ensure that access continues—especially in north-east Wales—at a pace that is at least equivalent to the Welsh average and, indeed, the national average. If not, we will be left behind.

Mr. Hayes: Will the hon. Gentleman give way?

Chris Ruane: I will because the hon. Gentleman gave way to me three times.

Mr. Hayes: As a council house boy and the first in my family to go to university, I appreciate many of the hon. Gentleman's observations and share his determination to ensure that we widen participation by improving access. Does he realise that, unless the amendment is accepted, we may end up with colleges in Wales that cannot offer the same sort of courses as English colleges, and that that would result in an exodus of students from Wales to England to take advantage of the access that he describes?

Chris Ruane: I agree with the hon. Gentleman that there is a chance of that, but I hope that the messages that my hon. Friend the Under-Secretary takes back to Cardiff will avert it. I look to him for reassurances on the amendment at the end of the debate.

There is a political dimension to the statistics that I cited—I would not like to leave out politics. Denbighshire is Tory and Independent controlled and Wrexham is Liberal and Tory controlled. The same investment has not occurred in those two counties as has happened in Labour-controlled Flintshire. That is why the statistics show that Flintshire does well educationally for 11-year-olds and 16-year-olds. However, it fails for 18-year-olds. Hon. Members cited the letter from Fforwm—an establishment in Wales that has displayed a high-handed attitude. We have a term in Wales for the establishment and the great and good that often control institutions such as the BBC, other cultural institutions and the legal profession. It is "the crachach". It would disturb me greatly if the

crachach in the HE sector held back and issued instructions to politicians to hold back because they wanted to preserve what they perceive as excellence in Welsh higher education.

We have excellence in the HE sector in Wales. I went to Aberystwyth university, which is an excellent institution, while Cardiff university has the eighth best research department in the country. We have excellent institutions and it is not my aim to lessen that excellence. We also have excellence in FE institutions in Wales. I referred earlier to Llandrillo college, which is the largest educational institution in north Wales and one of the largest in the whole of Wales, with 23,000 students. It also has outreach colleges in Abergele, Rhyl, Denbigh and other locations, quite often in the poorest communities in the whole of Wales, including one located 100 yd away from the council estate where I grew up.

We have excellence in our colleges. Llandrillo college received a grade 1 for each of the seven things on which it was inspected, the first college in the whole of Wales to achieve that. It is high-handed of HE in Wales to look down its nose at colleges such as Llandrillo. Indeed, if it looked at how that college is run, it could learn a lot. I do not accept the argument from the National Assembly or HE in Wales that excellence will be lessened. We have to knock that one on the head.

The second argument from Fforwm to which Opposition Members have referred was that there was an insufficient groundswell of opinion in the FE sector. Fforwm represents each and every FE institution in Wales and it has spoken, although too late as far as I am concerned—it should have told us what the issues were months ago. Fforwm speaks on behalf of the FE sector in the whole of Wales and it deserves to be listened to. I gave the hon. Member for South Holland and The Deepings the example of Llandrillo college, which has expressed an interest. I was on the phone this morning to the principal of that college, Huw Evans OBE, who was given his OBE because of his contribution to FE education. He definitely wants the award-making powers, and I believe that Coleg Menai in north Wales would like them, too.

Two arguments have been put forward—the first about lessening excellence and the second that there is no groundswell of opinion—but I do not accept either of them. We have excellent colleges such as Llandrillo and Coleg Menai, as well as Deeside college, Northop horticultural college, Llysfasi agricultural college, Yale college, which is in the constituency of my hon. Friend the Member for Wrexham (Ian Lucas), and others. Every one of them should be allowed the opportunity. The process is not easy—they have to go through screening to ensure that they have the quality to make such awards—but I support the stance of those institutions to get those powers.

In conclusion, what reassurances can my hon. Friend the Under-Secretary give me that our voices will be listened to in Cardiff? He should take back the point that the process needs to be speeded up. If we leave it until September we might miss the boat for this year, and I would certainly like those award-making powers to be given to FE colleges in Wales within the next year to 18 months.

Ian Lucas: I rise briefly to support much of what my hon. Friend the Member for Vale of Clwyd (Chris Ruane) said and to add two further points from the perspective of someone who represents an ambitious further and higher education town, Wrexham, where Yale college is making great progress and the North-East Wales institute is making progress towards university status. The further and higher education environment in Wrexham—and, indeed, in west Cheshire—is very competitive. I am reluctant to support measures that would make Welsh colleges less competitive in relation to English colleges, and I hope that that point will be relayed back to the National Assembly for Wales.

2.45 pm

The process of securing degree-awarding powers is long and arduous. It is not something that can happen overnight in further education colleges. I speak from experience, having seen the long process that the North East Wales institute has gone through to secure such powers. It was an arduous process. The Opposition made a suggestion, which was in some respects appealing, that there would be an immediate disadvantage to Welsh colleges if the amendment were not accepted. That is not the case, however. A process of consultation is going on in the Assembly, and this debate will inform that process. I hope that it does and that it highlights the concern in areas such as north-east Wales about educational attainment and progress through to university. We need more avenues to degree status through foundation degrees, and I am reluctant to rule out the further education route that is being offered in the Bill. I have concerns about the present form of the Bill, but that can be remedied. I hope, however, that in future we will be listened to earlier in the process.

Nick Ainger (Carmarthen, West and South Pembrokeshire) (Lab): As my former role as a Minister has been referred to by at least two Members in this short debate, I thought that I had better say a few words.

The debate has highlighted that we are on new ground when dealing with these matters. The Assembly wants to assume new powers, and Parliament is rightly insisting that there should be proper scrutiny of the role and responsibilities that the Assembly wants to take on. This particular case is a model example of how not to do it. I was involved as a Minister, but I did not realise until I was no longer a Minister how great the difference was between the briefings that I was receiving and the strong views that were being represented by Fforwm. That is not a criticism of any individual or of the civil service. However, when I saw the briefing that was sent to all Members of Parliament at the end of June from Fforwm, I immediately phoned John Graystone to find out what had happened. Clearly, that information had not been available on Second Reading or to members of the Committee, and it did not appear to have been made available to Members in another place when they were debating this Bill.

Mr. Graystone went through all the contacts that he had made, as chief executive of Fforwm, with the Welsh Assembly Government and outlined the various representations that had been made to officials, to the Minister and to members of the Education, Lifelong Learning and Skills Committee, which I attended on 1 February to give evidence. I told the Committee that

[Nick Ainger]

I was likely to be involved in taking the Bill through the House of Commons. I was therefore surprised, having received the briefing from Fforwm, that I was not asked a single question about the awarding of foundation degrees, bearing in mind that the Assembly's position was then—and still is, as I understand it—that it wanted to await the outcome of Sir Adrian Webb's review. That is likely to be published in the autumn. If it recommends the granting of degree-awarding powers to further education colleges in Wales, the Assembly will seek an Order in Council.

The fact is that we could have addressed this matter much earlier. If Fforwm had understood the way in which our scrutiny works in this place, rather than just—quite rightly—writing to officials and the Minister, it could have circulated its concerns to Members of Parliament at an early stage. I, as Minister, could have responded on the key issues even before we got into the scrutiny process. That would have been a much better way of doing things, but we are where we are.

The hon. Member for South Holland and The Deepings (Mr. Hayes) raised an issue that I hope the Minister will be able to clarify. He implied that, even if there was the will in the Assembly to get an Order in Council promulgated to take the matter through this place, if we do not carry this out now it will be extremely difficult in the future. He argued that it would be difficult to ensure that the Privy Council would, through the Order in Council, allow degree-awarding powers to FE colleges in Wales. I understand that to be the hon. Gentleman's main point. However, the assurances that I received as Minister showed that there was no doubt that an Order in Council could, if the Assembly wished it, achieve that object relatively quickly. We could and can have the pre-legislative scrutiny and debate that hon. Members want. That is my understanding of the position and I would be grateful if my hon. Friend the Under-Secretary would confirm it.

Mr. Hayes: The hon. Gentleman spoke in Committee and speaks again today with great integrity, and I take his point about the advice that he was given and the position that he was in. I was drawing attention specifically to the debate in the other place, where the noble Lord Adonis, when questioned on exactly the point raised by Baroness Morris, said:

> "The noble Baroness, Lady Morris, asked whether Clause 26 would be wide enough to allow the National Assembly for Wales to pass measures similar to Clause 19. The answer is no."—[*Official Report, House of Lords*, 27 February 2007; Vol. 689, c. 1559.]

Either Lord Adonis was wrong then and the Minister is going to tell us so, or we have a real problem.

Nick Ainger: The hon. Gentleman is quite right, which is why I am seeking an assurance that the Order in Council process can actually deliver degree-awarding powers to FE colleges in Wales. It is a very important point and, as I say, I really hope that the Under-Secretary will come up with the same assurances that I sought to give to the Committee last month.

I conclude by saying that we need to recognise that we are to some extent feeling our way in these matters when dealing with the new powers requested by the Assembly. What we should learn from the experience is that we need to participate actively in the scrutiny. I was the only Welsh member of the Committee, but I am sure that it would have been different if, before the Committee stage, Members had been aware of the concerns that they have expressed today. The message needs to go back to Wales and to organisations that represent Welsh interests that this place is still a very important part of law-making that directly affects Wales. They need to engage with us in the same way that they engage with Members of the Assembly.

Adam Price (Carmarthen, East and Dinefwr) (PC): There is a wide consensus in the House that the idea of foundation degrees in further education is an important and progressive step. It does what the hon. Member for Wrexham (Ian Lucas) said, helping to create better, wider and stronger progression routes through further and on to higher education. It is particularly important among many of our most disadvantaged communities, where participation rates in further and higher education are nowhere near as high as they should be. The idea of creating intermediate steps to engage people more fully in further and higher education will be warmly welcomed by all of us.

As the Minister said yesterday in a different context, the settlement for Wales is very complicated. Sometimes even Members of Parliament find it difficult to get our heads around the process with which we must engage. As many Members have said, the process by which we have arrived at this afternoon's discussion has been far from ideal. I am sure that those lessons will be taken back for consideration.

Will the Minister tell us a little about the specific issue in relation to the Privy Council? While it is right and proper that elected Members of Parliament should debate here all matters that are of interest and importance to our constituents, the proper place for a decision on the shape, structure and future of further education policy in Wales lies in Wales. It is perfectly proper to hold the web review to which the hon. Member for Carmarthen, West and South Pembrokeshire (Nick Ainger) referred, and for a decision to be made in that context, but we should enable the Assembly to decide whether foundation degrees are the way forward. My party believes that there is a strong case for their introduction, but that is ultimately a decision for the National Assembly.

Is the constitutional hurdle that the National Assembly in no circumstances has the power to confer functions, issue instructions or whatever the polite terminology is with regard to the Privy Council? Is that the case for the Scottish Parliament too? Alternatively, could we provide the enabling power to them through an amendment to the Bill? I hope that the new Welsh Assembly Government will allow that minority of colleges in Wales that currently wish to proceed with foundation degrees to do so. It should be possible for us to enable the Welsh Assembly Government to make that decision. The last thing that Plaid Cymru Members would want is to prevent the Welsh Assembly

Government from conferring that power on further education colleges in Wales that wish to go down that route.

Mr. Hayes: Many Members who have contributed to the debate speak about Welsh affairs with more knowledge than I do. It seems to me, however, that the issue is the methodology or process. Is it appropriate to use primary legislation to extend the powers of the Welsh Assembly when a parallel process is in place to do that? The Welsh Affairs Committee considered that in some detail, and expressed considerable doubt. We might want Welsh colleges to have the same powers—I do, because I moved the amendment—but we need to address the issue of the process, because a big constitutional point is at stake.

Adam Price: Obviously, as a Plaid Cymru Member, I take a maximalist position in relation to conferring powers on the Welsh Assembly Government. The hon. Gentleman is right that there are parallel procedures—the Order in Council process. Depending on the Minister's discussions, that might be the most appropriate mechanism now for conferring an enabling power on the Welsh Assembly Government so that it can confer the power to award such degrees in turn on further education colleges in Wales. In that regard, it appears that a settled view has not yet been reached, to which the right hon. Member for Torfaen (Mr. Murphy) referred.

The general mood is that, because of the nature of the devolution settlement, an important role for the House remains. Welsh representative bodies in all sectors need to be mindful of that. We should not have this debate in this way at the tail-end of a process; we should have a better, more fully informed process, involving all sections of the appropriate interest groups in Wales.

3 pm

The Parliamentary Under-Secretary of State for Wales (Huw Irranca-Davies): As I rise to address the House for the first time outside Wales questions, I recall a slogan used by the Welsh Assembly Government—"The Learning Country". We are experiencing a learning process now. Certainly I am learning, but we are also learning how this system works. I hope that I shall be able to reassure Opposition Members and my colleagues about the way in which we expect it to work, and also to convey the view of the Welsh Assembly Government.

I welcome this opportunity, and will attempt to live up to the reputation for "alacrity and enthusiasm" bestowed on me by the hon. Member for South Holland and The Deepings (Mr. Hayes). I pay tribute to the work of my predecessor, my hon. Friend the Member for Carmarthen, West and South Pembrokeshire (Nick Ainger), who not only brought this Bill to its current stage but dealt with the Government of Wales Act 1998. He is due great credit for the role that he played over many months and years. I also note the interest in these matters shown by a number of Welsh Members. The Chamber is quite crowded today, particularly with Welsh and Labour Members.

As has been said, amendment No. 23 would confer on the Privy Council power to specify further education institutions in Wales as competent to grant foundation degrees. Let me try to explain the rationale behind post-16 education in Wales, and explain why it is considered appropriate at this time. As the hon. Member for South Holland and The Deepings will know, "Reaching Higher" is the Welsh Assembly Government's strategy for higher education, which recognises that Wales has a disproportionately larger number of small higher education institutions than England. The most effective way in which to meet learning need, achieve critical mass sufficient to reduce overhead costs and increase access for low-participation groups—mentioned by a number of Members—was for Wales to develop integrated networks and clusters of colleges, including both higher education and further education institutions with shared missions to deliver higher education.

That focus on networked planning and collaborative delivery is far more than mere partnership delivery. "Reaching Higher" emphasised the importance of establishing geographical or function-based clusters of colleges with shared missions. That approach is intended to open up a wider range of opportunities for learners through the sharing of resources such as staff, equipment and infrastructure. As "Reaching Higher" pointed out, Wales is too small a country for any institution to work purely in isolation.

In 2003 a KPMG report on relations between higher and further education institutions, commissioned by the Higher Education Funding Council for Wales, drew attention to the significant costs that would be faced by further education colleges in Wales that sought independently to set up the infrastructure associated with the provision of higher education on a directly funded basis. England has a large mixed economy of further education colleges; Wales, at this moment, does not. The KPMG report concluded:

> "Any expansion of higher education in further education provision in Wales should be undertaken through the franchising route."

Such an approach offered cost-effectiveness and economies of scale in areas such as curriculum development. Its success in meeting the needs of Wales has been highlighted by the findings of a further recent independent study of the delivery of foundation degrees in Wales. In a report produced in March this year, the independent consultants SQW pointed out that there was limited support from Welsh higher education and further education institutions for the possibility of granting FE colleges power to award their own foundation degrees.

The representation of Fforwm is relevant here. I will deal with some of the comments about that later, but I will say now that we are aware of certainly two, perhaps three, further education colleges in Wales that are keen on such a possibility. We are not sure of the exact number—it may be one, two or three—but the vast majority are not clamouring for it. I appreciate the role that Fforwm plays in representing the views of the FE sector, but there is not an overwhelming clamour from FE colleges to provide such a power.

Mr. Hayes: There is no overall clamour from colleges in England either. No one expects there to be a plethora of colleges in the first wave that grant foundation degrees and, just as in England, it is likely that a small number of colleges in Wales would be willing and able to do so. The Minister uses the terms HE and FE as if they were interchangeable when he

[Mr. Hayes]

describes the enthusiasm to pursue this opportunity. I suspect that the views of the sectors might be rather different.

Huw Irranca-Davies: The hon. Gentleman might find that he is not correct in terms of HE and FE sectors in Wales because of the networking and collaborative approach that I have mentioned. I say this as a former lecturer at Swansea college, an FE institution, and at Swansea institute, an HE institution with its own degree-awarding powers under the University of Wales. There is extremely good collaboration, which is the pattern across most of Wales and the strategy that the Welsh Assembly Government have pursued. The hon. Gentleman pre-empts some of my later comments on what we do from here and on the independent inquiry. Fforwm has stated:

"Most colleges in Wales would not wish to award foundation degrees as they are content with the excellent partnerships they currently have with HEIs."

I have referred to the unique needs of Welsh institutions detailed in "Reaching Higher". In response to the issue of the disproportionately large number of small higher education institutions in Wales, the SQW report emphasised the need for a dynamic and fluid system of interaction between providers, with shared missions and shared planning. Importantly, HE strategy in Wales has not yet focused strongly on foundation degree growth but has targeted under-represented groups through the "Reaching Wider" programme. "Reaching Wider" aims to increase higher education participation from groups and communities in Wales by raising aspirations and by creating new study opportunities and learning pathways to higher education. All higher and further education institutions in Wales are members of the "Reaching Wider" consortiums, along with local authorities, schools and the voluntary sector. Mention was made of the Welsh way, and this is certainly the Welsh way. Wales has been at the forefront in the UK in increasing participation from under-represented groups.

Mr. Paul Murphy: No one would disagree with anything that my hon. Friend is saying; the co-operation between higher and further education is superb and ought to continue. In most cases in Wales, that co-operation will provide the sort of higher education that we need. Why on earth would the denial of the principle of the right to foundation degrees in any way cut across what he has said?

Huw Irranca-Davies: I hope to be able to assuage some of my right hon. Friend's concerns as I respond to a detailed debate in which good points have been made.

The hon. Member for South Holland and The Deepings, among others, referred to Privy Council powers and whether the Welsh Assembly Government had the power, in essence, to award foundation degrees. Fforwm queried whether foundation degree-awarding powers were a matter for Welsh Ministers, as the Welsh Assembly Government have not been devolved any powers with regard to the Privy Council. Yet clause 19 amends section 76 of the Further and Higher Education Act 1992, which makes provision for degree-awarding powers for institutions in England and Wales.

There has not been a formal transfer of functions of section 76 to the Welsh Assembly Government, but the First Minister will advise the Privy Council on the exercise of its functions under that section. The First Minister advises the Privy Council by virtue of his role as a Privy Councillor and of the fact that HE and FE in Wales are devolved matters. Therefore, this is a matter for the Welsh Assembly Government, but the First Minister has a direct role as a Privy Councillor.

Let me illustrate how that would work in practice. If a higher education institution wished to secure degree-awarding powers, it would ask the Privy Council, which would ask the First Minister—a Privy Councillor himself—for advice. Taking advice from the First Minister, the Privy Council would then decide whether to grant the HEI degree-awarding powers. There is a direct link, and a mechanism does exist.

Mr. Hayes: In the light of the hon. Gentleman's most recent remarks, will he deal with the point made by the right hon. Member for Torfaen (Mr. Murphy) about the involvement so far in these matters of the Secretary of State in his Privy Council capacity? I ask that because it seems to me that if that involvement had been profound we might not have had some of our recent difficulties.

Huw Irranca-Davies: I understand the hon. Gentleman's question. I have tried to clarify several points about the Privy Councillor issue and to make it clear that a mechanism exists.

Mr. Murphy: My hon. Friend is now saying that, in terms of the matters under discussion, the Privy Councillor for Wales is now the First Minister for Wales. I have no objection to that, but I simply ask whether the situation has changed, because in my time the Secretary of State for Wales was the Privy Councillor for Wales.

Huw Irranca-Davies: I ask my right hon. Friend to give me some latitude by allowing me to return to that query later. I do not wish to make excuses, but I have only recently taken up my present post so my knowledge of the detailed chronology of these matters is limited. I hope that I might be touched by some inspiration and return to that point before I conclude my remarks.

Nick Ainger: I understand the Minister's point about the Privy Council, but what about the process? If, following Sir Adrian Webb's report, the Assembly decides that it wishes in principle to allow FE colleges to award foundation degrees, will the process be that an Order in Council will be requested from this place to give the power to the Assembly to do that, and that the power that the First Minister has as a Privy Councillor will also be used?

Huw Irranca-Davies: My hon. Friend is correct. We should not assume that the matter under discussion would preclude an Order in Council being brought

forward at some point—and the mechanism involving the Privy Council, which we have mentioned, would then come into play in that process. It would be possible—with proper scrutiny from this place, I should add—for an Order in Council to be brought forward. My hon. Friend the Member for Aberavon (Dr. Francis), who chairs the Welsh Affairs Committee, has been closely involved in setting the procedure by which Orders in Council come forward, and I am sure that he will make sure that the scrutiny will be adequate at that stage.

Mr. Hayes: I understand that the hon. Gentleman is new to his post, but he is not answering the question that was asked. What the hon. Member for Carmarthen, West and South Pembrokeshire (Nick Ainger) wanted to know is not whether the matter under discussion could preclude an Order in Council, but whether an Order in Council would be a necessary prerequisite of the Assembly's exercising its competence in respect of granting degree-awarding powers. We need to know that, because if we do not know it the Minister's description of the process is of less value than it might be—I will not say that it is valueless.

Huw Irranca-Davies: I will seek to provide clarification on that point later.

However, I can now offer further clarification on the matter raised by my right hon. Friend the Member for Torfaen (Mr. Murphy). The Secretary of State for Wales retains their position as Privy Councillor on non-devolved issues—it is vital to put that on record—but the First Minister is Privy Councillor on devolved issues. Although not many people will have paid attention to the procedures in schedule 7 to the Government of Wales Act 2006—it was discussed yesterday in Committee—that delineate those roles, it is very important to understand the two different Privy Councillor roles.

3.15 pm

Dr. Hywel Francis (Aberavon) (Lab): I thank my hon. Friend for giving way and for drawing attention to the role of the Welsh Affairs Committee in this matter. In the light of this afternoon's debate, will he assure us that he will convey directly, through the Secretary of State, obviously, to the Minister for Education and Lifelong Learning the nature of this debate and the strength of opinion throughout the House—the progressive consensus that was referred to earlier—in order to ensure that, if an Order in Council is forthcoming, it comes sooner, rather than later?

Huw Irranca-Davies: My hon. Friend makes a very good point, particularly regarding the progressive consensus. Yes, I can assure him that today's deliberations will be conveyed strongly and clearly to the First Minister and to Welsh Assembly colleagues.

Mr. Touhig *rose—*

Huw Irranca-Davies: I will give way one more time, and then I will try to make some progress in dealing with the many points that have been raised.

Mr. Touhig: My hon. Friend is being extremely generous in giving way. I cannot quite get my head around this. Is he saying that if Sir Adrian Webb's report finally recommends that FE colleges should have the power to award degrees, an Order in Council will be forthcoming to allow that? What is the difference between doing that and the Government agreeing to this amendment?

Huw Irranca-Davies: Yes, an Order in Council would indeed be necessary. Section 76 of the Further and Higher Education Act 1992 needs to be amended, and it would be amended by a National Assembly for Wales measure, followed by an Order in Council, which would be fully scrutinised here. My right hon. Friend asks what the difference is between that and accepting the amendment. In my concluding remarks, I will draw attention to the consultation that is taking place, and how this debate and Members can feed into that directly. If he will bear with me, I hope to deal with his question as I proceed, along with many of the other concerns that were raised.

On the cross-border implications of the current provision and the question raised by the hon. Member for South Holland and The Deepings, I can confirm that Welsh colleges will still be able to offer foundation degrees through current collaborative work with HE. He also asked when English colleges are likely to be given foundation degree-awarding powers. We understand that it might be a couple of years before they are given such powers. Importantly, that gives the Assembly time to consider the review and to make legislative changes, if necessary.

As I said in my opening remarks, there is a clear and overt policy in "Reaching Higher" on degree-awarding powers, which was reiterated in "The Learning Country" in 2006. That policy makes it clear that Welsh FE colleges should not currently have degree-awarding powers, but should instead work in collaboration. The policy has been evaluated by independent research, and the SQW study to which I referred has shown how well it is working. The hon. Member for South Holland and The Deepings also asked what our plans are for foundation degrees in Wales over the next year. The independent review of FE reviewed their role in a wide context, including in the delivery of HE.

Numerous other issues were raised. On the demand for degree-awarding powers, we anticipate that between one and three colleges will want such powers—but who knows? As the hon. Gentleman said, more might want such powers in time to come; however, they can work through the collaborative process. The hon. Member for Brent, East (Sarah Teather) asked about the discussion of foundation degrees with external stakeholders. Welsh Assembly Government Ministers have, and always have had, regular meetings with Fforwm and Higher Education Wales. Additionally, Welsh Assembly Government officers meet regularly to brief Fforwm, Higher Education Wales and others.

My hon. Friend the Member for Vale of Clwyd (Chris Ruane), supported by my hon. Friend the Member for Wrexham (Ian Lucas), drew attention to the importance of the FE sector but to the disadvantages to Wrexham, Denbighshire, Flintshire and other parts of Wales—what he referred to as scouse Wales. He was absolutely right. He also drew attention to the excellence of the FE sector in Wales—quite right—which gives us a good basis for moving forward. Before the debate, he was

[Huw Irranca-Davies]

kind enough to provide me with the statistics to which he referred. They show how much ground we have to cover, but, as he will acknowledge, they also show just how far we have travelled in meeting our aspirations for higher and further education in places such as Vale of Glamorgan, Ceredigion, Pembrokeshire, Conwy and Gwynedd.

Questions were asked about consultation with Welsh MPs. In terms of the overall outcomes sought in the debate—widening participation, excellence and economic input—Welsh policy goals are closely aligned with those of the UK. However, due to the currently fragmented institutional structure of HE in Wales, the focus of implementation has been on collaboration between institutions, including HE and FE consortiums. That allows further and higher education colleges to exploit economies of scope and scale to deliver those benefits.

Members have expressed concern about the possible future use of degree-awarding powers and about particular geographic areas in Wales. One of the terms of reference of the independent review of further education in Wales is the role of the FE sector in the delivery of HE. The review will consult widely on that topic. The reference group includes strong FE representation to ensure that the sector can gather evidence to inform and direct the review, and the principals of Coleg Menai and Coleg Llandrillo sit on the group. Additionally, Fforwm has already formally met the review panel, carried out research and produced a large number of papers.

How can our debate inform the review? Point 11 of the terms of reference of the review relates to the role of the sector in the delivery of higher education, including the establishment of schools, FE and HE consortiums. I can assure all my colleagues and Opposition Members who have contributed to the debate that following a discussion this morning with Sir Adrian Webb, who is leading the independent review, I will undertake to make sure that MPs can directly feed into the review so that the outcomes in the autumn are informed not only by consultation in Wales but by the input of Members in this place. I give that undertaking to Members on both sides of the House.

I congratulate the Welsh Assembly on its full and thorough approach to policy development. The independent review is a good example of how it is engaging stakeholders. On that basis, and the offer I have made to Members to feed into the consultation, I urge the hon. Member for South Holland and The Deepings to withdraw the amendment.

Mr. Hayes: I am sure, Mr. Deputy Speaker, that you, like me, have travelled to a destination that you have not previously visited, without a map, and have desperately tried to find the right route. I have wound down the window of my car and sought advice from a local, but having received it I was more lost than when I began. So it has been with the Minister. He was like the man giving advice.

We are no clearer than we were 10 minutes ago about precisely how things are likely to proceed. We are no clearer about whether the Welsh Assembly requires an Order in Council in this place to grant the degree-awarding powers that many Welsh colleges want.

Huw Irranca-Davies: I hope that I have clarified all those issues, including the use of Orders in Council, but I would be more than happy to write to the hon. Gentleman and all hon. Members to set out exactly how things will work if it is still not clear.

Mr. Hayes: The hon. Gentleman says that he has clarified the issues. He was asked by one of his hon. Friends—no less a personage than a former Secretary of State for Wales, the right hon. Member for Torfaen (Mr. Murphy)—whether an Order in Council was necessary, and he said that the measure would not preclude an Order in Council. We learn later in his remarks that an Order in Council is indeed a prerequisite of the National Assembly for Wales granting degree-awarding powers. We heard from the Minister in Committee that colleges in Wales did not seek the capacity to award foundation degrees, yet we heard from various Members who contributed to the debate not only that they do indeed seek that power, but that they warrant it and deserve it.

We heard from the former Secretary of State and other Welsh Members, including the Minister's immediate predecessor, that this matter has not been handled well. Indeed, I would go further and say that it has not been handled properly. We heard the former Minister—the hon. Member for Carmarthen, West and South Pembrokeshire (Nick Ainger)—say that he was now somewhat embarrassed with what he was obliged to say in Committee, because he was not aware of the views of Welsh colleges or their representative organisations when he gave that advice. He has behaved with great honesty in revealing that to the House today. Yet the Minister stands by his argument that we should not accept these amendments.

As the hon. Gentleman said, much the easiest way to deal with this matter simply and straightforwardly would be for the Government to accept these amendments. However, they remain dogged and stubborn in their determination to stand on ground that is looking increasingly shaky. The Minister has given extremely poor advice to those who seek a destination that, as I have said, Welsh colleges warrant, want and deserve: equivalent status to English colleges and the capacity to award foundation degrees if they wish to do so and can meet strict criteria. It is quite wrong that we should treat Welsh colleges in such a way. It is quite wrong that we should set up two standards—one for Wales and one for England—and it is quite wrong that we should leave teachers and learners disadvantaged. Therefore I will seek to press the amendment to a Division to test the House's opinion, to find out whether the House agrees with those Welsh colleges and those hon. Members who have spoken bravely, honourably and persuasively on their behalf.

Question put, That the amendment be made:—

The House divided: Ayes 126, Noes 254.

Division No. 181] **[3.27 pm**

AYES

Afriyie, Adam	Beith, rh Mr. Alan
Ainsworth, Mr. Peter	Bellingham, Mr. Henry
Amess, Mr. David	Bercow, John
Baron, Mr. John	Binley, Mr. Brian
Barrett, John	Bone, Mr. Peter

Boswell, Mr. Tim
Bottomley, Peter
Brady, Mr. Graham
Brake, Tom
Brokenshire, James
Browne, Mr. Jeremy
Browning, Angela
Burstow, Mr. Paul
Butterfill, Sir John
Cable, Dr. Vincent
Carswell, Mr. Douglas
Cash, Mr. William
Clappison, Mr. James
Clark, Greg
Clifton-Brown, Mr. Geoffrey
Cormack, Sir Patrick
Cox, Mr. Geoffrey
Crabb, Mr. Stephen
Curry, rh Mr. David
Davies, Mr. Dai
Davies, David T.C. *(Monmouth)*
Duncan Smith, rh Mr. Iain
Evans, Mr. Nigel
Fabricant, Michael
Fallon, Mr. Michael
Field, Mr. Mark
Fox, Dr. Liam
Francois, Mr. Mark
Fraser, Mr. Christopher
Garnier, Mr. Edward
Gauke, Mr. David
George, Andrew
Gibb, Mr. Nick
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gove, Michael
Gray, Mr. James
Green, Damian
Greening, Justine
Greenway, Mr. John
Grieve, Mr. Dominic
Hague, rh Mr. William
Hammond, Mr. Philip
Hammond, Stephen
Harper, Mr. Mark
Hayes, Mr. John
Hemming, John
Hoban, Mr. Mark
Hogg, rh Mr. Douglas
Hollobone, Mr. Philip
Holloway, Mr. Adam
Holmes, Paul
Horam, Mr. John
Howard, rh Mr. Michael
Howarth, David
Hughes, Simon
Huhne, Chris
Hurd, Mr. Nick
Jackson, Mr. Stewart
Jenkin, Mr. Bernard
Johnson, Mr. Boris
Jones, Mr. David
Kawczynski, Daniel
Kirkbride, Miss Julie
Kramer, Susan
Lamb, Norman
Lancaster, Mr. Mark
Letwin, rh Mr. Oliver
Liddell-Grainger, Mr. Ian
Lilley, rh Mr. Peter
Luff, Peter
Malins, Mr. Humfrey
Mates, rh Mr. Michael
McLoughlin, rh Mr. Patrick
Neill, Robert
O'Brien, Mr. Stephen
Öpik, Lembit
Osborne, Mr. George
Ottaway, Richard
Paice, Mr. James
Penning, Mike
Prisk, Mr. Mark
Pritchard, Mark
Randall, Mr. John
Robathan, Mr. Andrew
Robinson, rh Mr. Peter
Ruffley, Mr. David
Russell, Bob
Selous, Andrew
Shepherd, Mr. Richard
Simpson, Mr. Keith
Smith, Sir Robert
Soames, Mr. Nicholas
Spicer, Sir Michael
Spring, Mr. Richard
Streeter, Mr. Gary
Stuart, Mr. Graham
Taylor, Mr. Ian
Teather, Sarah
Tredinnick, David
Vara, Mr. Shailesh
Villiers, Mrs. Theresa
Walker, Mr. Charles
Waterson, Mr. Nigel
Watkinson, Angela
Whittingdale, Mr. John
Widdecombe, rh Miss Ann
Wiggin, Bill
Williams, Mark
Williams, Mr. Roger
Wilshire, Mr. David
Winterton, Ann
Winterton, Sir Nicholas
Wright, Jeremy
Yeo, Mr. Tim
Young, rh Sir George

Tellers for the Ayes:
Mr. David Evennett and Mr. Brooks Newmark

NOES

Abbott, Ms Diane
Ainger, Nick
Allen, Mr. Graham
Anderson, Mr. David
Anderson, Janet
Armstrong, rh Hilary
Austin, John
Bailey, Mr. Adrian
Baird, Vera
Banks, Gordon
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Benn, rh Hilary
Benton, Mr. Joe
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blizzard, Mr. Bob
Borrow, Mr. David S.
Bradshaw, Mr. Ben
Brown, Lyn
Brown, rh Mr. Nicholas
Bryant, Chris
Burden, Richard
Byers, rh Mr. Stephen
Caborn, rh Mr. Richard
Cairns, David
Campbell, Mr. Ronnie
Caton, Mr. Martin
Cawsey, Mr. Ian
Challen, Colin
Chapman, Ben
Clapham, Mr. Michael
Clark, Paul
Clarke, rh Mr. Charles
Clwyd, rh Ann
Coffey, Ann
Cohen, Harry
Connarty, Michael
Cook, Frank
Cooper, Rosie
Cooper, Yvette
Corbyn, Jeremy
Cousins, Jim
Crausby, Mr. David
Cruddas, Jon
Cryer, Mrs. Ann
Cunningham, Mr. Jim
Cunningham, Tony
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Quentin
Dean, Mrs. Janet
Devine, Mr. Jim
Dismore, Mr. Andrew
Dobbin, Jim
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Dunwoody, Mrs. Gwyneth
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Engel, Natascha
Ennis, Jeff
Farrelly, Paul
Field, rh Mr. Frank
Fisher, Mark
Fitzpatrick, Jim
Flint, Caroline
Flynn, Paul
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gardiner, Barry
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gilroy, Linda
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hanson, rh Mr. David
Harman, rh Ms Harriet
Heppell, Mr. John
Hesford, Stephen
Heyes, David
Hill, rh Keith
Hillier, Meg
Hodge, rh Margaret
Hoey, Kate
Hood, Mr. Jim
Hoon, rh Mr. Geoffrey
Hope, Phil
Hopkins, Kelvin
Howarth, rh Mr. George
Hoyle, Mr. Lindsay
Humble, Mrs. Joan
Hutton, rh Mr. John
Iddon, Dr. Brian
Irranca-Davies, Huw
Jackson, Glenda
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Martyn
Jowell, rh Tessa
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keen, Alan
Keen, Ann
Kelly, rh Ruth
Kennedy, rh Jane
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, Jim
Ladyman, Dr. Stephen
Lammy, Mr. David
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Love, Mr. Andrew
Lucas, Ian
Mactaggart, Fiona
Mahmood, Mr. Khalid
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Marshall, Mr. David
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McDonagh, Siobhain
McDonnell, John
McFadden, Mr. Pat
McFall, rh John
McGovern, Mr. Jim

McGuire, Mrs. Anne
McIsaac, Shona
McKechin, Ann
Meacher, rh Mr. Michael
Meale, Mr. Alan
Merron, Gillian
Michael, rh Alun
Milburn, rh Mr. Alan
Miller, Andrew
Moffat, Anne
Moffatt, Laura
Moon, Mrs. Madeleine
Morley, rh Mr. Elliot
Mountford, Kali
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
O'Hara, Mr. Edward
Oiner, Mr. Bill
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pound, Stephen
Prentice, Mr. Gordon
Prescott, rh Mr. John
Price, Adam
Primarolo, rh Dawn
Prosser, Gwyn
Rammell, Bill
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, rh John
Riordan, Mrs. Linda
Robertson, John
Robinson, Mr. Geoffrey
Roy, Mr. Frank
Ruane, Chris
Ruddock, Joan
Seabeck, Alison
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Simpson, Alan
Skinner, Mr. Dennis
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, Geraldine
Snelgrove, Anne
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Stringer, Graham
Sutcliffe, Mr. Gerry
Taylor, David
Thornberry, Emily
Timms, rh Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Truswell, Mr. Paul
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Vaz, rh Keith
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda
Ward, Claire
Wareing, Mr. Robert N.
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Williams, Hywel
Wills, Mr. Michael
Winnick, Mr. David
Winterton, rh Ms Rosie
Wood, Mike
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Noes:
Mr. Alan Campbell and Mark Tami

Question accordingly negatived.

Adam Afriyie (Windsor) (Con): I beg to move amendment No. 24, page 15, line 37, leave out from beginning to end of line 2 on page 16 and insert—

'(a) the institution—

(i) gives the Privy Council a statement setting out the arrangements for partnership working between relevant institutions,

(ii) arranges for progression to one or more courses of more advanced study which have been confirmed in writing by at least one institution mentioned in subsection (1)(a) or one body awarding advanced professional qualifications, and

(iii) places a duty on parties to the agreement to advertise courses and qualifications detailed therein;

(b) the institution as a condition of that order continues to secure guaranteed arrangements for progression to one or more courses of advanced study which have been confirmed in writing by at least one institution mentioned in subsection (1)(a) or body awarding advanced professional qualifications;

(c) the Privy Council considers that the arrangements are satisfactory and are likely to be carried out.'.

Mr. Deputy Speaker (Sir Michael Lord): With this it will be convenient to discuss the following amendments:

No. 6, page 16, leave out lines 18 to 22 and insert—

'"(5A) Any institution specified as competent to grant only the kind of award mentioned in subsection (2A) shall not have conferred upon it the power mentioned in subsection (5)(a).".

No. 7, page 16, leave out lines 26 to 31 and insert—

'"(6A) Any institution specified as competent to grant only the kind of award mentioned in subsection (2A) shall not grant such an award to a person unless he was enrolled at the institution at the time he completed the course of study for which the award is granted.".

Adam Afriyie: I am pleased to address the House from the Front Bench for the first time. Having come to the Front Bench in the past few days and to the amendment in the past few hours, I look forward to your guidance, Mr. Deputy Speaker, and will try to behave myself under your watchful eye.

In principle, we fully support further education institutions being given the power to award degrees. Having read through the *Hansard* reports of the proceedings in the Lords and in Committee, it seems to me that this is perhaps one of the most controversial aspects of the Bill. Amendment No. 24 seeks to clarify the award-making criteria and secure progression from foundation degrees to advanced professional qualifications. In addition, it seeks to embed the advertising of courses and qualification progress in the new arrangements.

There is no doubt that colleges throughout the country do good work for students and for the economy. The dedication of principals, heads, senior managers and teachers is to be commended and should be recognised. With foundation degrees and through further education institutions, a door has been opened to educational and career achievement which was once firmly closed. Our amendment seeks to build on those opportunities by securing partnerships with the higher education institutions, securing the quality of progression, and ensuring that the information is available to students and to businesses to enable them to make clear choices about the courses in which they invest.

Let us be clear. Further education is important to widen access, to broaden the choices available to students, and to deepen the level of vocational skills in the economy and available to employers. The 20-year history of further education is a proud one. With potentially 60,000 certificated graduates this year, we must not jeopardise foundation degree status by failing to define clearly the requirements for further education institutions to achieve award-granting powers, especially if we wish to increase the number of students graduating to 100,000 or more in the next few years, which is the aim of Ministers.

3.45 pm

There are about 300 providers of foundation degree courses delivering about 1,600 courses. They are each unique, distinctive and have a well established character and culture of their own. That is good. Variety of provision gives choice to students and a wide range of specific qualifications and skills for employers to draw upon. I hope that the vocational aspects of further education and foundation degrees will be cherished and valued as highly as academic degrees.

However, if the progression from further education degree courses is not secure, and if the awareness of course connections or qualification progression is not clear, that goal may not be achieved—hence our tabling of amendment No. 24. We want a further education sector that is dynamic and flexible and responds to employers' needs. Foundation degrees are both a staging post for more advanced qualifications—not necessarily just university degrees but other professional qualifications—and a final destination in their own right for people entering vocational careers. In a way, that is the beauty of the foundation degree and of this sector—a beauty that requires maintenance in the form of our amendment.

Clause 19 amends section 76 of the Further and Higher Education Act 1992. It enables the Privy Council to give foundation degree-awarding powers to further education institutions. At present, it merely requires the Privy Council to see a statement of intent from a further education institution in order to grant the power to award degrees. That is perhaps a missed opportunity to secure the confidence of students and employers in these newly granted foundation degrees. We are not sure why the opportunity has been missed to make the criteria more stringent, more overt and clearer. As many concessions have been made in the Lords, and as Ministers have listened carefully to the arguments and changed the Bill accordingly, we are not sure why they are not listening as regards tightening the criteria for award-granting powers.

I am sure that the last thing any hon. Member wants to do is unnecessarily to risk the confidence that people have in the status of foundation degrees. Yet surprisingly, on this most important and controversial clause, there appears to have been a lack of consultation. The proposal did not appear in the White Paper or in the Leitch report, nor did it appear with any clarity in Foster. It seemed to spring up at the last minute as if by magic. That is why it needs amendment. Course progression may be jeopardised through a failure to consult and to shift, if only marginally, the Government's position.

Today's further education colleges provide their graduates with foundation degrees from well recognised universities and other institutions. If there is a shift to further education institutions awarding foundation degrees, there is a risk that the status of the award, as perceived by students and employers, may go down. Foundation degrees have pulling power with employers, certainly with Rover, KLM, the Department of Health and one or two others. They are almost foundational, as it were, to their recruitment process and to people's career progression. Nevertheless, it appears from what I have read in the *Hansard* reports of Committee and other debates that the Government are unwilling to bend or concede at all on this particular point.

Although I and all hon. Members know that it is not the intention that the quality of the foundation degree should be undermined in any way, I fear that without a little more attention to this point, that may well be the case. In the same vein, paragraph (a)(iii), which our amendment would add to proposed new subsection 2B, would place a duty on institutions to "advertise courses and qualifications". It does not prescribe exactly how it should be done; it merely places a duty on them to do so. That would be good all round because it would increase the awareness of the benefit of foundation degrees.

The relative value of qualifications is already difficult to assess and we must not make it ever more difficult by having a plethora of different awarding bodies, creating uncertainty about the robustness of the award being made. We want to create an environment in which students and employers have a clear understanding of the relative value of qualifications. The Minister may say in response to our amendment that some of its provisions will be incorporated in the articulation agreements. It may be said that it does not need to be included in the Bill because it is implicit that in the advertising of courses the quality of the awarding body would be upheld. I have neither heard from the Minister, nor read in the transcripts of the previous debates, a clear case from the Government as to why it is not necessary to ensure the advertising of career progression through qualifications, and the Government do not appear to have made it clear why it is necessary to avoid placing a responsibility on institutions to secure in writing details of career progression from the foundation degree that they offer.

Sarah Teather: Amendments Nos. 24, 6 and 7 deal with two things we discussed extensively in Committee: progression arrangements from foundation degrees and franchising. I acknowledge that the Government have moved considerably on both those points, through changes made in the other place, amendments introduced by the Government in Committee and reassurances we got from the Minister during that process. Amendment No. 24 appears to be a helpful addition, and I would be interested to hear the Government's response to it. They moved considerably on this point, recognising the concerns that were shared by hon. Members throughout the House that foundation degrees ought to provide enough flexibility for students to progress to higher education or professional qualifications, and enough flexibility to ensure that they are not boxed in and forced to do one or the other—it can be a stand-alone qualification. The amendment would appear to include a number of things that the Government seem willing to concede, according to guidance and comments on the record. If the Minister wishes to reject it, I shall be interested to know why.

It is helpful to have something written from institutions to state that they have ongoing progression routes between FE and whatever professional bodies or, according to the course, HE institutions they are working with. One of the things we debated at some length in Committee was the tendency for those arrangements to be quite fluid, and for them to break down. The concern for a student going through the foundation degree stage is that they do not want to end up in a situation where those arrangements have

[Sarah Teather]

broken down, and the safeguards do not come into play for a year or two. After that, students will certainly have left that institution. The safeguards are there for a particular individual and not the system as a whole. I await the Minister's response on that before deciding how we shall respond.

The hon. Member for City of Durham (Dr. Blackman-Woods) has tabled two amendments on franchising. Again, we debated that at length in Committee. The power to award foundation degrees is substantially different from that to franchise. In Committee, I asked why the Government wanted colleges to be allowed to franchise, and I was never entirely satisfied with the answer. I understand all the arguments about awarding foundation degrees but I never felt confident about the Government's response to the question of why we needed to allow colleges to franchise. The Minister said that it was because he did not want a two-tier system but we already have a multiple-tier system. Higher education institutions franchise the power to award foundation degrees. Further education institutions can now award such powers. We will end up with a system of three or four tiers if we include the proposed new power.

However, in Committee, the Minister reassured me that he would change the guidance on foundation degrees so that, after the probation period, the decision about whether colleges will be allowed to confer foundation degrees will be separated from the decision about whether they can franchise other colleges to use the same power. I was greatly reassured by that, especially when the Minister then wrote to all members of the Committee to repeat the assurance. I look forward to reading the revised guidance because that assurance dealt with most of my concerns. He never quite answered the question about why he wanted franchising in the first place. I hope that will be clear when he replies to the hon. Member for City of Durham. However, the decision to separate franchising from that to award foundation degrees assuaged most of my concerns.

Dr. Roberta Blackman-Woods (City of Durham) (Lab): I tabled amendments Nos. 6 and 7 to obtain clarification of two specific matters. I appreciate that we had a detailed discussion on the subject in Committee and I do not want to detain the House unduly. First, I simply wish to check whether the process involved in a specific FE college being able to award foundation degrees is separate from the process for franchising.

Secondly, I want to consider the Quality Assurance Agency for Higher Education review of transnational programmes because it should include foundation degrees and it may have implications for franchising. I wondered how the Department would take that on board and apply it to new franchising arrangements.

I understand that the amendments as they are currently drafted would prevent FE colleges from franchising foundation degrees. That would thus significantly strengthen the amendment that was passed in the other place. However, I tabled the amendments because the higher education sector remains concerned that, unless the Government adopt a cautious approach and are rigorous about the circumstances in which FE colleges can franchise courses, some—probably only a few—FE colleges could franchise and take on the role that the whole higher education institution sector currently fulfils, thus taking HE out of foundation degrees. I am not sure whether that was the Government's intention or whether it is assumed that a few colleges will be allowed to franchise in limited areas, leaving a significant role for higher education institutions in foundation degree programming and delivery.

I emphasise that it is one thing to validate one's own programmes for delivery and quite another to validate programmes for franchising. The QAA acknowledges that in its guidance when it states that franchising is much more complex. It has different rules and procedures for franchising arrangements. External examining and drawing up programmes for external examiners is new to the FE sector. I recognise that there is a six-year rule in place, but the Government will have to be careful to ensure that FE colleges have those procedures in place when they eventually get to franchising and that they have shown, through the experience of operationalising their own foundation degrees, that they are able to check what is available in other colleges that are delivering the programmes for them.

I should like the Government to reassure me that they will adopt a rigorous approach. I accept that they demonstrated that in Committee, but I return to the general question that has perhaps not been answered: why are we flagging up the potential to franchise now, before we have even had FE colleges validating their own programmes and delivering them? Perhaps that should be kept under review as we have the experience of FE colleges validating their own programmes in practice, which would obviously mean that the six-year rule would also be kept under review.

4 pm

Mr. Boswell: I begin by commending my hon. Friend the Member for Windsor (Adam Afriyie) on his maiden appearance at the Dispatch Box. It would be fair to say on that form that he has undoubtedly already acquired a foundation degree, and we look forward to progression to even greater things.

I make that point, flippantly but I hope graciously, to underline the serious point behind amendment No. 24, which I warmly endorse to the House. That point is that a foundation degree has two purposes. It needs to be a valid freestanding qualification in itself. If a foundation degree involves the active participation and enthusiasm of the vocational student and has been properly specified through the business framework, its fitness for purpose and the involvement of employers, it is likely to be successful. At the same time, a foundation degree is not simply a useful qualification, but a platform and springboard to progression. That is understood by everyone who has participated in these debates. The question is how we secure that outcome and the precise degree of specification that we require.

When I read the amendment, I saw that it was fairly prescriptive, but it is of course no more a departure of principle than the Government have already conceded in the Bill as drafted. The amendment is simply a

refinement and intensification of those tests. That is right in the circumstances, because the exceptional factor about degree-awarding powers is that once awarded they are, for all practical purposes, broadly non-recoverable. It is very difficult to recall them by removing them. One can mediate them—indeed, one must mediate them—through the review period, which we have now agreed, and through the continuing attention of the quality assurance mechanism, which is also important. However, it is reasonable to say that we have to get over a high hurdle and then reach assurances.

One important aspect of that is that people should be able to move on, as well as to benefit in employment from the qualifications that they have received. Those two tests must be met continuously in relation to foundation degrees. My hon. Friend is therefore right on his general principle and I like the wording that he has come up with to offer assurances.

Then there is the admittedly separate issue of franchising. There is no doubt that in the past the concept has covered a multitude of sins—they might have been peccadilloes and in certain cases they might have been more than that. Franchising has always been a little bit less certain for a higher education degree-awarding institution than direct provision has, whether it is conducted in another country or through the medium of a further education college, for example. The process is less certain. If we are serious about quality assurance, we need to ensure that the process is just as certain, whether it is secured through franchising or through direct provision.

As somebody who is not averse in principle to outsourcing, I have no conceptual objection to the process being carried out through a variety of partnership arrangements, which is a perfectly sensible thing to do. Understandably, there has been some confusion between doubts about the quality assurance, which we must get right, and some kind of prescription of the level at which franchising should be exercised. That is perhaps behind the amendment tabled by the hon. Member for City of Durham (Dr. Blackman-Woods). I am not happy with the amendment in its present form, although I appreciate the hon. Lady's motives. We should give the Minister an opportunity to reply to the House on these serious concerns about delivery, which we are all worried about.

If a college—an FE college or an HE college, it matters not—has met the qualifications, as improved by the amendment tabled by my hon. Friend the Member for South Holland and The Deepings (Mr. Hayes) in terms of progression, and if it is prepared to operate to the required quality standards, it should make no difference whether that is secured through a franchise. If there were doubt about whether the quality standards were being met because of the existence of a franchise, that would logically be a separate issue, but it would be unacceptable. It is right to expose this issue and to look to the Minister for an answer.

We have edged through a series of Government concessions, and had some rather good debates on this matter. Conceptually, I had some scepticism about the issue when I first came to it, because the idea was rather bounced on us. However, I have come to an understanding that it is right and proper, in certain defined circumstances and with the right assurances, to offer the opportunity for further education colleges to have the ability to award foundation degrees. I think that we have almost reached consensus on that. We now need to receive assurances from the Minister that we have really got this right, because the worst possible outcome would be to do this on the basis of misplaced generosity or of some slogan, without being able to deliver something that was genuinely fit for purpose and that met the needs and aspirations of our students and their future employers.

Jeremy Wright: It is a pleasure to follow my hon. Friend the Member for Daventry (Mr. Boswell), with whom I substantially agree. I join him in welcoming my hon. Friend the Member for Windsor (Adam Afriyie) to his new responsibilities.

I want to pick up where my hon. Friend the Member for Daventry left off, with a point about the assurances that I hope the Minister will be able to give us. I agree with the hon. Member for Brent, East (Sarah Teather) that what commends amendment No. 24 is its ability to deliver substantial reassurance to students who wish to take foundation degrees at institutions that have newly been given the power to award them. I accept that not every student taking a foundation degree will wish to go on and complete a further course of study, but a great many will. If this experiment—for that is what it is—is to work, it is vital that every student who receives a foundation degree from one of these institutions and wishes to go on to further study should have the maximum reassurance that they will be able to do so when the time comes.

I hope that the Minister will accept that there is a world of difference between an institution setting out what it proposes to do to arrange for the continuation of study, and actually making those arrangements. Those are two very different things, and they would have a very different effect on the reassurances that could be made available to students. Amendment No. 24 seeks to ensure that those arrangements will be made. My hon. Friend the Member for South Holland and The Deepings (Mr. Hayes) is proposing to strengthen the Government's noble intentions in order to ensure that foundation degrees newly awarded by further education institutions will be successful and command the support and confidence of the students who take them. For that reason, I fully support what he has said.

Bill Rammell: I welcome the hon. Member for Windsor (Adam Afriyie) to the Front Bench and congratulate him on the measured and articulate way in which he advanced his arguments. Having said that, however, I fear that I shall not be able to agree with them quite as much as he might hope.

I should like to deal first with amendments Nos. 6 and 7, which, when taken together, seek to prevent the practice commonly known as franchising. My hon. Friend the Member for City of Durham (Dr. Blackman-Woods) raised this issue in Committee and she has acknowledged that I gave her a number of assurances during that debate. I reiterate today that the Government are certainly being cautious—and will be cautious—and that the process of quality accreditation is extremely rigorous. It is every bit as rigorous as the process for higher education institutions that award their own

[Bill Rammell]

foundation degrees. I would also say that I bow to no one in my regard for the quality of universities and higher education institutions in this country. However, the higher education interest is not always synonymous with the overall education and public interest. That is at the heart of some of our debates.

As I said in Committee, we want to strike a balance between rightly wanting to encourage innovation, flexibility and responsiveness in the delivery of foundation degrees and ensuring that the highest quality standards are maintained. The proposed powers are enabling and it would be counter-productive to place permanent and inflexible restrictions on how they could be exercised. When my hon. Friend the Member for City of Durham spoke on Second Reading, she pointed out the importance of avoiding a two-tier system in the awarding of foundation degrees. Placing permanent restrictions on the exercise of foundation degree-awarding powers would, in my view, create precisely that hierarchy, which is why we are right to avoid it. The implication of placing only limited trust in FE institutions that are granted these new powers would unquestionably lead to the branding of the qualifications that they award as second class. I hope that we all agree that that would be regrettable.

Sarah Teather: I still do not really understand the Minister's point about the degrees being second class, particularly if we get rid of franchising. We discussed the issue in Committee, where I tried to explain that there were already a number of different classes of foundation degree. For example, there are foundation degrees that are validated by and delivered in HE institutions; foundation degrees that are validated by higher education institutions but delivered in further education institutions; and we now have further education validated courses delivered by FE institutions. Why, then, do we need further education validated courses delivered by another institution? It is not a matter of being second class: we already have three classes, so why do we need a fourth?

Bill Rammell: There are two responses to that. First, we genuinely want as much innovation and flexibility as possible in order to respond to the needs of students. Saying as an article of faith that it would be wrong in all circumstances for a very high-quality performing FE institution to allow franchising at whatever stage might restrict the dispersal of quality foundation degrees. That would be one cause for concern. Secondly, students might well perceive a diminution in the long-term credibility of their FE institutions if they were told that all the other institutions in all the other sets of circumstances were able to award their own degrees and to franchise, but that that did not apply to theirs. That would create a two-tier structure, which would not be to anyone's benefit.

Subsections (5A) and (6A) were added by the Government amendment in response to the debate in the other place in order to allow the Privy Council to restrict franchising. It is expected that when an FE institution is granted powers for the first time, the Privy Council will make an order that specifies two restrictions, preventing the FE institution from authorising other institutions to grant awards on its own behalf and preventing the institution from granting a foundation degree to any student who was not enrolled at the institution at the time of completing the course of study for which the award is made. That represents a significant departure from precedent in respect of degree-awarding powers, but it is appropriate to offer such a safeguard. Those restrictions will be particularly appropriate when foundation degree-awarding powers are first granted. As I said earlier, however, I do not agree that it is either appropriate or necessary to impose such restrictions automatically and for all time.

The independent report of foundation degree-awarding powers will also be published within four years and it will also look into the issue of franchising. It is also the case that any FE institution granted foundation degree-awarding powers will be subject to regular monitoring under the Quality Assurance Agency's ongoing quality assurance cycle. Failure by an FE institution to guarantee quality standards for its foundation degrees, irrespective of where the provision is delivered, could lead to intervention by the QAA, which is a serious sanction.

With these proposals, we are not saying that the ability of an FE institution to franchise its foundation degrees should definitely be ruled in at any particular stage; equally, however, the power to franchise should not, in my view, be ruled out for ever. That is the key point at issue here. We have struck the right balance between flexibility and quality control in our proposals. On that basis, I hope that my hon. Friend will not press her amendment.

4.15 pm

Amendment No. 24, tabled by the hon. Members for South Holland and The Deepings (Mr. Hayes) and for Upminster (Angela Watkinson), addresses the issues around progression from a foundation degree to a course of more advanced study. Although I rightly welcomed the hon. Member for Windsor to the Front Bench, I recognise that he has come to these deliberations late. If he looks at the Committee *Hansard*, he will see that the criteria have been made clear and explicit. He cannot credibly claim that progression is put at risk by the safeguards that have been put in place, and he certainly cannot claim that the Government have been reluctant or are dragging their feet. He asked why, if progression was so important, it was not on the face of the Bill. I must inform him that a provision was inserted in Committee, at clause 19(5)(2B)(a), which gives significant reassurance on the issues that he raises.

Amendment No. 24, as crafted, is similar to the Government amendment made to the clause in Committee, except that it seeks to place certain additional requirements on institutions entering into progression agreements. In that respect, it is too prescriptive. In Committee, the hon. Member for South Holland and The Deepings and I argued that colleges that are performing well should be given the freedom to fulfil their potential free from the constraints of over-regulation and excessive bureaucracy. I am confident that the amendment already made to address the issue of progression, working together with the non-statutory guidance and criteria, achieves the balance that all Members want. Under the Government amendment

made in Committee, in order to grant foundation degree-awarding powers to an FE institution, the Privy Council must first have received a statement from that institution setting out how it proposes to secure opportunities for progression to at least one course of more advanced study for any person awarded one of its foundation degrees. The Privy Council will also need to consider that the proposals are satisfactory and likely to be carried out before it can grant foundation degree-awarding powers.

Adam Afriyie: I am listening closely to the Minister's points. Does he accept, however, that there is a fundamental difference between requesting a written plan and having written confirmation of progression to a further course of some description?

Bill Rammell: I shall address that in respect of the quality assurance intervention powers that are in place, which should give the hon. Gentleman the reassurance that he seeks.

The non-statutory guidance and criteria for foundation degree-awarding powers also make clear and emphatic statements about the establishment and maintenance of suitable progression routes for foundation degree students. The guidance and criteria have been developed in close dialogue with the QAA, which will assess all applications for foundation degree-awarding powers. It will be helpful if I say a few words about what the guidance and criteria document covers.

To determine whether an applicant institution's statement of its proposals about progression arrangements are satisfactory, the Privy Council could consider such factors as whether the institution's academic management is sufficiently robust to ensure that progression routes are and will be established, both now and in the future, and whether the institution can be relied on to renew progression arrangements or seek new ones if the old ones lapse, with the help of a third-party organisation, such as Foundation Degree Forward, if necessary. To be satisfied that the proposals are likely to be carried out, one of the matters that the Privy Council could consider is the action already taken by an institution with regard to making arrangements for progression from foundation degree courses that are in preparation. The ability of the QAA to intervene not only at the start of the process but once the course is under way, to ensure that progression arrangements are still in place, should give the hon. Gentleman the reassurance that he seeks.

Clearly, it is in institutions' interests to market the programmes and progression routes that they are offering, to attract and retain students. However, I do not agree that we need to legislate for that. The Government are committed to freeing up front-line providers from unnecessarily prescriptive directions on how exactly they should do their jobs—something that the Conservative party constantly urges on us—especially when they are already doing those jobs well. Placing a duty on institutions—that would implicitly require a contractual relationship—to continue the good practice that they are already demonstrating, seems unnecessarily interventionist, and could be counter-productive.

Sarah Teather: I understand the Minister's point about the duty and contractual arrangements. I can see that that might be perceived as over-regulation. However, I am sure the Minister agrees that it is very much in the Government's interests to ensure that students progress, and know what arrangements are available for them to move from foundation degrees to professional qualifications or higher education. Including that information in guidance might deal with the point raised by the hon. Member for Windsor (Adam Afriyie).

Bill Rammell: I believe that the guidance is already satisfactory, but I will look at it again and ensure that the arrangements are made clearer if necessary. After the debate, I will write to members of the Committee making that plain.

Mr. Boswell: When it comes to contractual relations—what exactly they are, and with whom—I think the Minister and I must defer to the lawyers, but does the Minister envisage the contract being merely between the Department and the Privy Council and the Quality Assurance Agency? Would there not also be a contractual arrangement with the student? If it is implied that progression is available via certain routes, and if—as the hon. Member for Brent, East (Sarah Teather) suggested—there is a possibility that it will be withdrawn, the student may well wish to sue the institution because the implied contractual arrangement has broken down. There is a whole complex of extremely important undertakings here, affecting a great many people.

Bill Rammell: There is, but if the hon. Gentleman looks at the history of the development of higher education he will see that there has been no such undertaking thus far on an explicitly contractual basis. We can debate the extent to which that should happen, but I think that to embark on a different path now in respect of foundation degrees in further education colleges would set a precedent. If we want to move in that direction, let us debate the issue across the board rather than singling out further education institutions. In any event, I am not convinced that it is the right direction in which to move.

The amendment made by the Government in Committee is robust, and addresses the issue of progression in the most appropriate way. In addition, the draft guidance and criteria—including the QAA's foundation degree qualification benchmark—are transparent, published documents. I will look at them again to ensure that they contain the clarity sought by the hon. Member for Brent, East (Sarah Teather), but I hope that following those reassurances, the hon. Member for Windsor will withdraw the amendment.

Adam Afriyie: There is no doubt that during the Bill's passage the Minister and other members of the Government have listened, have been reasonable, have conceded several points, and have promoted amendments that have improved the Bill. There is no ideological difference between the two sides of the House. There is no difference between the Liberal Democrat Front Bench and the Government; there is no difference between the comments of my hon. Friend the Member for Daventry (Mr. Boswell) and those of my hon. Friend the Member for Rugby and Kenilworth (Jeremy Wright). This is a noble Bill which heads in the right direction, and we strongly support its overall aim.

[Adam Afriyie]

I listened carefully to the Minister's explanation of why he had not addressed this issue earlier. It seems that, to a certain degree, he and the Government were dragged kicking and screaming into changing the level of scrutiny given to bodies being granted foundation degree-awarding status by the Privy Council. I thank the hon. Member for Brent, East (Sarah Teather) for encouraging the Minister to take this route, but it strikes me as rather bizarre that all of a sudden, at the eleventh hour, the Minister is going to take a look at the guidance. I do not find that reassuring. There have been plenty of opportunities before now to guarantee progression from foundation courses to further qualifications.

Sarah Teather: It was remiss of me not to welcome the hon. Gentleman to his new post. I apologise for that.

I have the impression that the hon. Gentleman intends to press the amendment to a vote. On this occasion, I am reassured by what the Minister has said. There is only one difference between the hon. Gentleman's amendment and the Government amendment, which involves marketing. I should prefer that to be dealt with in guidance, but if the Minister gives me an undertaking—on the record—to look at the guidance again, we will not support the Conservatives if they press the amendment to a vote, although I am very sympathetic to the point that the hon. Gentleman has made.

Adam Afriyie: I thank the hon. Lady for making her position clear, if not entirely acceptable to the Conservative party.

The Minister will now, at the last moment, take a look at the guidance but this really is the last moment. I wish to mention two other points within the amendment, one of which is very simple: to have written confirmation from a further education college offering a foundation degree that there is another professional body or higher education institution that would accept the person from that course on to further study on qualification. That seems to be a very small change to make. It does not place any onerous duties upon the further education institution and I am surprised that the Government have not taken the opportunity earlier to address that point.

The second point is that we would seek to enable foundation degrees to become access routes to other forms of professional qualification and not just to university degree courses. That important point has not been picked up. Clause 19 has turned up at the last moment and is a helpful addition; some of the changes made are perfectly acceptable, but they do not go far enough to secure the opportunities for students that we would like to see. On that basis, I wish to divide the House and put the matter to a vote.

Question put, That the amendment be made:—

The House divided: Ayes 104, Noes 261.

Division No. 182] **[4.27 pm**

AYES

Afriyie, Adam
Ainsworth, Mr. Peter
Amess, Mr. David
Baron, Mr. John
Bellingham, Mr. Henry
Benyon, Mr. Richard
Bercow, John
Beresford, Sir Paul
Binley, Mr. Brian
Blunt, Mr. Crispin
Bone, Mr. Peter
Boswell, Mr. Tim
Bottomley, Peter
Brady, Mr. Graham
Brokenshire, James
Burt, Alistair
Butterfill, Sir John
Carswell, Mr. Douglas
Cash, Mr. William
Clappison, Mr. James
Clark, Greg
Clifton-Brown, Mr. Geoffrey
Cormack, Sir Patrick
Cox, Mr. Geoffrey
Crabb, Mr. Stephen
Curry, rh Mr. David
Davies, David T.C. *(Monmouth)*
Ellwood, Mr. Tobias
Evans, Mr. Nigel
Fabricant, Michael
Fallon, Mr. Michael
Field, Mr. Mark
Francois, Mr. Mark
Fraser, Mr. Christopher
Garnier, Mr. Edward
Gauke, Mr. David
Gibb, Mr. Nick
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gove, Michael
Gray, Mr. James
Grayling, Chris
Green, Damian
Greening, Justine
Greenway, Mr. John
Grieve, Mr. Dominic
Hague, rh Mr. William
Hammond, Stephen
Harper, Mr. Mark
Hayes, Mr. John
Herbert, Nick
Hogg, rh Mr. Douglas
Hollobone, Mr. Philip
Holloway, Mr. Adam
Horam, Mr. John
Hurd, Mr. Nick
Jackson, Mr. Stewart
Jenkin, Mr. Bernard
Johnson, Mr. Boris
Jones, Mr. David
Kawczynski, Daniel
Lancaster, Mr. Mark
Liddell-Grainger, Mr. Ian
Lilley, rh Mr. Peter
Luff, Peter
Mackay, rh Mr. Andrew
Malins, Mr. Humfrey
Mates, rh Mr. Michael
Maude, rh Mr. Francis
McLoughlin, rh Mr. Patrick
Neill, Robert
O'Brien, Mr. Stephen
Ottaway, Richard
Paice, Mr. James
Penning, Mike
Pritchard, Mark
Randall, Mr. John
Rifkind, rh Sir Malcolm
Robathan, Mr. Andrew
Robinson, rh Mr. Peter
Ruffley, Mr. David
Selous, Andrew
Shepherd, Mr. Richard
Simpson, Mr. Keith
Soames, Mr. Nicholas
Spicer, Sir Michael
Spring, Mr. Richard
Streeter, Mr. Gary
Stuart, Mr. Graham
Taylor, Mr. Ian
Vara, Mr. Shailesh
Villiers, Mrs. Theresa
Walker, Mr. Charles
Waterson, Mr. Nigel
Watkinson, Angela
Whittingdale, Mr. John
Widdecombe, rh Miss Ann
Wiggin, Bill
Wilshire, Mr. David
Winterton, Ann
Winterton, Sir Nicholas
Wright, Jeremy
Yeo, Mr. Tim
Young, rh Sir George

Tellers for the Ayes:
Mr. David Evennett and Mr. Brooks Newmark

NOES

Abbott, Ms Diane
Ainger, Nick
Allen, Mr. Graham
Anderson, Mr. David
Anderson, Janet
Armstrong, rh Hilary
Austin, John
Bailey, Mr. Adrian
Baird, Vera
Balls, rh Ed
Banks, Gordon
Barlow, Ms Celia
Barrett, John
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Beith, rh Mr. Alan
Benn, rh Hilary
Benton, Mr. Joe
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Borrow, Mr. David S.
Bradshaw, Mr. Ben
Brennan, Kevin
Brown, Lyn
Brown, rh Mr. Nicholas
Browne, Mr. Jeremy
Bryant, Chris
Buck, Ms Karen
Burden, Richard

Byers, rh Mr. Stephen
Cable, Dr. Vincent
Cairns, David
Campbell, Mr. Alan
Caton, Mr. Martin
Cawsey, Mr. Ian
Challen, Colin
Chapman, Ben
Clapham, Mr. Michael
Clark, Paul
Clarke, rh Mr. Charles
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Connarty, Michael
Cook, Frank
Cooper, Rosie
Corbyn, Jeremy
Cousins, Jim
Crausby, Mr. David
Cruddas, Jon
Cryer, Mrs. Ann
Cunningham, Mr. Jim
Cunningham, Tony
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Dai
Davies, Mr. Quentin
Dean, Mrs. Janet
Devine, Mr. Jim
Dismore, Mr. Andrew
Dobbin, Jim
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Dunwoody, Mrs. Gwyneth
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Ennis, Jeff
Farrelly, Paul
Field, rh Mr. Frank
Fisher, Mark
Fitzpatrick, Jim
Flint, Caroline
Flynn, Paul
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gardiner, Barry
George, Andrew
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gilroy, Linda
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hall, Mr. Mike
Hall, Patrick
Hanson, rh Mr. David
Harman, rh Ms Harriet
Heppell, Mr. John
Hesford, Stephen
Heyes, David
Hill, rh Keith
Hillier, Meg
Hodge, rh Margaret
Hoey, Kate
Holmes, Paul
Hoon, rh Mr. Geoffrey
Hope, Phil
Hopkins, Kelvin
Howarth, David
Hoyle, Mr. Lindsay
Huhne, Chris
Humble, Mrs. Joan
Iddon, Dr. Brian
Irranca-Davies, Huw
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Martyn
Jowell, rh Tessa
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Kelly, rh Ruth
Kennedy, rh Jane
Khan, Mr. Sadiq
Kidney, Mr. David
Killoyle, Mr. Peter
Kramer, Susan
Ladyman, Dr. Stephen
Lammy, Mr. David
Laws, Mr. David
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Love, Mr. Andrew
Lucas, Ian
Mactaggart, Fiona
Mahmood, Mr. Khalid
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Marshall, Mr. David
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McDonagh, Siobhain
McDonnell, John
McFadden, Mr. Pat
McFall, rh John
McGuire, Mrs. Anne
McIsaac, Shona
McKechin, Ann
McNulty, Mr. Tony
Meacher, rh Mr. Michael
Meale, Mr. Alan
Merron, Gillian
Michael, rh Alun
Miller, Andrew
Moffat, Anne
Moffatt, Laura
Moon, Mrs. Madeleine
Morley, rh Mr. Elliot
Mountford, Kali
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
O'Hara, Mr. Edward
Olner, Mr. Bill
Öpik, Lembit
Owen, Albert
Pearson, Ian
Plaskitt, Mr. James
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Price, Adam
Prosser, Gwyn
Rammell, Bill
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reid, rh John
Riordan, Mrs. Linda
Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Roy, Mr. Frank
Ruane, Chris
Ruddock, Joan
Russell, Bob
Seabeck, Alison
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Simpson, Alan
Singh, Mr. Marsha
Skinner, Mr. Dennis
Smith, rh Mr. Andrew
Smith, Angela E. *(Basildon)*
Smith, Geraldine
Smith, rh Jacqui
Snelgrove, Anne
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Stringer, Graham
Sutcliffe, Mr. Gerry
Taylor, David
Teather, Sarah
Thomas, Mr. Gareth
Thornberry, Emily
Timms, rh Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Truswell, Mr. Paul
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Vaz, rh Keith
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda
Ward, Claire
Wareing, Mr. Robert N.
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Williams, Hywel
Williams, Mr. Roger
Wills, Mr. Michael
Winnick, Mr. David
Winterton, rh Ms Rosie
Wood, Mike
Woolas, Mr. Phil
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Noes:
Mr. Dave Watts and Mark Tami

Question accordingly negatived.

Clause 27

Powers of National Assembly for Wales

Mr. Touhig: I beg to move amendment No. 8, page 21, line 33, leave out clause 27.

Mr. Deputy Speaker (Sir Alan Haselhurst): With this it will be convenient to discuss amendment No. 9, page 24, line 13, clause 32, leave out subsection (2).

Mr. Touhig: During Second Reading on 21 May, my right hon. Friend the Member for Torfaen (Mr. Murphy) and I raised concerns about the pre-legislative scrutiny of what is now clause 27. The clause not only transfers responsibility to legislate on further education and training from Parliament to the National Assembly, but makes changes to the devolution settlement in Wales.

As I said on Second Reading, I do not oppose the idea of using framework legislation to transfer power from Parliament to the National Assembly; however,

[Mr. Touhig]

clause 27 is a constitutional change—a change, I hasten to add, that has moved ahead without the full rigour of parliamentary scrutiny and debate. Indeed, the crux of the matter is that we are being asked to give new powers over further education and training to the National Assembly, even though it has not yet completed its consultation about how it would use such powers and has no settled view about what it would do with the powers if it had them.

Also during Second Reading, I asked my hon. Friend the Minister for Lifelong Learning, Further and Higher Education for an assurance that Parliament would have an opportunity to consider that transfer of law-making power before we were asked on Report and Third Reading to pass the Bill. My hon. Friend replied:

"My right hon. Friends the Members for Torfaen and for Islwyn raised important issues concerning the scrutiny of the legislation and the enabling powers of the Welsh Assembly. I should make it clear that in Committee every line of the Bill will be scrutinised. Any proposed measure by the National Assembly for Wales must be fully debated by the Assembly, and we will ensure that there is adequate and proper scrutiny of the proposals."—[*Official Report*, 21 May 2007; Vol. 460, c. 1074.]

Having read the report of the Committee proceedings, I am disappointed because it seems that line-by-line scrutiny of clause 27 did not take place.

In effect, there has been no consideration in detail by Parliament of the merits of transferring a primary law-making power to the National Assembly. I stress that I am not opposed to using framework legislation to transfer responsibility for such matters from Parliament to the National Assembly, but I am wholly opposed to doing it by such a backdoor method.

As I said on Second Reading, this is the third occasion on which the Government have used primary legislation to pass powers to the National Assembly without scrutiny of the issues. It happened with the Education and Inspections Act 2006 and with the NHS Redress Act 2006. The very fact that Parliament has not been able to consider the transfer of powers to the Assembly prompted the amendment.

Tucking the clause into the Bill meant that it was overlooked and was not subject to the rigorous debate and scrutiny that Parliament deserves. The Welsh Affairs Committee, chaired and led so ably by my hon. Friend the Member for Aberavon (Dr. Francis), shares the concerns of my right hon. Friend the Member for Torfaen and me. The Committee expressed exactly the same fear in its second report of 9 May. Paragraph 47, which refers to adding matters by primary legislation, states:

"In a supplementary note on the use of framework powers, the Secretary of State stated that Parliament will be able to scrutinise framework powers in Bills by bringing forward amendments."

My hon. Friend's Committee doubted whether that would happen. In fact, it went on to say:

"The reality may prove to be disappointing in this respect. Such clauses, which typically appear in the latter parts of Bill, tend to receive less attention than substantive policy clauses."

Having studied the Committee stage and the progress of clause 27, I am inclined to agree with the conclusions of my hon. Friend's Committee.

4.45 pm

At paragraph 46 of the report, the Committee said:

"We are concerned that continuing use of primary legislation to extend the powers of the National Assembly...will mean that Matters introduced in this way will escape the detailed arrangements for pre-legislative scrutiny put in place".

Indeed, at paragraph 49 of the report, the Committee said:

"We are concerned that to continue to add Matters by primary legislation could therefore be a device for a general, rather than a specific, extension of Assembly powers, which at the same time negates the opportunity for specific and detailed pre-legislative scrutiny, either by a Committee of the National Assembly or by the Welsh Affairs Committee."

I have always felt that when framework powers are included in any Bill, they should be closely examined under the spotlight of separate parliamentary scrutiny. I hope that when my hon. Friend the Minister replies he will respond to that point. That is the whole reason for the amendment.

I seek an assurance from the Government that this will be the last occasion when they slip a clause into a Bill to transfer primary powers from Parliament to the Assembly, without separate and proper scrutiny by Parliament of the merits of that proposed transfer. If that practice, which I abhor, is to continue, we run the risk that all such future primary legislation will be passed to Cardiff without the benefit of pre-legislative scrutiny by Parliament. The Government have a duty to ensure that Parliament is not bypassed in that way.

Mr. Boswell: I rise briefly to speak in support of the amendment moved by the right hon. Member for Islwyn (Mr. Touhig). He has spoken eloquently to it, and I seek the leave of the House for a moment or two to explain why I support it. I do so with some trepidation, or apprehension, because I should not like it to be thought either that I was expert in the constitution of Wales or that I was in any sense seeking to subvert the devolution settlement or to make difficulties for the Welsh Assembly Government—I speak not for that purpose. The nature of the Bill's consideration has been broadly constructive and consensual, but it is necessary to put down a constitutional marker on the clause.

If I have interests in relation to the Principality, they are certainly in education. As I mentioned in Committee, I am about to become involved with the Higher Education Corporation in Wales, and one of the reasons for doing so is that many members of my wife's family, who emanate from the Principality, have been, as one would expect, teachers, one of whom had the great privilege of teaching the new Under-Secretary of State for Wales, whom I warmly welcome to his position—he has certainly lost nothing of her loquacity judging by his performance this afternoon.

To come to the substance of the matter, we in this place should be very careful about enabling legislation, which has a very bad history—modestly in relation to the United Kingdom and certainly in respect of other legislatures. The purpose of Parliament is to scrutinise legislation and to ensure that it is properly considered, and it is not helpful to those for whom it is written and who are intended to benefit to let all this go on the nod, particularly when it relates to constitutional matters and, indeed, education matters. Two areas are particularly

sensitive: first, the general interests of the United Kingdom Parliament in relation to education. For example, there is a broadly common qualifications framework, and such issues cannot be discussed in Wales in complete isolation from those in England or the rest of the United Kingdom.

Secondly, there will be cross-border issues, which have been discussed in other contexts but have not been brought out in this discussion. It is quite wrong just to transfer the powers, without a proper discussion, to a body that, as the right hon. Gentleman said, has not yet even expressed its firm intentions about how to handle them. I have little doubt that when we do make the transfer—I am sure that we will, through acquiescence—the powers will be well and responsibly handled. That is not the issue. The issue is whether we should have taken a little longer to look at the powers in more detail before signing them off to somebody else, before proper process. That is a weakness in our constitutional arrangements and I strongly agree that we should not allow that process to be repeated.

Mr. Paul Murphy: I fully support the amendment of my right hon. Friend the Member for Islwyn (Mr. Touhig). When the Government of Wales Bill was being considered in the Chamber—it involved major constitutional change to our country and to Wales—the question of the scrutiny of how we devolve primary powers to the Assembly in Cardiff was a matter of great debate. Behind that lay the desire for proper scrutiny of such legislation. Normally, it would be done by legislative Orders in Council. That would involve pre-legislative scrutiny by the Welsh Affairs Committee, which is chaired my hon. Friend the Member for Aberavon (Dr. Francis), together with a Committee in the Assembly. Letting these things go through in primary legislation avoids that proper scrutiny.

We have a new dispensation in Wales. We are told that we are in a new dawn of politics. That means that the spotlight on Welsh Members and on the business of Welsh legislation in this place is much stronger than it used to be. There is also the problem that if what we might call English Whitehall Departments are charged with legislation that involves scrutiny of the devolution of primary powers, they do not take too much notice of that because they see it simply as being something Welsh. Unhappily, that can also be the case among Members of the House. We have to beware of how we scrutinise our legislation.

When my hon. Friend the Minister winds up, will he assure me that the Wales Office will take particular care to ensure that when dealing with the National Assembly, and particularly with other Departments, there is proper scrutiny and that we avoid the mess that we have got into over devolving this issue? We had a debate earlier about the awarding of foundation degrees at further education colleges in Wales. That would have been resolved had there been a proper system in this place to deal with these matters.

Mr. Roger Williams (Brecon and Radnorshire) (LD): The right hon. Member for Islwyn (Mr. Touhig) is right to emphasise that there will be more than one method by which primary legislative powers are passed to the Assembly. During the scrutiny of the Government of Wales Act 2006 I tried to emphasise that point, but it did not receive sufficient consideration. As a matter of principle, all Members of Parliament should be given the fullest possible opportunity to scrutinise legislation that passes primary powers to the Assembly. This is a topical discussion because only this week the Prime Minister outlined 23 new Bills, many of which were on health, education and housing and will contain similar powers.

The suggestion is that the Welsh Affairs Committee should scrutinise this type of legislation as well. I would add a word of caution—already two requests have been made for the Committee to consider legislative competence orders. If the Committee is to carry out that work, and the work of scrutinising the Wales Office and other issues of importance to Wales, it will have a very full programme. An ad-hoc Committee should be set up, along the lines of the Statutory Instrument Committee that I believe sat on Wednesday to consider part of the Government of Wales Act. That would be the best way forward, rather than overburdening the Welsh Affairs Committee, which does valuable work under the chairmanship of the hon. Member for Aberavon (Dr. Francis).

Dr. Francis: Will the hon. Gentleman give way?

Mr. Deputy Speaker: Order. I want to try to fit in a ministerial reply and one other speaker. I call Mr. Hywel Williams.

Hywel Williams (Caernarfon) (PC): I will be brief, Mr. Deputy Speaker. Plaid Cymru Members support clause 27. It is a substantial change, but leaving it out would be a substantial change, too. Of course, there will be new arrangements that might allow us to avoid some of the problems to which hon. Members have alluded. Education is rightly a devolved matter, and the new freedoms given to the Assembly under the clause are proper, reasonable and coherent. Proper scrutiny will be given to any Assembly measures by the Assembly itself.

Huw Irranca-Davies: I shall quickly respond to some of the comments made, so as to allow my right hon. Friend the Member for Islwyn (Mr. Touhig) time to make his observations. Clause 27 was scrutinised in the Commons in Committee. In policy terms, the measures in the clause were drawn up to enable the Welsh Assembly Government to develop and present to the National Assembly for Wales coherent and detailed policy proposals, built on identified needs and established Welsh policy objectives. If I had time, I would have liked to have elaborated on the subject and to have read into the record a range of points that have not yet been made, including on matters 5.13, 5.14, 5.15, 5.11, 5.12, and 5.16. I assure the House that in future my aim will be to ensure that there is adequate information to enable meaningful scrutiny to take place earlier in the public Bill process.

Clause 27 ensures that the National Assembly for Wales has the powers that it needs, when it needs them, to debate and determine the appropriateness of proposals put forward by the Welsh Assembly Government for the development of further education in Wales. That will enable the Welsh Assembly Government to propose Assembly measures that are appropriate to Welsh

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circumstances. In a wider context, that delivers on the Government's commitment to ensuring that the Assembly has the tools to deliver change in the areas for which it has responsibility, and to rebalance legislative authority, without affecting the overall constitutional supremacy of Parliament as regards Wales in the United Kingdom. Parliament has a pivotal role when it comes to scrutiny. It must work in partnership with the Welsh Assembly Government and work in the best interests of the people of Wales. The clause is therefore important, and I hope that the House will support it.

However, I acknowledge the constructive and valid contributions made by Members, including my right hon. Friends the Members for Islwyn, and for Torfaen (Mr. Murphy), and I recognise their genuine concerns. It should be acknowledged that the collaboration between the Welsh Assembly and the Wales Office on how we take forward the devolved settlement is an evolving and learning process, so I am more than happy to meet with hon. Members to gain their views, so that we can further improve the process and ensure that the valuable contribution of hon. Members and the pivotal role played by the House is taken into account. On that basis, I urge my right hon. Friend the Member for Islwyn to withdraw the amendment.

Mr. Touhig: I listened to my hon. Friend's points, and it is important that we find a mechanism for better scrutiny of such issues. We should not in any way seek to prevent powers being passed over, if that is the view of Government and Parliament. I take on board the point made by the hon. Member for Brecon and Radnorshire (Mr. Williams) about the pressures of work on the Welsh Affairs Committee, but in view of the Minister's offer to hold a meeting—with, I am sure, colleagues of all parties—in which we can explore ways of scrutinising legislation, I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Order for Third Reading read.

4.58 pm

Bill Rammell: I beg to move, That the Bill be now read the Third time.

This is a small, relatively uncontroversial Bill. We have had a robust debate that has been consensual, on the whole, and I appreciate the constructive contributions made. I hope that Members on both sides of the House will agree that the Government have listened carefully, and have responded, where possible, to make the Bill better.

One subject that has benefited from being debated is foundation degrees. When we look back at the legislation with the benefit of hindsight, we will be certain that enabling colleges to apply for powers to award their own foundation degrees was the right thing to do and was truly groundbreaking. The foundation degree has established itself as an important part of the higher education qualifications landscape; it is valued by learners and employers alike, and it helps us to go forward and face up to the skills challenges that the country faces. I have made it clear that the new powers that the Privy Council can grant under clause 19 will be appropriate only to certain providers, but the provision nevertheless speaks volumes about the status of further education, which is finally getting the recognition that it deserves.

For an uncontroversial Bill, the legislation has certainly had its moments. The importance of robust policy, underpinned by legislation, to eradicate poor performance and performance that is not improving, is widely accepted. There has been progress in further education, but where there are lingering, serious problems, it is right that we retain the power, through the Learning and Skills Council, to intervene in extreme cases. The Bill will also help more colleges to gain greater freedoms, but within the structure of a robust intervention strategy that is clear and unequivocal.

The Bill is small, but it is important. Machinery of government changes mean that we will need to consider the detailed funding arrangements for young people, adults and employers to learn, engage and progress, but the Bill remains crucial to our wider goals of further education reform.

The tremendous amount of good will, confidence and support for the further education system that has been expressed in all parts of the House during the debate is testimony to our FE system, which is benefiting from the unprecedented increase in funding over the past decade. That is bearing fruit, with achievement rates up by 20 per cent., more than 1.7 million adults helped with their basic skills, more than a million more adults qualified to level 2, and a tripling of the number of people engaged in apprenticeships. I pay tribute to all those who have made that investment count.

We must continue to enhance the capacity of the FE system through measures that include the foundation degree-awarding powers for colleges, improving the leadership in further education through a new power to regulate the qualifications of principals, and better consultation with employers and learners. Modernising the law on industrial training levies is a key consideration for the construction and electrical engineering sectors, and the devolution to Wales of education and training matters will underpin the review of FE in Wales.

In conclusion, further education is a vital public service, which has more power, perhaps, to transform lives than any other part of the education system. In a small but significant way the Bill has helped to give FE the status and recognition that it deserves. I am pleased to commend the Bill for its Third Reading in the House.

5.1 pm

Mr. Hayes: Like the Minister, I am pleased that we are coming to the end of our journey. It has been a long journey, but not an altogether uncomfortable one. It has been characterised by a broad measure of agreement and co-operation in trying to make the best of the Bill. I acknowledge, as I have previously, that the Minister has listened to argument put by both the Opposition parties and by others in an attempt to improve the Bill. I hope that he acknowledges that the Opposition have played a constructive part in that

process, although there is sometimes need for drama and colour in our considerations, and we have tried to provide those as well.

This is not a bad Bill, but it is not good enough. Its worst facet is what it ignores. I said in debate earlier that it was extraordinary that the Bill was passing through the House at the same time as the Government were considering their response to the Leitch review of skills. The Leitch report has been in the public domain for a considerable time. The Government have yet to respond to it, but the Bill could well have included proper consideration of the kind of matters that Lord Leitch examined. It is curious that the Government, who are about to respond to a major piece of work that they commissioned, should introduce a Bill dealing with further education and training in the full knowledge of the fact that that review might necessitate further legislation in the short term.

When I tested the Minister on that in Committee, he was in denial. I appreciate that, as he suggested earlier, Ministers can deal only with the material that they have at the time that they have to deal with it, but it is now clear that there will be further legislation in some form later this year in the Queen's Speech, to address some of the issues on which Lord Leitch reported and with which we anticipate the Government will deal in the short term. We hope that even next week we might know more about the details of that.

The Bill acknowledges, as did Lord Leitch, that skills matter, not only for our economic competitiveness but for the individual well-being of millions of our countrymen. The debate on skills is often conducted in a rather utilitarian way. We are actually speaking of the life chances of millions of Britons who pass through FE colleges and benefit from the quality of teaching and learning that takes place there. The Bill has a direct relationship with those experiences. When I champion skills, I do so not for some dull, utilitarian reason, but because I want those people to have the best possible opportunities and for their life chances, economic opportunities and sense of worth to be enhanced by the skills they acquire. That is why I am a robust, vigorous and determined advocate for our further education colleges and those who govern, lead and teach in them, and have been so throughout the passage of the Bill.

I acknowledge that the Minister, too, has spoken for FE in a way that politicians on both sides of the House have done too infrequently in the past. The exception to that, of course, is my hon. Friend the Member for Daventry (Mr. Boswell), who has made a typically intelligent, thoughtful and measured contribution to the passage of the Bill. What a privilege it is to be a Member of the House alongside him, and what a loss he will be to this place when he enters retirement—prematurely, in my judgment—as he says he will at the end of this Parliament. He showed again today why he was such an excellent Minister and why he is such a very good friend to those of us who without his skill and expertise struggle with these matters.

Further education is vital in enhancing the nation's skills, but there are other things to be said about it. There is also immense educational, cultural and social capital in FE, and we must not see FE colleges merely as a vehicle to deliver skills, for other aspects of what they do count too. I believe in education for democratic citizenship, to use the words of Rab Butler, through adult and continuing education. I am sorry that we have lost nearly 1 million adult and continuing education places on the Minister's watch.

Mr. Boswell: I am grateful to my hon. Friend for the unmerited personal tribute that he just paid me. Before it fades, may I ask him whether he shares my view of the educational merits of vocational education? Many young people who have failed at school in the conventional academic system go to college or go through training at their workplace and find themselves confronted for the first time with the world of work, where they also need general educational skills, and they enthusiastically acquire them because they then see the point of doing so—but that requires the vocational context.

Mr. Hayes: I would make two points in response to my hon. Friend's typically incisive intervention. First, his reputation will never fade in the hearts and homes of South Holland and the Deepings for all the time that I am the representative of that place in this place. Secondly, he is right to focus on the difference that further education can make to people who have not always had the most successful experience at school. Many people return to education through FE or adult and community learning—continuing learning of the kind that I described. It is vitally important that we see further education not merely as a vehicle for delivering skills to the existing work force, although it is vital, given the demography, that we upskill and reskill our work force in order to meet the skills target; and not merely as a vehicle for equipping a new generation of young people with essential vocational skills—I shall speak more of that in what will be a lengthy peroration in a few moments—but as an opportunity for people to acquire all kinds of other competencies that add to their sense of worth, for the acquisition of practical skills can achieve that just as much as the acquisition of academic qualifications. For too long in this country, we have undervalued those practical competencies and elevated academic learning as the only means of delivering the sense of value to which my hon. Friend the Member for Daventry alludes.

In speaking about what the Bill says, rather than what it does not, I would like to talk about its unhelpful aspects. I do so with hesitation because I do not want to be unkind to the Minister, having praised him earlier. I do not want to injure him in any way—he is a sensitive soul—but it is important to point out that the Bill may be unhelpful both in respect of the intervention powers we debated at some length in Committee, which he and I have discussed privately a number of times, and of the lack of clarity about the ongoing role of the Learning and Skills Council.

I shall explore those two matters for a moment or two. We had a lengthy debate about the first point earlier, so I will just say the following. In the end, it seems unconvincing for the Government to argue that they are in favour of Andrew Foster's recommendation that FE colleges move to greater self-regulation, while simultaneously arguing that the LSC should have new powers to dismiss college governors, principals and senior managers. Of course, it is right that long-line powers are vested in Government when public money is being spent, to ensure that in cases of an absence of

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quality or probity an intervention takes place. In the interests of learners, as the Minister said earlier, we all want to protect people against such circumstances.

However, I am not convinced that those powers, which have never been used—I repeat, they have never been used—although already in the hands of the Secretary of State, should be extended and transferred to the Learning and Skills Council. I simply do not buy that that is not paradoxical, and nothing that the Minister has said today, previously or in Committee has persuaded me one iota of the strength of his case. It may be that the Association of Colleges has come to a different view about that—I respect it, and I have had many dealings with it, as has the Minister—but I am not yet convinced. We need to test the matter further, and I look forward to seeing what the other place has to say about it when it considers the Bill following our consideration.

The second unhelpful aspect of the Bill is the embedding of the role of the Learning and Skills Council at a time when we are not sure of the Government's position on the future of the LSC. If they respond to Lord Leitch's review in the way that they might, which is to say that sector skills councils should be the principal conduit for the management and funding of skills, and they respond to his recommendation that we move to a more demand-led system with employers in the driving seat, that at the very least means a different role for the LSC, and it may mean a diminished role. However, the Bill, by developing and enshrining in law a regional structure, effectively embeds the Learning and Skills Council in the management and funding of skills. I am not sure whether that it is sensible. Again, it arises from the extraordinary position whereby we are debating a further education and training measure against the background of a review of skills to which the Government have yet to respond. That is not good government and I do not believe that the Minister, in his heart, thinks it is either. Hon. Members of all parties who have spoken to me about the matter expressed reservations about the Government's conduct.

Those reservations were expressed loudly and with Celtic lyricism when it came to the matter of Wales. Given the contributions from some of the House's distinguished Members, we can conclude only that, as far as Wales is concerned, the matter has not been handled as it could and should have been. The argument that pre-legislative scrutiny would have been beneficial to clarify the position on degree-awarding powers and Welsh colleges was clear and unequivocal. It is an unanswerable case and so the answer that we got was as unconvincing as could be.

The Bill therefore has unhelpful aspects, but let me consider the more promising elements, about which there has been broad agreement. Perhaps the most significant aspect is the extension to FE colleges of the power to award foundation degrees. That lies at the heart of the measure. Conservative Members passionately believe that FE colleges provide an important element of widening participation, not only in further education but in higher education. It is understated that further education institutions teach a great deal of higher education. They teach many degree courses, and approximately 12 per cent. of higher education already takes place in further education colleges. Foundation degrees provide an opportunity to widen and deepen participation in a new and exciting way.

Angela Watkinson (Upminster) (Con): Does my hon. Friend agree that many people are unable to study away from home for various reasons, including domestic responsibilities, but are at a stage in their lives when they could take advantage of a higher education course? Being able to do that at their local FE college means that they can study the subject that they want without having to leave home to do it.

Mr. Hayes: With her usual care and insight, my hon. Friend has anticipated some of my comments. She is right that FE colleges are local, community based, highly responsive and flexible about modes of study. They are therefore successful at recruiting learners of a type that HE—with notable, honourable exceptions—is not so successful at recruiting. The facts speak clearly. Further education has a greater proportion of ethnic minority learners, mature learners and learners from disadvantaged backgrounds, who study both FE and HE courses. That is partly because, as my hon. Friend said, they are more flexible, local, accessible and responsive than their counterparts in the university sector. That is not to say that universities do not do excellent work—many do. However, FE can play a critical role in widening participation. The Bill is therefore right to extend the power to FE colleges to award foundation degrees.

There are important caveats. We have argued throughout the Bill's passage that the degree brand must not be diminished by the change and that it is important to maintain rigorous quality; that the progression from foundation degrees to other professional qualifications and, indeed, full degrees must be assured; and that partnership between universities should be maintained where it is already strong and grown where it does not exist. There are important qualifications to our support in principle for those provisions. We have listened to the representations from Universities UK, which has made a measured and strong case to us about such issues. That is why we have both argued publicly and lobbied Ministers privately to try to persuade them to amend the Bill, as they have indeed amended it, to take account of some of those concerns.

Mr. Brooks Newmark (Braintree) (Con): Does my hon. Friend agree that the great thing about further education institutions, as opposed to higher education institutions, is that the wider public perceive it as less elitist, because further education institutions take in those who might be from disadvantaged backgrounds and those who never had a chance to progress their education at all? We have a great opportunity to support further education, for that very reason.

Mr. Hayes: My hon. Friend makes a good case, but there is a danger in overstating it. I am familiar with the Institute of Continuing Education, based at Cambridge university, and with other organisations in the HE sector that do immensely valuable work in

ensuring that people from all kinds of backgrounds, in all kinds of localities and studying all kinds of courses can have an interface with the very best institutions, resources and teachers. Many universities are doing good work on that, but my hon. Friend is right in essence that FE is more appealing to many learners because of its localness and accessibility, and its style and character.

On a more functional level, the issue is also about modes of learning. Modular courses, distance learning and part-time learning are critical for certain kinds of learners, as my hon. Friend the Member for Upminster (Angela Watkinson) pointed out. FE is particularly good at those things. The Bill is right to build on that principle and right to give further education the enormous fillip that it will get from the granting of foundation degrees.

The process will be measured and gradual, because the criteria will set the standards high, so there is no suggestion that the measure will weaken the quality of what is offered. I hope that it will also facilitate good relationships between HE and FE, owing to the changes that have taken place during the passage of the Bill. There was a risk that that would not be so when the Bill was first published, but things have moved on. The Minister has listened to and learned from the representations that have been made. We can achieve the ambition of widening participation without damaging the degree brand or damaging those good relationships. My judgment, therefore, is that the proposals at the heart of the Bill regarding foundation degrees are worthy of the support that we have offered them.

However, there are ongoing concerns about how the Bill fits into the Government's overall strategy for FE and HE. The landscape has changed while we have been debating and considering the Bill. There has been a seismic change in the structure of government. We have a new Department, a new team and a new Prime Minister with his own agenda. It is not yet absolutely clear where the Government are heading in respect of further education and higher education.

I make no apologies for amplifying the points that I made earlier, when we were discussing amendments. FE colleges are feeling quite insecure. I visit a number of further education colleges every week and I meet representatives of the sector equally frequently. I can tell the House that FE is most worried about whether the Government are really committed to its long-term future. FE colleges are worried that the change in the structure of government and the anticipated response to the Leitch report, or indeed the passage of the Bill alone, irrespective of the first two things, will mean that their future is less secure than they would want it to be.

I have enjoyed my exchanges with the Minister immensely. He now needs to give a clear signal in his final words on the Bill that the Government are indeed committed to further education colleges, and that they want them to move to a greater degree of independence, as Sir Andrew Foster has recommended, and to self-regulation of the kind that I have passionately advocated during the Bill's progress. He also needs to give a clear indication that, in the Government's response to the Leitch review, which we eagerly anticipate, there will be a bold series of steps that will enliven skills, allow the Government to meet their targets and enable a new generation of learners to achieve the status and worth that I described when I was advocating the glories of practical accomplishment earlier.

If we can have those assurances from the Government, we can end where we began on the Bill, with a determination to ensure that it will be good for FE and for learners, and that it will be a credit to the House and worthy of the support that it has received on all sides. I hope that the Minister will offer us those assurances today. If he does, I am sure that we can move together with a degree of unanimity, and certainly with a degree of consensus if we cannot agree on absolutely everything. On that basis, I offer the Opposition's support for the Bill's Third Reading. We look forward to its passage into law.

5.26 pm

Kelvin Hopkins: I am pleased to support the Bill through its final stages. I also commend my hon. Friends on the Front Bench for their work on improving it during its progress through the House. It is now much better than it was when we debated it on Second Reading. I also spoke in that debate.

I have a passionate interest in further education, having been an FE lecturer many years ago. I was also chair of the governors of Luton college of higher education, which is now the university of Bedfordshire. I am now vice-chair of the governors of Luton sixth-form college. As I have said many times, my constituency has the best further education college in the country, although others might argue about that. It was the first further education college to achieve beacon status, which speaks volumes for the quality of our college.

Early on, I was quite concerned about powers being given to further education colleges to grant foundation degrees, not because it was not a good thing to do but because I could see that conflicts might arise, particularly with the modern universities. Indeed, I was lobbied by the modern universities, one of which is, of course, the university of Bedfordshire. On the other side, I was lobbied by the Association of Colleges, which was very keen on the idea and wanted it to go ahead. Since then, the Minister for Lifelong Learning, Further and Higher Education, my hon. Friend the Member for Harlow (Bill Rammell), has given me private assurances that the power will be used sensibly, and I hope that that will be the case. One of the main purposes of my speaking in this debate is to ask Ministers to exercise the powers carefully and sensibly, and not to cause difficulties for other colleges or, particularly, the universities.

The university of Bedfordshire awards foundation degrees and caters for lots of local students. Our large, excellent further education college might wish to award foundation degrees itself, and the two institutions might end up seeking students from the same local pool. That could have an impact on funding and on the viability of the university. These matters are significant for me locally, and for the rest of the country as well. Fortunately, both institutions have very good, sensible leaders. The principal of Barnfield college, the further education college, and the vice-chancellor of the university of Bedfordshire are both good friends, and I

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know that they have spoken together about this. I am sure that they will co-operate and work together sensibly, whatever they decide to do. However, it is important that these potential conflicts should be recognised. In many areas, there will be further education colleges without a local university offering foundation degrees. It may be a good idea to promote foundation degrees at those colleges in order to give local students greater opportunities for the future. One wants to encourage that.

There are more higher education courses delivered in further education colleges today than there used to be degree students when I was one in the 1960s. That reflects the quite astonishing growth of higher education in general, and of higher education within further education colleges. FE colleges are enormously varied organisations that put on a variety of courses—from simple leisure-based courses to courses for people with learning difficulties and those having a second chance, as well as for those studying for higher degrees.

The Bill has been somewhat overshadowed by announcements of constitutional change in the near future, as well as by a new Prime Minister and effectively a new Government. Significant changes are taking place that will have a major effect on further education and, in particular, on sixth-form colleges. I welcome that prospect and when the legislation is passed, I will doubtless speak to many interested parties there. I have been a passionate advocate of sixth-form colleges, as the Minister and other Members may know, because I really believe that they are the jewels in our educational crown. They work very well, they provide good value for money and they offer the best possible opportunities for students. They make a wide range of courses available, provide unusual combinations of subjects, have several teachers in the same subject who can reinforce and support each other, and do a wonderful job.

My constituency includes many people who do not come from traditional academic backgrounds. Some family members have never been past the school leaving age and many come from overseas where those opportunities were not available, yet they now have the opportunity to progress their education beyond A-levels and into university. Our sixth-form college does a wonderful job—about 60 per cent. of its students come from the full range of ethnic minorities.

One of the advantages likely to result from the constitutional changes is that local authorities may be more inclined to create sixth-form colleges than they were before; they are not going to close down their school sixth forms and hand them over to another sector. That will not happen. At a recent conference I attended, a sixth-form college principal suggested that if those colleges had remained within local authorities, there would have been 100 more of them. I shall say no more about that for now.

Finally, it is important to note that further education is now properly recognised as a major component of our education and training, perhaps in a way that was not the case before. FE institutions are now more highly valued, and our Government value colleges more than ever in the past. They will make a major contribution to the training and education of our young people for the future. Millions of young people will go through further education colleges, particularly if we raise the school-leaving age to 18, and it is right to give them additional support, encouragement and financial sustenance to do their job. I have probably already said more than enough, but I want to commend the Bill and support my Front-Bench colleagues.

5.34 pm

Sarah Teather: Rather curiously, a Labour Whip has been going around asking everyone to speak for as long as possible. I assume that another Department is attempting to table some amendments in the Table Office at the moment. At this point, however, I am probably allowed to be brief.

This is a small Bill, as the Minister said, and I am afraid that it is not a particularly inspiring Bill either. Curiously, it was published between the Foster and the Leitch reviews without directly referring to either. Even more curiously, much of the Bill has been superseded by Government announcements on moving 16-to-19 funding to local authorities. We are left with a Bill that contains a number of new powers that will effectively be made irrelevant by the Government's proposals to move funding to local authorities. Disappointingly, the Minister was unwilling to acknowledge that during the earlier stages of debate, which makes it difficult for us to appreciate the full implications of the Bill a couple of years down the line.

Unfortunately, the Bill still contains intervention powers for the Learning and Skills Council. Given that those have never been used by the Secretary of State, that seems largely pointless. By sleight of hand, the LSC will still be allowed to instruct colleges to dismiss senior staff. That is even more bizarre, given that the Government intend to transfer funding powers for many colleges away from the LSC altogether.

Nevertheless, with those provisos, I wish to acknowledge how far the Government have moved since the Bill was first published in the other place. The Bill is much better than when it was first discussed. One of the sections of the Bill that has been improved considerably is that which relates to foundation degrees. The Government accepted Opposition criticism about progression routes, and made them much clearer. Similarly, in response to concerns that I raised in Committee, the Minister has agreed to amend the guidance on franchising such that it is no longer automatic on completion of a probation period. The Bill is therefore much improved, albeit that many of the new powers will be made irrelevant, unfortunately, in no time at all.

We on the Liberal Democrat Benches—I say "we", but I appear to be left on my own at this point—will support the Bill. I hope, however, that the other place will continue to press the Government on intervention powers. I hope that it will extract further reassurances on the Government's intentions with regard to moving 16-to-19 money to local authorities. Given a little time, I suspect that the Government's thinking might have advanced, and that they might be able to give reassurances in the other place that they could not give to me today.

During the progress of the Bill, we spent a great deal of time discussing foundation degrees. As I have said to the Minister during those proceedings, and on other occasions outside the Chamber, the danger is that the controversy over foundation degrees will obscure the real challenge, which is to provide better, more flexible routes to move between further and higher education. When the Government have thought through the implications of moving 16-to-19 money away from the LSC, I hope that one of the reforms that they will consider next will be to make it much easier for students to move between further and higher education.

We know that further education transforms lives, and if we had a more flexible system that allowed young and older people, depending on their caring and other responsibilities, to move from an institution close to their home to somewhere else, as their responsibilities and choices changed during their course of study, we might have an exciting opportunity to transform lives in the future.

I thank the Minister for being willing to make changes during the Bill's progress, and I hope that further reassurances will be extracted in the other place.

5.38 pm

Mr. Touhig: I welcome the Bill, as it will equip learners with the high-quality skills that they need to compete in the global economy and job market. I have always argued that we need to upskill and retrain our people. When my father went underground at the age of 14, he needed muscles in the arms; now we must develop the muscles between the ears. That means investment in training and upskilling all the time.

In the United States, 80 per cent. of people in work have been in a learning situation since they left school. In Germany and Japan, the figure is about 56 per cent. In the United Kingdom, it is still about 30 per cent. That shows how far we still have to travel if we are to give our people the skills that they do not have now, which will enable them to do the jobs we need them to have to maintain our strong economy and to build our future.

In my constituency, all post-16 education takes place at a tertiary college. I endorse the point made by my hon. Friend the Member for Luton, North (Kelvin Hopkins): such colleges make an important contribution to our whole education system. When I came into the House more than 12 years ago, I was a member of the Welsh Affairs Committee—now chaired by my hon. Friend the Member for Aberavon (Dr. Francis)—which carried out an inquiry into post-16 education in Wales. We certainly saw the huge benefits of tertiary education in offering a range of skills that are not offered in 11-to-18 schools.

When I was a councillor representing part of the constituency of my right hon. Friend the Member for Torfaen (Mr. Murphy), the local comprehensive school in my area—an 11-to-16 school—held a debate on whether it should have a sixth form. This is the basis on which I made my decision. I examined the cohort of youngsters who had progressed from the comprehensive school to the local tertiary college over the previous two years. I found that only two of the 40-odd children would have been able to study the subjects that they eventually studied if the school had had a sixth form. In other words, they had a much greater opportunity in the tertiary college than they would have had otherwise. I therefore think it important for us to continue to strengthen and invest in further education and training.

During the 20 years for which I was a councillor, further education was often the Cinderella. Primary and secondary education were considered very important—people were saying "Let us reorganise our schools", "Let us end the 11-plus" and so forth—but further education was largely ignored. My experience of it was not as enjoyable as that of my oldest friend, my right hon. Friend the Member for Torfaen, who taught at a further education college for 17 years. I was a student at a further education college; my education came to an end when I had a dispute with the principal and was asked to leave, but that is another story. I have seen how my children have benefited from the opportunity to opt into a course at a college after abandoning a course at school.

On Second Reading and on Report, I expressed concern about the way in which parts of the Bill had been handled, particularly clause 27. I have no doubt that if the Bill had received proper pre-legislative scrutiny in the context of Wales, today's debate on foundation degrees would not have taken place. I am convinced that we would have found a way of resolving the issue beforehand.

I strongly support the initiative and the thinking behind the Bill. I thought that the hon. Member for Brent, East (Sarah Teather) was a little dismissive. As she said, this is a small Bill, but it is making a very big and important contribution to the ongoing education and training of our young people. In this new century, it is important for us to recognise that if we do not invest in upskilling and retraining there is no way in which our economy will be able to compete, given all the global pressures that we face.

I commend the Minister for the way in which the Bill has been handled, and I commend those who served on the Committee. We have had good debates on Second Reading and on Report. As I said on Report, I hope that in future we may be able to deal rather better with the Welsh context. As my right hon. Friend the Member for Torfaen pointed out, we are in a different position now vis-à-vis the devolution settlement in Wales. The spotlight will be on this place, showing how we handle legislation that has an impact on Wales. Welsh Members of Parliament have a responsibility in that regard. The 29 Welsh Labour Members received 600,000 votes at the last general election, more than those in the Assembly and in local government put together. We have a voice and a mandate to represent our people, and it is important for our voice to be heard here. If legislation affects the Welsh people and the Welsh economy, we must ensure that we get the very best from it.

I will not take up any more time, because I am sure that others wish to speak. I congratulate the Government on the Bill. A small Bill it may be, but it has had a major impact. I look forward to the enactment of the important measures that it contains: we will soon see the benefits derived by our young people and our economy.

5.44 pm

Mr. Boswell: The right hon. Member for Islwyn (Mr. Touhig) expressed the mood of the whole House, and the support of all Members present for further education and its unique and central role in empowering people and increasing the country's skills base. I only wish that some of those outside took it as seriously as we do.

By way of contentiousness, I want to make three slight criticisms of the Government and the Bill. The first point is that the Government's ambition has shrunk. The Minister has just told the House that this is a small Bill; as I recall, in Committee he said that it was the first major FE bill for a generation. He has now scaled the Bill down to its appropriate size; I thought it might have been called the Further Education (Miscellaneous Provisions) Bill. However, that does not mean that it is not worthwhile and I shall support it tonight.

The second point concerns what is almost the default feature of Government practice: to seek to intervene when intervention is not always necessary and certainly not precedented. My hon. Friend the Member for South Holland and The Deepings (Mr. Hayes) talked about the powers being devolved to the Learning and Skills Council to intervene in the governance of FE colleges, which I do not think is appropriate.

The third factor that tells against the Government to a small extent is a certain insouciance in relation to the details of legislation. The right hon. Member for Islwyn has mentioned devolution to the Welsh Assembly; this could have all been thought out more and we would have had a better Bill with a lot less trouble if it had been.

Having said that, there are some positive features. One on which I have not spoken, because of my absence from the Committee when it was raised, is the industrial training levies, which are sensible. Having started with scepticism, I am also now a supporter of the new arrangements for foundation degree-awarding powers. It is a very bad thing for someone who has been a Minister never to think that anything is added to the sum of things afterwards. The foundation degree programme has been a thoroughly worthwhile innovation and has proved itself as a very important part of the further education scene.

With a slight detachment from direct involvement in the management of these affairs, one sees some items coming round again. I remember the Learning and Skills Council being launched with a fanfare in 2000; now it is effectively being restructured and sidelined, an interesting and complex arrangement. The Government have not told us, so I do not know, what final structure they will come up with but it is clear that the role of the LSC will not be as great as it has been. There will be some important areas of policy from Foster but, more particularly, through Leitch that will need further debate and legislation in this place, including the financing package.

I put down a slight marker of concern. Having seen the tremendous liberation of further education colleges when they were transferred from local authority control in 1993, I am concerned that there will be some resumption of the dead hand of local authorities. I very much hope not.

Kelvin Hopkins: Does the hon. Gentleman accept that the early indications are that although funding will be channelled through local authorities, institutions will retain their relatively high degree of independence within that arrangement?

Mr. Boswell: That is both my anticipation and my profound wish. It ought to be possible for consenting adults to find a way of doing this without destroying the important lead that FE can take.

As regards the funding model, we will have to debate that later. I am attracted by the industrial demand-led model to a large extent, but it needs to be matched with a personally driven model and a resource model in terms of individual learning accounts. We know that their history has been unfortunate but the concept is entirely right and we need to balance the two. We must remember that further education is a service not only to industry and competitiveness, but to the individual as well. In learning and participating, one is also making a national contribution.

There is a huge degree of goodwill for further education and, by that token, support for the Bill. There is a lot of work to be done, but that is not an excuse for subverting what has been done, improved and explored in Committee and we should put through the Bill tonight.

5.49 pm

Dr. Francis: I, too, welcome the Bill, which I hope will be of benefit to learners in England and Wales. The Welsh Affairs Committee has been mentioned several times this afternoon and I thank hon. Members for all their contributions, which have, for the most part, been very benign. We have already taken seriously the points raised today. Our "Legislative Competence Orders in Council" report has been mentioned on several occasions. I welcome the comments of my right hon. Friends the Members for Torfaen (Mr. Murphy) and for Islwyn (Mr. Touhig), who emphasised our report's recommendations in respect of the importance of pre-legislative scrutiny. I also welcome the observations of the hon. Member for Brecon and Radnorshire (Mr. Williams): he asked whether the Committee is preparing for the volume of work that will come before us. We certainly are—that is why we produced the report. Further, we have held meetings with key Assembly Members and my hon. Friend the Parliamentary Under-Secretary of State for Wales in order to ensure that we are ready when the Orders in Council come before us. We will scrutinise them with our Assembly colleagues in Sub-Committees of our Select Committee. Having said that, I reassure the House that we take on board all the points made today about the importance of pre-legislative scrutiny, and that we will respond to the strong views that have been expressed in all parts of the House.

I welcome the undertakings given by my hon. Friend, but I felt that his statement was introspective in that he did not fully appreciate cross-border issues. The North East Wales Institute of Higher Education and nearby FE colleges are concerned about the impact on them of foundation degrees and other advances in England. I should also say that NEWI is a progressive

and forward-thinking institution, and that I share the hope of my hon. Friend the Member for Wrexham (Ian Lucas) that it will become a university very soon.

Finally, let me state that the Committee which I chair is totally committed to securing and sustaining the role of this House in pre-legislative scrutiny of all measures relating to Wales, regardless of whether they emanate from the Assembly or this House.

5.53 pm

Bill Rammell: Our discussion on Third Reading has been an important one. I should start by paying tribute to the hon. Member for South Holland and The Deepings (Mr. Hayes): he was doing a service in delivering his insightful and lengthy contribution, as today is his 10th wedding anniversary and he needs to leave the House. He has demonstrated great commitment.

I welcome the support that the hon. Gentleman has given to foundation degree awarding powers. Members in all parts of the House—I include Liberal Democrat Members—have engaged constructively; we have witnessed this House operating at its best, in that we took on an initial proposition and then worked at it and scrutinised the proposals as they have progressed. We have ended up with what I genuinely believe is the most significant element of the Bill.

We must ensure that there is as much innovation and creativity as possible to help us face up to the skills challenge at the higher levels. Highly performing FE colleges have a significant contribution to make, and enabling them to award their own foundation degrees is a positive step forward. We have also been able to ensure that there is progression from foundation degrees on to further study courses, where that is appropriate and the student concerned wishes it. We have made it abundantly clear that there is a strong, robust and coherent quality framework within which these qualifications will exist. On the hon. Gentleman's point about higher education in that regard, universities have nothing to fear from these proposals. The market is expanding significantly. Today, there are some 61,000 foundation degrees; by the end of the decade, we will be moving toward 100,000 and beyond. So there is certainly enough business for universities and FE colleges, and in my view, many of them will continue to work productively in collaboration.

The hon. Gentleman also expressed concern about what is happening to adult learner numbers. We need to be clear that there has never been as much money going into the system as there is today. Overall, FE funding during the last decade has increased by 50 per cent. in real terms. I do not wish to make a crude party political point, but I will. That compares very favourably with the 14 per cent. real-terms cut in the five years to 1997. Here, we should consider not just revenue, but capital expenditure. When this Government came to power in 1997, there was not one penny in the mainstream capital budget for FE. Today, the budget is £500 million a year, and we can see the evidence of that in virtually every FE college throughout the country.

So more money is certainly going into the system, but we do have to make real choices about priorities. We are not cutting adult education funding, but we are re-prioritising, saying that adult basic skills and work-based training—such as the train-to-gain initiative—has to be the priority. We are putting extra resources into those areas, but we are not saying that non-vocational adult education is not valuable. However, we are saying that we expect the individual to make a slightly greater contribution. *[Interruption.]* The hon. Member for South Holland and The Deepings nods, and there is indeed a consensus on this issue. We need to bring about a cultural change that ensures that individuals contribute more to their learning, and that employers do so as well. I am very pleased to say that this week we launched the basic skills campaign, using major TV, radio and other forms of advertising to get across to people the message about the importance of skills, and the investment and commitment that they make as individuals.

The hon. Gentleman also asked about the Leitch implementation plan—the Government's response to Sandy Leitch's important and ground-breaking report. I made it clear earlier and I reiterate that we will produce our response to Sandy Leitch's proposals very shortly. I repeat: nothing in this Bill contradicts the strategy that we are putting forward. Many times today and in Committee, the hon. Gentleman has tried to make great play of that issue, but when we launch the implementation plan, he will see that it is absolutely coherent and consistent with the measures in the Bill.

The hon. Gentleman also questioned me about the powers of intervention—an issue on which we have had a major debate this afternoon. He wanted me to make it clear that the Government are committed to FE colleges, and we certainly are. Indeed, we are committed to the FE sector in a way that no previous Government ever were. He also asked me to make it clear that we want greater independence and self-regulation for colleges, and we certainly do, which is why we are introducing the proposals on self-regulation. He also wanted me to commit ourselves, following the Leitch proposals, to a further series of bold measures and steps, which we certainly will.

We are therefore responding to the concerns that the hon. Gentleman has expressed, and we want to move much further in the direction of self-regulation. However, and as I said earlier, at the same time, in extremis, when all else has failed, it is absolutely right that we retain, through the Learning and Skills Council, powers of intervention. As I said earlier, if Opposition Members discovered that a college in their constituency was fundamentally failing and were told that there was no power of intervention in those circumstances, they would not be happy with that. That is why the proposals in the Bill are so important.

My hon. Friend the Member for Luton, North (Kelvin Hopkins) made an important contribution. I genuinely pay tribute to the work he has done as joint chair of the all-party further education and lifelong learning group. He has been an absolute champion—

It being Six o'clock, Mr. Deputy Speaker *put forthwith the Question already proposed from the Chair, pursuant to Order [21 May].*

Bill accordingly read the Third time, and passed, with amendments.

DELEGATED LEGISLATION

Mr. Deputy Speaker (Sir Alan Haselhurst): With the leave of the House, I shall put motions 2 to 7 together.

Motion made, and Question put forthwith, pursuant to Standing Order No. 118(6) (Delegated Legislation Committees),

BETTING, GAMING AND LOTTERIES

That the draft Gambling Act 2005 (Horserace Betting Levy) Order 2007, which was laid before this House on 13th June, be approved.

That the draft Gambling Act 2005 (Horserace Totalisator Board) Order 2007, which was laid before this House on 13th June, be approved.

That the draft Gambling Act 2005 (Amendment of Schedule 6) Order 2007, which was laid before this House on 13th June, be approved.

REHABILITATION OF OFFENDERS

That the draft Rehabilitation of Offenders Act 1974 (Exceptions) (Amendment) (England and Wales) Order 2007, which was laid before this House on 13th June, be approved.

INCOME TAX

That the draft Double Taxation Relief (Taxes on Income) (Macedonia) Order 2007, which was laid before this House on 14th June, be approved.

TAXES

That the draft International Mutual Administrative Assistance in Tax Matters Order 2007, which was laid before this House on 19th June, be approved.—*[Mark Tami.]*

Question agreed to.

Motion made, and Question put forthwith, pursuant to Standing Order No. 118(6) (Delegated Legislation Committees),

POLITICAL PARTIES

That the draft Political Parties, Elections and Referendums Act 2000 (Northern Ireland Political Parties) Order 2007, which was laid before this House on 21st June, be approved.—*[Mark Tami.]*

Mr. Deputy Speaker: I think the Ayes have it.

Hon. Members: No.

Division deferred till Wednesday 18 July, pursuant to Standing Order No. 41A (Deferred divisions).

NORTHERN IRELAND GRAND COMMITTEE

Motion made, and Question put forthwith, pursuant to Standing Order No. 116 (Northern Ireland Grand Committees (sittings)),

That—

(1) the matter of policing reform in Northern Ireland (progress to date) be referred to the Northern Ireland Grand Committee;

(2) the Committee shall meet at Westminster on Tuesday 24th July at half-past four o'clock; and

(3) at that sitting

(a) the Committee shall take questions under Standing Order No. 110 (Northern Ireland Grand Committee (questions for oral answer)), and shall then consider the matter referred to it under paragraph (1) above;

(b) the Chairman shall interrupt proceedings not later than two and a half hours after the commencement of proceedings on the matter referred to the Committee; and

(c) at the conclusion of those proceedings, a motion for the adjournment of the Committee may be made by a Minister of the Crown, pursuant to paragraph (5) of Standing Order No. 116 (Northern Ireland Grand Committee (sittings)).—*[Mark Tami.]*

Question agreed to.

PETITIONS

Hemel Hempstead General Hospital

6 pm

Mike Penning (Hemel Hempstead) (Con): It is a pleasure for me to be in the Chamber this evening with my colleague, my hon. Friend the Member for South-West Hertfordshire (Mr. Gauke), to speak on an issue dear to the hearts of residents of Dacorum. All too often, young people are derided as having no interest in their local community, but two excellent young men, Alfie Rolfe and Charlie Baker, pupils of the Aycliffe Drive primary school in Hemel Hempstead in my constituency, have put together a petition to try to save their hospital. I praise those young people for the work they have done.

The petition notes that to move acute services and maternity services to an already overcrowded Watford Hospital and demolish the hospital in Hemel Hempstead would be detrimental to the health of the people of Hemel Hempstead and South-West Hertfordshire, and that the large population of Hemel Hempstead should keep the hospital that was built for them. The petition urges the Government to use their powers to stop the hospital closure.

The petition states:

To the House of Commons.

The Petition of Pupils of Aycliffe Drive Primary School of the Dacorum district of Hertfordshire,

Declares that the current consultation of the West Hertfordshire Hospitals Trust is flawed and seeks to damage our local health service. It overlooks the fact that Hemel Hempstead General Hospital is modernised.

The Petitioners therefore request that the House of Commons urge the Government to call in the current flawed consultation of the West Hertfordshire Hospitals trust.

And the Petitioners remain, etc.

To lie upon the Table.

Inland Waterways

6.2 pm

Mr. David Gauke (South-West Hertfordshire) (Con): It is a pleasure to be in the presence of my hon. Friend the Member for Hemel Hempstead (Mike Penning) to speak about Britain's inland waterways—an issue that is important to his constituents as well as to mine.

I have a somewhat diverse and disparate constituency, but one thing that Rickmansworth, Berkhamsted and Tring have in common is the fact that the Grand Union canal runs through them. There is thus considerable concern about the future of British Waterways. I am grateful to Ms Debbie Figueiredo,

Mr. Simon Weightman, Mr. Clive Fennell and Ms Sue Thompson for their work in collecting signatures for the following petition.

The petition states:

To the House of Commons

The Petition of the constituents of South West Hertfordshire and other users of Britain's inland waterways,

Declares that our inland waterways are a unique national asset that provides an important contribution to the quality of life for millions of our citizens. We therefore are deeply concerned that the Department for Environment, Food and Rural Affairs has seen fit to reduce British Waterways' grant by some £60 million over the next 5 years and that of the Environment Agency by £25 million in this financial year. We believe that these cuts will have a devastating effect upon the well-being of inland waterways.

The Petitioners therefore request that the House of Commons call upon the Government to introduce legislation to solve the immediate problems caused by these cuts to current budgets and to ensure that long-term funding is guaranteed to enable continued investment and restoration of the waterways.

And the Petitioners remain, etc.

To lie upon the Table.

Gareth Myatt

Motion made, and Question proposed, That this House do now adjourn.—*[Mark Tami.]*

6.4 pm

Ms Sally Keeble (Northampton, North) (Lab): I am grateful for this opportunity to debate the very tragic death of Gareth Myatt, to ensure that the lessons that should be learned are learned, and that Gareth's mother, Pam, knows that other children and young people will have more safeguards.

Gareth's death was a terrible event in which a 15-year-old boy, 4 ft 10 in tall, weighing 6½ stone, was restrained by three members of staff and died. The details of what happened are harrowing. He went into Rainsbrook secure training centre in Northamptonshire on Friday 16 April 2004. He was restrained the first evening that he was there and then again on the Monday evening over, of all things, a row about a sandwich toaster. It was not just a tragedy; it was a scandal that it was possible for such a slight incident to escalate into the death of a boy. However, there is a second scandal in all this: the complete stonewalling of attempts by virtually everyone concerned about what goes on in the system to try to get some improvements made in the regime that led to Gareth's death. I pay tribute at the outset to the organisations that have campaigned on the issue—in particular Inquest, which supported Gareth's mother to ensure that all the details of her son's death were set out at the inquest in Northamptonshire, and the Howard League for Penal Reform.

As you know, Mr. Deputy Speaker, I have been unable to raise questions in Parliament about Gareth's death because of the sub judice rule. There was only the briefest of official Home Office statements, and for three and a half years there has been no calling to account of the Executive over what happened to Gareth. Despite all the anxieties about the risks of the regime that led to his death, that regime has now been relaxed to lower the threshold for the use of restraint, which is why there is such anger about statutory instrument No. 1709.

I want to go through some of what happened to Gareth, so that the full horror is on the record. The summing up by Judge Richard Pollard, who presided at the inquest, set out the sequence of events. Gareth was the last person to use the unit's sandwich toaster on the Sunday evening and took exception when he was asked to clean it up. "You clear it up," he told staff. He was asked to go to his room, and the CCTV footage shows him calmly waiting to go to his room, where he was locked in. Shortly afterwards, he was visited by two members of staff—a man and a woman—to discuss his behaviour. He told them to get out of the room because they had no right to be there. He was then told that, because he was not calming down, the staff needed to take some stuff out of his room, and they began doing just that. They took out a magazine, then some papers and pencils. The staff said, "You're not doing what we asked you, so I don't see why should have these." They then took another piece of paper that had Gareth's mother's new mobile phone number on it, and he shouted at them—I am sure that you will stop me if this is unparliamentary, Mr. Deputy Speaker—"You're not fucking taking that," and then "Don't take my mum's phone number."

Mr. Deputy Speaker (Sir Alan Haselhurst): Order. The hon. Lady should realise that words are no more acceptable because they are given in a quote. Mr. Speaker has ruled on that. She allowed herself to use that word, without my being able to stop her.

Ms Keeble: Those words were used by the judge.

Mr. Deputy Speaker: Order. I could not have made myself clearer: such words are unacceptable even if they are being used in a quote from someone else.

Ms Keeble: That was when the struggle started, and it was said that Gareth—a 6½ stone boy—clenched his fist and swung it at the man. The officers and Gareth ended up lying on his bed, with one member of staff holding his legs and another holding his upper body. A third officer, also a man, came into the room, and Gareth was placed in an approved hold: a seated double embrace, with two members of staff holding his upper body, his torso pushed forward and one officer holding his head.

Gareth then said that he could not breathe, so the officer told him, "If you're shouting, you can breathe." He then said that he was going to defecate, and was told, "You will have to then," and he actually did so. Those were his last words. Finally, while still restrained, Gareth was sick. When he was released, he was unconscious and all attempts at resuscitation failed. One member of staff concluded, "I should never have PCC'ed; he was half my size. It was rather like having run over a cat and then thinking...if I hadn't gone down that street, it wouldn't have happened."

The jury found that the officer who restrained Gareth caused the death accidentally—something that, although the correct decision, the family understandably finds hard to accept. However, this was an accident waiting to happen—a completely preventable disaster—because the jury also found that a string of failings in the system had caused Gareth's death. That is what I want to turn to in some detail.

As my right hon. Friend the Minister will know, there have been a series of criticisms of restraint in secure training centres over the years leading up to, and since, Gareth's death. Those include concerns about the holds used, the frequency with which they have been used, and the injuries suffered by trainees and staff; concerns that the deliberate infliction of pain is being used as a means of control to get compliance; and concerns about the training of staff, the recording and reporting of incidents of restraint, the role of the Youth Justice Board and the lack of transparency. Virtually all those things were found by the jury at Gareth's inquest to be failings that contributed to his death.

The findings of the jury in relation to the YJB were damning. They found that there had been an inadequate assessment of the safety of physical control in care and, in particular, an inadequate assessment of the seated double embrace before it was introduced, and that that inadequate assessment caused or contributed to Gareth's death. I know that my right hon. Friend the Minister will say that that particular hold has been banned, but the jury finding related to the whole system of PCC. The inquest heard that as early as 1998 it was known that there needed to be a review, and by the end of the 1990s it was accepted that restraint could cause death. The judge commented in his summing up:

"somewhere in the grey corridors of whitehall the obligation was overlooked, eventually the quest for uniformity in the whole juvenile estate and the commission of the NCB review taking the civil service eye off the ball...Even an apparent assurance by a minister Mr Paul Boateng on 8.6.2000 did not ensure that a review took place".

I know that, again, the Department wants to have a review of the whole juvenile estate, so I warn it to heed the judge's words.

The inquest heard about failings in the training, including the lack of manuals for staff and the fact that they did not know about the risks of positional asphyxia. One member of staff said:

"I did not know that someone who could speak could be dying of asphyxia."

The jury found that an inadequacy in the response by the YJB to the National Children's Bureau report, on the urgent need for a medical review of PCC, caused or contributed to Gareth's death. The same applies to the YJB's response to the letters of David Tuck, the YJB monitor at Rainsbrook in 2002 and 2003, in which it was noted that children were complaining that they could not breathe while being restrained and that some were vomiting. The YJB's regional manager sent the letters up through the system so that they could get to the heart of the YJB, but nothing happened: the letters disappeared in the system.

The jury found that the lack of effective monitoring of the use of PCC at Rainsbrook by the YJB caused or contributed to Gareth's death. The judge said that everybody at Rainsbrook understood that PCC should not be used to gain compliance, as one of my right hon. Friend's ministerial predecessors, my hon. Friend the Member for Slough (Fiona Mactaggart), pointed out to me in a previous debate. The use of restraint was restricted to the narrow circumstances set out in secure training centre rule 38. The judge pointed to reports of a young person who was restrained until the blood vessels in his eye burst. He also pointed to the fact that the Home Office monitor, in a working sense, lived close to the director of Rainsbrook and found it hard to challenge him over what had happened at the centre.

Despite the generally good reports that the Commission for Social Care Inspection gave to Rainsbrook, the jury also found that inadequacy in the monitoring of the use of PCC at Rainsbrook by Rebound management caused or contributed to Gareth's death. That calls into serious question the adequacy of the inspection regime at the secure training centre. The jury did not point the finger of blame at the staff. Instead, they pointed it firmly at the system—at the people in grey suits. They gave a damning indictment of a system that is faulty in design, flawed in implementation and so weak in monitoring that it resulted in this tragic death. It is inconceivable that this flawed and failing system can be left untouched. Simply to remove one hold is not adequate.

Mark Fisher (Stoke-on-Trent, Central) (Lab): As my hon. Friend knows, Gareth Myatt was my constituent. I wish to make two brief points. First, I pay tribute to my hon. Friend for the extraordinary way in which she

has pursued this case. Co-operation between Members of Parliament on cases such as this, which fall in between various constituency responsibilities, is often difficult and sometimes impossible. In the 24 years that I have been in the House, I have never experienced such willing and tenacious co-operation from a colleague. She has pursued this case, often in the face of blank resistance from the system, as she describes it, with extraordinary tenacity, zeal and intelligence, and has shown great generosity in involving me at all points.

I knew Gareth Myatt; he often came to my advice surgery. He was an extremely difficult child, but he was tiny. My hon. Friend has given some statistics, but he was a shrimp of a young man. He was so small that he hardly existed, and he was frenetic. He was like an eel—

Mr. Deputy Speaker: Order. Even in an Adjournment debate, there is a distinction between a speech and an intervention. The hon. Gentleman's intervention is turning into a speech in the middle of a speech, and that is out of order. Perhaps he has made his point. He might make another intervention later, but the hon. Member for Northampton, North (Ms Keeble) should be allowed to complete her speech.

Ms Keeble: I ask four things of my right hon. Friend the Minister. First, there should be a public inquiry into the use of restraint in secure training centres. I say "public" because there was a review in 2004, at the time of Gareth's death. A 113-page report was produced, which I have with me. It was rewritten several times and was finally reduced to a one-page summary, which was posted on the Youth Justice Board website. That is completely inadequate. Internal reviews have not dealt with the issues, which only emerged into the public domain as a result of Gareth's death and inquest. They would not have emerged if it had not been for the work done by an organisation called Inquest.

I should like to point out the difficulty of raising issues about young people in the House. For example, a question tabled in the Commons about the case of Mohammed Hussain was replied to by letter. That letter contains information about the fact that oxygen had to be used to revive a young man in Rainsbrook only about 15 months after Gareth's death. I have a copy of it with me, but there is no time to read it into the record. Any review must be public. Young people who have been restrained and bereaved families must be able to participate fully, so that people can be assured that they have access to all the information, can see how the decisions are made and can ensure that changes are implemented.

There are other instances in which the public need to be sure of information. Information that was supposed to be put in the Library, following a request from the Joint Committee on Human Rights, was not placed there until yesterday, when I phoned up and agitated for it—and it was just a couple of tables. I have raised that point with my right hon. Friend.

Secondly, in order for the review to take place, the Government must withdraw statutory instrument No. 1709, the Secure Training Centre (Amendment) Rules 2007. Judge Richard Pollard's summary clearly sets out the basis on which physical control in care can be used. I cannot spend a lot of time going through that summary now, but I urge my right hon. Friend to look at it closely. The judge says, and everyone else who has been involved in the debate believes, that the statutory instrument makes a substantial change to the use of PCC in secure training centres—it lowers the threshold for its use. My right hon. Friend will say that we are talking about difficult young people, and so we are, but restraint was used 3,000 times in secure training centres last year. That makes it not a last resort, but routine.

Thirdly, given the failures of the inspection regime for secure training centres, I ask that the inspection function be given to Her Majesty's inspectorate of prisons, which has the expertise and experience required for the task. It is clear that inspectorates that have great expertise in child care and education may not be best placed to assess the different regime in secure establishments. I also ask my right hon. Friend to place in the Library the inspection reports for the Oakill secure training centre, where it was necessary to remove and replace the director because of failings there.

Fourthly and most importantly, I ask for a major overhaul of the operations of the Youth Justice Board. It has manifestly failed to establish and operate routine administrative and reporting systems that would have mitigated the chances of a disaster such as Gareth's death. Despite clear warnings being sounded, it failed to ensure that meetings of its advisory panels were held to deal with the concerns. It failed to ensure that action was taken following warnings of risk to trainees. By all accounts, the warnings got lost in the system. It seems that some of the relationships between the YJB and its contractor, Rebound, were too close. The YJB failed to ensure proper training of staff and failed to monitor services in a high-risk environment. Those were all routine administrative functions that should have been well within the scope of such an organisation, and it is an indictment of the organisation that it failed to fulfil those tasks, with catastrophic results for Gareth.

It is easy to say that lessons must be learned—it is almost trite. When I first set out to look into the matter, I thought that it might have been individual wrongdoing by a member of staff that led to Gareth's death, but it was much worse than that. It was a complete systematic collective failure, which so far has not been put right. On a personal note, what particularly appals me is the complete lack of any sense of horror on the part of officialdom at what happened. As the jury found, the gruesome death of a boy was caused by profound failures in a system for which, ultimately, Ministers are responsible to the House.

In a letter that my right hon. Friend sent to my hon. Friend the Member for Hendon (Mr. Dismore), he wrote:

"A secure facility cannot be run safely if aggressive and dangerous behaviour is allowed to go unchecked, or if good order is compromised to the extent that staff lose effective control. The behaviour of young people in custody is frequently challenging and sometimes dangerous."

In this case, the boy, who weighed 6½ stone and was 4 ft 10 ins tall, was locked in his room for refusing to clean a sandwich toaster. When people went in, that began the sequence of events that led to his death.

The letter goes on to say:

"Physical restraint must be available—in the last resort—so that everyone in the secure facility can be kept as safe as possible."

[Ms Keeble]

I wonder who was being kept safe on 19 April 2004, when Gareth died. It certainly was not Gareth Myatt.

6.21 pm

The Minister of State, Ministry of Justice (Mr. David Hanson): I thank my hon. Friend the Member for Northampton, North (Ms Keeble) for the way in which she has put the case. Gareth Myatt's death raises issues of severe concern. I welcome the fact that the hon. and learned Member for Harborough (Mr. Garnier), the hon. Member for Daventry (Mr. Boswell), my hon. Friends the Members for Stoke-on-Trent, Central (Mark Fisher) and for Stourbridge (Lynda Waltho) and my right hon. Friend the Member for Rutherglen and Hamilton, West (Mr. McAvoy) have also attended the debate. It is important to show that there is widespread interest in the matter.

As my hon. Friend the Member for Northampton, North knows, I took over responsibility for the Youth Justice Board when my right hon. Friend the Prime Minister appointed me, on his appointment as Prime Minister some two weeks ago. I am examining the issues in great detail. With the statutory instrument before the House in another place, it is opportune for the debate to take place today.

May I say at the outset that Gareth's death is a tragedy and I wish it had not happened. We must make sure that we learn the lessons from his death, because lessons are there to be learned. My thoughts go to his mother, Pamela, who has my deepest sympathy. Gareth, as my hon. Friend mentioned, was born in Stoke-on-Trent on 10 January 1989. At the time of his death he was a little over 15 years of age. His life was short and he faced many challenges. He had a close relationship with his mother and grandparents, but Gareth clearly felt that in some way he was excluded from ordinary life in society. That may help to explain why he fell into the habit of offending, which got him into trouble with the law.

There were many other factors that may have contributed to Gareth's behaviour. Although he was described as "academically very able", the education system struggled to engage with him throughout his life, and by the end of 2003, sadly, he was not receiving any education at all. The pattern of Gareth's life is not unusual. Our youth justice system sees too many children whose lives have followed a similar pattern. They are children who are greatly in need of care. Between 2000 and 2003, Gareth experienced, as many young people do, five episodes of being looked after by Stoke-on-Trent social services, and a further spell in private foster care.

For such children, in many cases their offending behaviour eventually leads to the courts, and the courts eventually decide that other options have been exhausted and custody is the only one left. I take the view that these children, like all our children, should have a role in the country's future. We must find positive ways to make them feel part of society. This is not just a youth justice issue; it is a fundamental social issue.

As my hon. Friend said, Gareth died on 19 April 2004 in hospital in Coventry after losing consciousness while being restrained by staff at Rainsbrook secure training centre. The jury found that the cause of his death was asphyxia resulting from a combination of inhalation of gastric content and his body position during restraint. It is possible that there may be further legal action in connection with Gareth's death, so I am afraid that I am unable to give detailed circumstances surrounding the incident that led to his death. However, the jury has considered the matter and found it to be a tragic accident. It also identified as contributory factors shortcomings in the original safety assessment of physical control and care—the system of restraint approved for use in secure training centres—and in the arrangements for managing, monitoring and reviewing its use. I am grateful to my hon. Friend for bringing to the House's attention, understandably and rightly, those shortcomings in the system.

The system of physical restraint approved for use in secure training centres was devised in the late 1990s and assessed at that time by a panel of experts, including medical experts. It was specifically designed to avoid causing pain and to minimise the risk of broken bones—something that had occurred previously in the secure children's home environment in the 1990s. However, the jury on the inquest into Gareth's death found that the risk of positional asphyxia had not been specifically addressed when the system was originally designed. I have to say openly and honestly to my hon. Friend that the jury was critical of the fact that the system was not reviewed in a timely fashion after implementation. In their evidence to the jury, the former and current chief executives of the Youth Justice Board expressed their regret that such a review had not happened.

A key lesson—perhaps the key lesson—from Gareth's death is that greater attention should have been paid to reviewing the safety of restraint techniques.

Mark Fisher: I welcome my right hon. Friend to his position and I am grateful to him for his concern about this case. When he considers the lessons to be learned, will he be minded to consider the use of restraint generally? As my hon. Friend the Member for Northampton, North (Ms Keeble) said, 3,000 occurrences in a year is not acceptable. My right hon. Friend will know, even two weeks into the job, that 10 young people have committed suicide in young offenders institutions over the past two years. Something is going wrong with the way that young people are being looked after in many such institutions. Gareth's death—a most extreme and horrific example—highlights the failures in the system. Surely 10 suicides is an unacceptable state of affairs.

Mr. Hanson: I am grateful to my hon. Friend for his intervention. I was going to refer to that matter later, but as he has raised it I will take it on. There are wider issues relating to restraint not only in the secure training centre estate but in young offenders institutions and secure children's homes. We need to look honestly at the policy and practice across the board. I have had discussions not only in the Ministry of Justice but with the Minister for Children, Young People and Families, my right hon. Friend the Member

for Stretford and Urmston (Beverley Hughes), and we agreed that we wish to set up a joint review of restraint issues. We will announce in short order—in the next week—further details of the content of the review and a range of issues that I know my hon. Friend will be interested in following up. I give that assurance to him and to my hon. Friend the Member for Northampton, North.

As I said, a key lesson from Gareth's death is that we need to review physical control and care. The Youth Justice Board has brought together a panel of experts to review the approved techniques. As my hon. Friend the Member for Northampton, North said, use of the double-seated embrace, the hold with which Gareth had been restrained, and which had been suspended on police advice shortly after his death, is now permanently discontinued.

Those changes were vital, but the Youth Justice Board has also recognised the need to improve the management of challenging behaviour in all under-18 custodial establishments, not only secure training centres. In February 2006, it published a code of practice on behaviour management—an important document, not least section 10, which spells out the very limited circumstances in which physical restraint may be used. Paragraph 6 requires that restrictive physical interventions must be used only as a last resort when there is no alternative available and all other options have been exhausted. That wording is worth noting because it echoes the requirement in the secure training centre rules that physical restraint may be used only where no alternative method is available.

Again, I say to my hon. Friend that there is a debate on the statutory instrument in another place. I am not in a position to withdraw it, but there will be a debate on it next week, and I hope that my noble Friend, Lord Hunt of Kings Heath, the junior Minister at the Ministry of Justice, will be able to give assurances on the use of restraint.

Ms Keeble: I am sorry—I am cautious about intervening, but that is a matter for scrutiny in this House. I have prayed against it here, but there has been no agreement to a debate on it here. It should be debated in the Commons, not just in the other place.

Mr. Hanson: Those are not matters for me. Lord Carlile has prayed against the order in another place, and that debate will take place. I have not prevented a debate here, but the matter has not yet been brought forward. My hon. Friend knows that there will be a debate, and I say to her that the statutory instrument before the other place, which was considered by this House, clarifies the rules of restraint and is based on an inquest on Adam Rickwood that took place several weeks ago. We were advised by the coroner at that inquest to examine the rules—not to change the legislation—so that individuals could operate the system in a legal way. Those rules came into effect on 6 July. They have been prayed against in another place, and will be subject to what I am confident will be a positive debate with Lord Carlile.

I am conscious that time is running out. We must examine the fact that the code of practice put in place by the Youth Justice Board requires all custodial establishments for those aged under 18 to assess their compliance with the paragraphs in the published code. The board conducted an audit of those assessments. Establishments need to do more, and the board is setting a follow-up assessment to gauge how much progress has been made. The jury's findings in this case point to a lack of strategic co-ordination in the management of physical control and care, and we shall consider addressing that, with the Youth Justice Board and other stakeholders, by setting up a new management board that oversees work on all issues connected with the safety of PCC. That will do a great deal to assure Ministers, Parliament, my hon. Friend and people in general that such attitudes are vital, and that they are considered thoroughly and consistently addressed.

The Youth Justice Board takes its responsibilities for monitoring performance seriously. My hon. Friend referred to the Oakhill training centre. Today I issued a written ministerial statement about steps the board is taking, following our discussions, to improve performance at Oakhill, which is the newest secure training centre. The safeguarding and protection of young people in custody is at the very centre of the board's work. My hon. Friend asked whether we will publish that report. I will reflect strongly on her comments on that, and I expect it to be published in due course. However, I cannot yet give her a date when that will happen.

Ultimately, I hope that the debate has been valuable for my hon. Friend. The Government need to review the use of restraint. We shall do so very shortly, and I hope that that will be of benefit to my hon. Friend, who has raised this matter in the House. I appreciate her input into the debate, and that of other hon. Members, because they have brought the issue to the attention of the House, and focused my mind on it during the two weeks I have held a position involving responsibility for the Youth Justice Board. I hope that in due course I will be able to help and to comment on the issues that she raised over and above what I have undertaken today.

Question put and agreed to.

Adjourned accordingly at twenty-seven minutes to Seven o'clock.

Westminster Hall

Tuesday 26 June 2007

[MR. ERIC ILLSLEY *in the Chair*]

Social Mobility

Motion made, and Question proposed, That the sitting be now adjourned.—*[Mr. Michael Foster.]*

9.30 am

Mr. Alan Milburn (Darlington) (Lab): It is, as always, a huge pleasure to serve under your chairmanship, Mr. Illsley. I am extremely grateful to you, and particularly to the Speaker, for this opportunity to debate an issue that goes to the heart of what a modern Britain should look like.

The issue of social mobility, by which I mean the ability of children to advance relative to their parents, seems to have become more and more salient in recent months. We can hardly switch on the radio, watch the TV or read a newspaper without the issue being raised. I welcome that; it is a source of great hope for the future of our society.

Ministers in this Government have long wanted an open society in which, as the Prime Minister put it all those years ago, people can advance as far as their talents can take them. As I shall argue in a moment or two, the progress made in recent years opens up the prospect of more mobility in future decades, which will follow decades during which there is little doubt that social mobility had slowed down.

Oddly enough, my optimism has been enhanced by the interest that Opposition parties have begun to take in the issue. For example, I read with interest the pamphlet on social mobility published by CentreForum, the Liberal Democrat think-tank. It argued a good case on what needed to be done. I noted with interest, too, what Members from the Conservative party such as the hon. Member for Tunbridge Wells (Greg Clark) and the hon. Member for South-West Surrey (Mr. Hunt) have said about social mobility; I leave aside the hon. Member for Havant (Mr. Willetts), whose speech on grammar schools is famous—or should I say infamous, at least as far as some Conservative Members are concerned.

John Bercow (Buckingham) (Con): Famous!

Mr. Milburn: There might be a division of opinion on that point on the Conservative Benches. All those Conservative Members have argued that social mobility should be the cornerstone, if that is not too factional a word, for modern Conservative thinking inside the Conservative party. I welcome all that, and if we are genuinely about to forge a modern progressive consensus on the issue, that is also to be welcomed.

My purpose in holding this debate is to seek an agreed understanding of what has happened to social mobility in recent decades, of why that has happened and of what we need to do to get social mobility going again in our country. First, let us be clear about why social mobility matters. It matters for three fundamental reasons. First, if social mobility is stalled, disadvantage is entrenched; for me, that is a fundamental point. The desire to increase social mobility cannot be a substitute for the desire for a more equal society. In my view, it is no coincidence that countries such as Sweden, the Netherlands, Denmark, Australia and even Japan are both the most socially fluid in the world and the most equal. That is why the Government's efforts to abolish child poverty are so crucial and why if other parties are serious about creating a society of open opportunity—they say that they are—they need to move beyond expressions of aspiration towards firm commitments that match the Government's.

Secondly, social mobility matters because our success in a globally competitive economy, which we now have, depends on unlocking the talents of all people, not only some of them. The most important resources of any company or country are no longer their access to raw materials or their geographical location but the skills of their people. In the 21st century, what is right on ethical grounds is also right on economic ones; a knowledge economy needs a mobile society.

The problem is this: technological change is skill-biased. Those with higher skills have seen the largest increases in pay and productivity since the late 1970s, while those with lower skills have found that technological change leads to reduced demand for their labour and lower average earnings, with all the consequences that that has for social cohesion. However, the truth is that we ain't seen nothing yet. If the recent Leitch report on skills is right, the demand for unskilled labour will fall still more dramatically in the years to come, leaving those without skills stranded economically and perhaps cut off socially from the mainstream, unless we can make social mobility take hold.

Thirdly, social mobility matters because when it slows down, it is not an issue only for those at the very bottom of society. It also matters to those whom President Clinton once famously called "the forgotten middle class". If the aspirations that the overwhelming majority of hard-working families have for themselves, their children and their communities are thwarted, that undermines both social responsibility and individual endeavour.

A good society rests not only on shared values but on a sense of fair rules—so that when people put something in, they feel that they get something back. As a child, I was certainly brought up to believe that effort got its own reward.

David Taylor (North-West Leicestershire) (Lab/Co-op): My right hon. Friend is making an important contribution. As I mentioned before the start of the debate, we have a common background. Given that 7 per cent. of young people in this country are educated independently and that about 25 per cent. of young people in the 1950s, 1960s and 1970s were brought up on council estates, would my right hon. Friend say that the make-up of Labour Cabinets in the past 10 years has been emblematic of the kind of social progress that he would like to see?

Mr. Milburn: I am grateful to my hon. Friend for his comments; he takes a keen interest in debates of this nature. I have said elsewhere that regrettably, and perhaps rather shamefully for modern society, I cannot envisage a child growing up today as I did—on a

[Mr. Milburn]

reasonably disadvantaged council estate—ending up in the Cabinet 20 years hence; I shall come to the reasons why in a moment. That is a matter of huge regret for our country and a matter of shame for a country as wealthy as ours. We have to be able to explain why that has happened; more importantly, we have to be able to do something about it. Education is critical to that, and I shall address that issue in a moment.

There is a difference, in that I believe that the answer lies not in taking things away from people but in opening up opportunities to some people so that they are available to all. The truth is that good education is available to some people; a very good education is available to a small minority of people, because they can afford to pay for it. We have to make those opportunities—and, dare I say it, those choices—available according not to where people come from, their backgrounds or circumstances, but to their needs.

Bob Spink (Castle Point) (Con): We are all grateful to the right hon. Gentleman for bringing this most important subject to the House. I am also grateful to him for his initial approach in recognising that the issue is not party political and that we need a consensus to deal with it; the problem is too important to play politics with.

The right hon. Gentleman has talked about various issues of social mobility, such as education and housing, and he will tackle those. Children's mobility is largely predicted by their parents' circumstances. Will he tackle the issue of lone mothers, and the fact that when they try to go into work, they often lose more in benefits, tax and child care than they gain in wages? Reform of the benefits system would enable young lone parents to work; they could then set an example for their children and bring them up as they wanted. Would that help social mobility?

Mr. Milburn: I agree, and I am grateful for the hon. Gentleman's intervention. When I hear the words "lone parent", I always react slightly adversely—partly because I was brought up by one. I have heard members of his party take a rather pejorative and even punitive attitude to lone mothers, and although he is not taking that attitude, my reaction to it is, as I have said, an adverse one.

The hon. Gentleman makes a good point, and it is worth considering what has happened to lone-parent employment during the past few years. My hon. Friend the Member for Bradford, North (Mr. Rooney) knows more than me, but it has dramatically increased—by more than a third of a million, I believe. Nevertheless, there is a real issue, and work-life balance is very topical; it is not a chattering-class matter. It bites hardest at the bottom end; particularly for working lone parents, because in order to make ends meet they have to balance their caring responsibilities with sometimes one or two jobs. For them, it is not just the operation of the tax and benefits system, to which the hon. Gentleman referred, that is critical, but whether affordable child care is available. That is one of the keys that unlocks a more mobile society. There has been much progress, but there is a lot more to do.

Before the hon. Gentleman intervened, I was talking about what I call the "fairness code" in British society, a code that I believe is very strong. When rules appear to be transgressed, which I suspect many feel to be true in the case of people who cheat the benefits system or who flout the immigration rules, the balance between rights and responsibilities seems to move too far towards rights and away from responsibilities. At that point, the incentive to work hard and play by the rules is undermined, which is why social mobility matters so fundamentally. When it is present, it provides a fair set of easily understood rules—we might call them social incentives—that earn rights through responsibilities and advancement through effort. When it is absent, incentives for individual progress are weakened, rules are transgressed, and people feel that fairness has been undermined. It is then that decent people ask, "What is the point?" Poverty of aspiration kicks in, and, which is worse, social resentment festers and grows, sometimes with ugly consequences in our politics.

I should at this point declare an interest. I am the product of the most socially mobile generation that this country has ever seen, Mr. Illsley, as I suspect you might be also. I was lucky; I was born into a good family and a strong community, and into a society that was moving from rigidness to openness. The 1950s and 1960s saw Britain finally emerge from the aftershocks of the war years. There was the most appalling poverty and inequality, so no one should ever view those years as some sort of golden age, because they were not. Oddly enough, however, the fact that people had gone through that gruelling war and made such huge sacrifice meant that there was a shared national determination to win the peace.

That determination found its expression in the post-war Labour Government and in its truly towering achievements: universal education, a new welfare state, and full employment. Those achievements provided millions of people, particularly the young—the post-war baby boom generation, with opportunities that had never been available before. They opened up the prospect of a more classless society. Indeed, Anthony Crosland spoke about that as a very realisable objective. In 1958, the year of my birth, Michael Young published his book, "The Rise of the Meritocracy", precisely to warn against the downsides of a genuinely meritocratic society. If we are honest, that optimism now looks pretty misplaced.

The nature of inequality might have changed, but it is still present. In the decades since that time, birth, not worth, has become more and more a key determinant of life chances. The Cabinet Office report on social mobility that was published in 2001, which I commend to hon. Members, laid statistically bare what many of us had subjectively feared. It highlighted the fact that there had been steadily decreasing upward mobility of manual occupations toward higher status, professional and technical occupations.

It seems that, as prosperity spread to more people, there was a falling further behind of those without skills—whether hard skills expressed in terms of qualifications, or softer, personal and communications skills that are so necessary to cash in on the opportunities that are available in a modern society such as ours.

John Barrett (Edinburgh, West) (LD): I am sure that the right hon. Gentleman will deal later with the fact that education is the key. It is the single most important factor in determining income later in life, but income later in life is probably also the most important factor in determining the education of the children of high earners.

Mr. Milburn: The hon. Gentleman is right. To coin a phrase, there is direct correlation between "the amount you learn and the amount you earn". I think that it was the academic, Michael Sheridan, who said that people rarely spend their way out of poverty. That is self-evident, and we have to give people the tools to "enable" them out of poverty. That means giving them opportunities through higher wages, tax credits and the like, but it also means dealing with the root causes of the problem, by providing education, a stake in society, and a feeling that they have some control in their liv[illegible]—a point to which I shall come in a moment. In a knowledge economy, education is among the most important of those factors as the motor of mobility.

More people have escaped adversity, but those still in adversity face a bigger gap in getting on the ladder to prosperity. That gap between those at the bottom end and the rest is reflected in recent work by Professor John Hills of the London School of Economics on housing and social mobility. He observes that, nowadays, social tenants are much more likely to be on low incomes and to be economically inactive than in previous decades, and certainly than in the period when I was growing up on a council estate that was pretty mixed in social background.

Other academic research confirms that the economic status of the cohort of children born, as I was, in 1958, was far less dependent on the economic status of their parents than those born just 12 years later, in 1970. Between the two generations, economic mobility had fallen, so that it became increasingly likely that if someone was born disadvantaged, he or she would stay disadvantaged.

Such evidence is sometimes wrongly cited, including, on occasions, by Opposition Members, to argue that social mobility has actually fallen under the present Government. That is a lazy assumption, and in my view a wrong one. It is also a dangerous one for Conservative Members to make. In fact, the 1970 generation was making the transition from childhood to adulthood during a period of Conservative Government, which happened to give Britain the two worst recessions it had ever seen, as well as, according to Professor Hill, a dramatic growth in income inequality.

In the past 10 years, that growth in inequality has slowly begun to be reversed. The very wealthiest have of course continued to get wealthier, but the bottom 20 per cent. have seen their incomes grow at a faster rate than the top 20 per cent. There has been an unrivalled period of economic growth, 2.5 million jobs have been created, and there are almost 2 million more home owners. New measures, such as the minimum wage, have helped to spread more prosperity to more people. The country has seen the biggest increases in public service investment, and the biggest decreases in child and pensioner poverty for decades.

Greg Clark (Tunbridge Wells) (Con): I think that I am correct in saying that the right hon. Gentleman referred to the incomes of the most prosperous in society having increased more slowly than those at the bottom. That does not tie up with the Government's own action plan on social exclusion, which is very candid and says that:

> "Those on the very lowest incomes have seen the lowest rates of income growth. The very bottom 5 per cent. of incomes have increased by around 1 per cent. per year in real terms between 1996-97 and 2004-05, compared with annual increases of between 2 and 3 per cent. for the rest of the population."

How does he square the Government's statistics with his own gloss?

Mr. Milburn: The hon. Gentleman is quite right about the social exclusion action plan. As he points out, there is a particular issue for people at the very bottom end of society, just as there is for people at the very top end. We can compare the top 1 per cent. and the bottom 1 per cent. if that is what he wants to do, but I was actually talking about the bottom and top 20 per cent.

It is worth restating for the record that, unlike in the 1980s and 1990s, when child poverty was rising faster here than anywhere else in Europe and we ended up with the highest rates, we now have the fastest-decreasing rates in Europe. Huge progress has been made. The hon. Gentleman is right to point to a continuing gap, but we are making progress not just on incomes but on many other fronts.

Greg Clark: The right hon. Gentleman mentioned the bottom 1 per cent., who are clearly falling behind. Is he not aware that in the most recent year for which we have records, real income fell for those in the bottom three deciles of the income range, in not just relative but absolute terms? That is the bottom 30 per cent.

Mr. Milburn: I am aware of the latest figures, and I am also aware of the position over the past decade. Income has risen across the deciles, particularly for the bottom 20 per cent. All the measures that have been put in place, such as the minimum wage and tax credits, have made a real difference.

It is not just on income that a difference has been made. People sometimes say—I am sure that the hon. Gentleman is tempted to say it on occasions—"Well, we might have seen a lot of money going to the public services, but what difference has it made?" Well, take education. The primary schools in the most disadvantaged areas of the country have improved almost twice as fast as those in the most affluent areas. City academies, to which I know the hon. Gentleman is a convert—*[Interruption.]* Perhaps my hon. Friend the Member for North-West Leicestershire (David Taylor) is not, as he is grunting again. Their results are improving at four times the national rate despite their having twice the number of kids on free school meals. The number of state school entrants to the top universities has increased by more than a third since 1997.

Perhaps most critically of all, at least for the long term, the Government have done something that no previous Government have done: invested heavily in child care and early years development, learning

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lessons from the Scandinavian countries, which have managed to use universal child care as a weapon to both tackle inequality and speed up social mobility. On each of those fronts, the progress of recent years has laid the foundation for increased social mobility in future years. Indeed, I noted with interest a publication yesterday by the Sutton Trust arguing that although social mobility remains too low compared with other countries, its decline over many decades has finally bottomed out.

Here I must be candid. The ossification of British society, which set in over many decades, will take more than one decade to unfreeze. It is true that the glass ceiling has been raised; it is equally true that we have not yet broken through it. Breaking the relationship between class origin and class destination is a battle for the long term and requires a holistic approach.

I was taken by the comments of the winner of the Nobel prize for economics, Amartya Sen, who rightly said that families could suffer not only economic but cultural, social, housing and educational disadvantage. That points us to the policy agenda that is needed: one that moves beyond the focus of the traditional welfare state on correcting the outcomes of market-driven inequalities such as low wages and family poverty retrospectively, and towards an approach that proactively reduces inequality and advances mobility by tackling the roots of the problems, not just dealing with their symptoms.

It is assumed by some, even in the House, that individual advance can come only through the state getting off the back of the individual citizen or local community. For others in the House a bigger role for the state is the answer. In fact, a mobile society requires two things: an active state and active citizens. Only the state can equalise opportunities throughout life and empower its citizens. Equally, only individual citizens can seize those opportunities and realise their aspirations to progress.

Tackling inequality and speeding up social mobility have pervaded much of what Government Departments have done in the past decade, whether reforming benefits or building houses. I commend the new focus in the social exclusion action plan on families who suffer multiple deprivation and struggle to get a foothold on the ladder into mainstream society. Family policy in general, and those families in particular, are rightly a priority. With a new Prime Minister and a new Administration just around the corner, there is an opportunity to give the social mobility agenda renewed momentum and new prominence as the core purpose for the whole of Government. There is a strong case for consulting widely and then publishing a White Paper, an action plan on social mobility to parallel our action plan on social exclusion, to set out how the Government intend to get Britain moving socially in the next 10 years.

I shall suggest what some of the key elements of such an holistic approach might be. The first is an economic policy that places renewed emphasis on high skills, not low wages, as the best route to full employment in every region and nation of Britain. The Government's record on jobs is second to none but, as my right hon. Friend the Secretary of State for Work and Pensions has rightly acknowledged, economic inactivity rates remain far too high. The ethnic minority employment rate gap, although closing, remains at 15 per cent.

Of course, some people are unable to work—those with a severe disability, for example. But in an economy with job vacancies and skills shortages, and when we are importing labour from abroad to deal with those problems, policy makers should not be shy of focusing on those in some of our communities who remain work-shy. We need both more carrots and more sticks to deal with that problem: a rising minimum wage, greater conditionality in the benefit system and a new accent on lifelong learning—all will have a part to play.

Lifelong learning is key. In the past ten years educational standards have risen and the number of adults without any qualifications has fallen, but my constituency is not alone in having far too many people who still lack any qualification. According to a recent report by Dr. Tony Chapman of Teesside university, results in local schools have risen sharply in recent years, but more than 20 per cent. of adults in Darlington still do not have any qualifications. Unsurprisingly, Darlington's core economic problem is no longer high unemployment, which has fallen by 50 per cent. since 1997 as new jobs, businesses and business parks have sprung up all over the town. The problem is low wages, linked to the quality of some of the jobs on offer. That, according to Dr. Chapman, limits social mobility.

That is not just a priority to address locally, although the ever enterprising Darlington partnership is working with the local council, colleges, schools and business to deal with it. It must be the core national economic priority. The generation of the late 1950s, of which I am part, were the beneficiaries of a mobility in society that came about because of a change in the economy: the advent of a more service-based economy and the greater professionalisation of jobs, which created what the academics call "more room at the top." Likewise, today's generation can potentially benefit from an even more fundamental change towards a more skilled, less unskilled economy that will once again create new room at the top. Realising that potential means recognising that while economic stability is fundamental, knowledge holds the key to Britain's future both economically and socially.

Secondly, as the hon. Member for Edinburgh, West (John Barrett) said a moment ago, a knowledge economy means that education will become ever more significant in the future.

Despite the good progress of recent years, if we are honest, the attainment gap remains far too wide. A child who is not on free school meals is twice as likely to get five good GCSEs than a child who is. Just over one third of black Afro-Caribbean boys get five good GCSEs when the national average is two thirds, which some believe is because, in some way, intelligence is unevenly distributed in our society. I have never believed that or that ability is unevenly distributed in society. I have always believed that it is opportunity and, in the end, power that is unevenly distributed. I applaud the Government's efforts to break the cycle of educational disadvantage and welcome city academies and trust schools, personalised learning for better discipline, a focus on early-years development, and the new focus on the so-called softer social skills, all of which will make a difference. However, I also believe

that we need to do more to ensure that good schools are just as accessible to poorer parents as to those who are better off. The truth is that the wealthier someone is; the more choice they get. We can see that happening in our education system. Selection by academic ability may have largely gone, with the exception of a few grammar schools and the independent schools, to which my hon. Friend the Member for North-West Leicestershire referred. However, selection by social position still lingers in our school system.

David Taylor: I am grateful to my right hon. Friend for giving way; this is not a grunt, but an intervention. A paraphrase of what he said is that the influence of independent education has almost gone. I cannot for a moment think that he really believes that. If he looks at the various levers that influence the direction and pace of our society and economy, he will find that they are disproportionately in the hands of the 7 per cent. of people who have been independently educated. Does he not agree that even in 2007 the influence of private education is widely pernicious and divisive? It may have lessened a little, but certainly not to the extent that he suggests.

Mr. Milburn: My hon. Friend is right in the sense that people who have a private education—in his country we rather bizarrely call it a public education, which confuses people from abroad—have certain advantages. My point is that, by and large, for the 93 per cent. of children who go to state school, selection has disappeared. That is a good thing. However, the truth is that there is a different and more covert form of selection because if someone is wealthy, they can opt out of the system or buy extra tuition. Alternatively, people can use an indirect market mechanism, such as buying a home near a good school. I am not saying that those are bad things. My point is that if choice is available to some, it should be available to all.

If affluence still buys attainment in our school system, that inevitably restricts mobility. For some, the answer lies in more academic selection and a return to grammar schools, but there is precious little evidence that the selection of pupils by schools does anything to close the attainment gap. The evidence from countries as diverse as Denmark, Sweden and the United States points in a different direction: it does not help if schools select pupils; it is parents being able to choose schools that raises standards generally and helps disadvantaged children particularly. That is why I believe that parents with children in badly performing schools, which are invariably in the poorest areas, should be given a new right to choose an alternative state school. I propose that such parents should be able to choose what I have called an education credit, which would be worth perhaps 150 per cent. of the cost of educating the child in their current school. That would give a positive incentive to the alternative school—the better one—to the take the child and expand the intake numbers.

I know that whenever such proposals are floated, there are sometimes legitimate concerns and objections, but it is simply not right that we should tolerate so many disadvantaged children still being let down by the schools system. Correcting that injustice means shifting the balance of power to put more choice in the hands of those parents that the system currently disempowers.

Mr. Terry Rooney (Bradford, North) (Lab): Does my right hon. Friend accept that we have identifiable areas of extreme deprivation and poverty in all our towns and cities, which is where poor schools are located? The issue is one of poverty of aspiration—primarily of teachers, but also of parents. Although I understand why he has made the comments that he has, are we not surrendering to that poverty of aspiration by saying, "Well, let people move out"? Is it not time to root out the desperate lack of aspiration for children in the teaching profession?

Mr. Milburn: There is sometimes a poverty of aspiration, but we must try to understand what that is and how it has arisen. I think that it has arisen because of a sense of disempowerment in the system. The truth is, if someone is poor, they do not have much power. If someone lives in a poor community, they feel that the world is against them and actually it often is. The school and police system does not seem to work for such people; they bang on the door and are not heard and we must address that. I am not saying that education standards, systems of inspection or rooting out bad teachers do not have a part to play. I believe that they do. Getting the organisational autonomy of the school right has a huge part to play, which is why, like my hon. Friend the Member for North-West Leicestershire, I welcome the city academies and trust schools.

In the end, we must find a way to change the accountability of the system and to give more power to parents who feel that they have no power in the system. Conversely, if someone is better off, they feel that they do have some power because they can exercise some leverage and control in their lives. That is a good thing, not a bad thing. Power should not be taken away from people, but should be given to more people, which is why, in my view, my proposal has merit as an addition to and not a substitute for all the other things that are being done to tackle precisely the issue to which my hon. Friend the Member for Bradford, North referred.

My third point is that if we think that it is only wealth that is unevenly distributed in society, social mobility will not advance. That is not the case; it is also a matter of power. If Britain is to get moving again socially, people need to be able to get not just a job, training or child care, but to enjoy greater control and have a bigger say in how they run their lives. Of course, beating crime, creating jobs and regenerating estates can all help, but in my experience the cloud of despondency that hangs over some of the poorest communities will only ever be dispelled if we allow individual citizens and local communities to share more directly and evenly in how those communities are run. I am pleased that my right hon. Friend the Chancellor has properly recognised that point.

That is why I argue for a new principle at the heart of our governance, for which David Marquand and others have also argued. The principle is one of subsidiarity, where power is located at the lowest possible level consistent with the wider public good. If it is possible for people to exercise power individually—people can do so by choosing a hospital or school that is right for them—that is where power should be located. When it is not possible for people to exercise power individually—for example most of us would have some

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difficulty in choosing our own police officer—power should be located at the next possible level, which is in the local community. Where services are failing, communities should have the legal right to have them replaced; where communities can run their own services—whether children's centres, housing estates and local parks—they should be helped to do so. The community should be given a bigger say over other services, most notably local police and health services, by making them subject to direct election at the ballot box.

The thing that I learned most during my time in government was that government can do much, but there are limits. Doing things to people does not really work; it is doing things with them that is the key—whether that is improving health, fighting crime or regenerating communities. We must move from a top-down to a bottom-up approach towards governance and give citizens and communities far more of a stake in the future.

That brings me to the final area of policy that I believe can make the biggest contribution to social mobility—giving individuals and families a stake in the future by establishing Britain as a democratic, asset-owning democracy. There is compelling evidence that financial asset-holding improves individual and social outcomes over and above factors such as educational attainment. Certainly, the evidence from the national child development study of a cohort of children born in 1958—incidentally, that seems to have been a good year for surveys—demonstrates a positive link between asset-holding at the age of 23 and welfare outcomes later in life. Those with assets tended to spend less time unemployed and enjoy better health. There is similar evidence from the United States where, for example, home owners are more active in local politics and neighbourhood organisations than non-home owners.

Ownership works. Larry Summers once famously observed that no one ever washed a rental car. He was right. It is ownership that encourages people to act responsibly and behave independently. Spreading asset ownership is crucial, therefore, to tackling inequality and speeding social mobility. The most substantial inequity in a modern society such as our own is no longer between income groups, but between those who have a pension, and own shares or a house and those who rely purely on benefits and wages. That is why I favour employee share ownership, which I want us to do much more to encourage.

That is also why I want us to do much more to encourage home ownership, where, as the Chancellor said to the Labour conference on Sunday, there is a need for urgent action. Changes in the housing market threaten to make inequality wider and further impede social mobility. We can see that in London where a child of home-owning parents stands to inherit an asset worth an average of £330,000. A class mate whose family rents stands to inherit nothing. The housing market, therefore, threatens to impede social mobility, rather than enhance it. Of course, in recent decades, home ownership has grown sharply and the Government have ambitious plans to expand it further. However, escalating house prices mean that getting on to the housing ladder is becoming more difficult, which is not an issue for London and the south-east only; it is an issue in virtually every constituency in every part of the country.

The Government are right, therefore, to address the issue of housing supply—we need to build more housing and social housing. That is a priority. However, as two recent reports by the Department of Communities and Local Government suggest, given a choice, most people would prefer to buy, not rent. Well over 1.5 million social tenants still aspire to home ownership and although it is welcome that 80,000 households have been helped to do so through Government shared ownership schemes, again much more needs to be done. With fewer people able to afford to buy outright, more first-time buyers and young families are dependent on parents for financial help and with just five per cent. of tenants given the opportunity to buy through the Government's "Social HomeBuy" scheme, further reforms are needed.

The Government and the new Prime Minister, of course, will want to consider what reforms are necessary, but these are my suggestions: first, remove the minimum share a tenant is expected to take in their home from 25 per cent. to something far more affordable, such as five per cent. in order to get them on the first rung of the housing ladder. Secondly, we should ensure that every social tenant—not just some—has a right to own a share in their own property. Thirdly, we should ensure that the geographical distribution of resources under Government low-cost home ownership programmes is targeted properly to the regions with the lowest owner-occupier levels, including London and my own region, the north-east, which, incidentally, needs its fair share.

Fourthly, we must develop new ways of helping people on to the housing ladder. In addition to shared equity schemes, which the Government are doing a lot about, we should at least explore community land trusts, mutual housing and developer-led co-housing schemes, which have shown remarkable success in other parts of the world. Fifthly, we should work with mortgage lenders to promote more flexible forms of borrowing, which in the United States, at least, have helped millions more from low and middle-income families into home ownership. In a country as wealthy as our own—we are now the fourth richest on the planet—making ours a genuinely fair shares society is a realisable ambition, because we have a high and growing proportion of people owning homes and shares, and so owning a real stake in the future of our country.

Those are some of the steps that we need to take towards a genuinely socially mobile Britain. They are all about levelling-up, not levelling-down and not just beating poverty, but unleashing aspiration, and they all require, not less of a role for the state, as some mistakenly believe is what the modern world demands, but a different sort of state—one that empowers rather than controls. In my view, the changes that this Government have made in the last decade have laid the foundations for a Britain in which prosperity and opportunity are shared widely. However, unlocking our country so that it is open to aspiration and effort requires a new drive to change fundamentally the distribution of power in our society. I believe that we have made good progress in the last 10 years; I hope that we can make even more in the next 10.

10.16 am

Danny Alexander (Inverness, Nairn, Badenoch and Strathspey) (LD): It is a pleasure to serve under your chairmanship, Mr. Illsley, once again. I congratulate the right hon. Member for Darlington (Mr. Milburn) on securing a debate on this very important subject. Indeed, in the breadth of his speech, which in the time available I cannot hope to match, and in the range of issues on which he touched, he has shown how social mobility and the need to address it touch on almost every aspect of social policy and how we as politicians, Members of Parliament and, from the Minister's point of view, as a Government, can focus our efforts on tackling this hugely important problem. He is to be congratulated.

Although the Opposition do not necessarily agree with all the prescriptions that the right hon. Gentleman offered—I suspect that there are those on all Benches that do not agree with all of them—in opening up the breadth and range of issues, he has performed a very important service. I congratulate him also on his work on ensuring that these issues are brought to wider attention through the media. Those of us who wake up early enough in the morning were pleased to hear him talking on the "Today" programme this morning. That also is important in bringing these issues to much wider attention.

The right hon. Gentleman said that he cannot imagine a child from a background such as his own achieving the same high office that he achieved as a member of the Cabinet. That is a staggeringly sad comment on where we have come to. If social mobility was progressing, he should be able to foresee, in 10, 15 or 20 years' time, a Cabinet full of people from backgrounds similar to his own.

Mr. Milburn: Actually, I can envisage that down the line; my point was that I cannot envisage it today. We have got to be a bit careful on this whole issue. People often say that mobility has stagnated and that it has not got any better, but as I pointed out, and as the Sutton trust report yesterday pointed out, to measure whether social mobility is advancing or retreating takes many decades. What we must do, which is what I was trying to do in my speech, is to look at the factors most likely to give rise to social mobility. Actually, I am rather more optimistic about the future than the hon. Gentleman might suggest.

Danny Alexander: I am grateful for that intervention. Given that the right hon. Gentleman came from the 1958 cohort, and that I am nearer to the 1970 cohort—I was born in 1972—I can say only that I hope that he is right.

Mr. Milburn: A Government of all the talents.

Danny Alexander: Indeed. We shall see.

The point that the right hon. Gentleman makes is an interesting one. If we are to achieve the progressive consensus, for which he expressed a wish at the beginning, it must be built around a shared understanding of the facts. I do not believe that anyone on either side of the House would deny the importance of social mobility, nor would they deny that equality of opportunity is a critically important aspiration across the whole of the political spectrum. I look forward to hearing the remarks of the hon. Member for Tunbridge Wells (Greg Clark) on that point.

Social mobility is especially important to Liberal principles of freedom and fairness, because a lack of it implies a lack of opportunity—an inequality of opportunity—and a fair and liberal society is one that makes the best use of the talents of everyone in that society. Social cohesion and inclusion are more likely to be achieved when people believe that they can improve the quality of life that they enjoy through their own abilities and efforts. The right hon. Member for Darlington made that point.

We like to think of this country as a meritocracy. None the less, even taking into account the right hon. Gentleman's comments, the facts suggest that, at the very least, Britain has over the past few decades become less socially mobile rather than more. Taking his comments at face value, it is perhaps too early to tell precisely what impact this Government's policies have had on social mobility, given the length of time that it takes to research such matters, but the evidence from, for example, my constituency and the academic reports that we have all studied is that there are arguments on both sides about how this Government's policies have affected social mobility. There is at least as much evidence that some of their policies have damaged social mobility more than they have improved it.

John Barrett: An issue that the right hon. Member for Darlington touched on was access to education. When my hon. Friend discusses the importance of education, will he touch on the barrier that high tuition fees present to those who are from less affluent backgrounds?

Danny Alexander: I am grateful to my hon. Friend for that intervention. He makes an important point. I wish to dwell on education, but my view is that education in the very earliest years of a child's life makes the most difference to social mobility. He makes an important point, and one with which I agree, but we must consider the entire education system if we are to work out how educational intervention can promote social mobility.

The current pattern of social mobility that is presented in the research cannot necessarily be attributed solely to the efforts—or lack of effort—of the current Government. It has been influenced by previous Governments. The right hon. Member for Darlington eloquently described his childhood. I remember growing up and the damaging social impact of many of the policies that were pursued in the 1980s and early 1990s. In many cases, the effect was felt no more harshly than in parts of Scotland and, indeed, remote rural parts of Scotland. The right hon. Gentleman represents an urban constituency and, perhaps quite naturally, did not dwell on the problems of social mobility in rural areas. In some cases, the problems are different, but they are just as great, if not sometimes greater, than in urban areas. He discussed difficulties in accessing services. It may be easier to provide services in cities and towns such as his. It can sometimes be very difficult to provide them in rural areas, which is something that often gets lost in the

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debate. In fact, it sometimes gets lost in the Government's approach to these policy areas. We must not forget the rural dimension.

We must also consider inequality. There is an equation between rising inequality and falling social mobility. Anyone who has studied the work of Professor Richard Wilkinson will know that there is a huge amount of evidence dealing with different aspects of life that countries that are more unequal tend to have a greater degree of social differentiation and a wider range of barriers that people must overcome. Indeed, differences in concentration of power occur not just between the top and the bottom—there is a much finer degree of gradation right through the social scale. The evidence suggests that, the more unequal the society is, the more competition there is for small advances in position. They take precedence over the larger improvement in position that we are discussing in this debate.

The larger gap between the richer and poorer in the UK is one of the factors in making it harder to move from one income group to another. The right hon. Gentleman made a point about incomes, but we must also consider the role of tax. It is a shameful fact that, in the UK today, the poorest 20 per cent. of people pay a greater share of their income in tax than the richest 20 per cent do. He said that the debate is not about taking away from one group to give to another but, if we are considering the state's role in enhancing the position of those at the bottom and assisting them, the tax system is important, nowhere more so than in the recent debate about the taxation of wealth.

The hon. Member for Tunbridge Wells mentioned the social exclusion taskforce report. It showed that incomes for the poorest 2.5 per cent. of the population have actually fallen. Incomes may have risen among all the other groups, but for the poorest 2.5 per cent.—the most deprived 2.5 per cent.—they have fallen. That important fact partly explains why the measures of inequality—the Gini coefficient, to those who are in the know—show that income inequality in 2005-06 reached its highest level since 2001-02. Statistically, it is significantly higher than it was when this Government came to power.

There are two areas of policy that I wish briefly to dwell on in response to the huge range of the right hon. Gentleman's contribution. The first is in relation to work. As he said, it is critical that we direct our work and welfare policy to the objective of getting people into work, but it is also important to help people progress in work, and to move on and up—especially those groups that are most disadvantaged in employment. I refer particularly to disabled people and lone parents—I agreed with his comments about how that group is sometimes discussed pejoratively; none the less, it is a critically important group in the context of employment—but also workless households. At the bottom level of households, there is an increasing number of two-parent households in which neither parent is in work. That creates an intergenerational phenomenon that entrenches the lack of ability that he described.

The right hon. Gentleman referred to the tax credit system. There is no doubt that it has played a role despite all the administrative problems, which are beyond the scope of this debate. It clearly played a role in helping to make work pay, to use the Government's slogan, but, equally, the high withdrawal rates that then kick in have hindered the ability of people to move on in work, in some cases. There is some evidence to suggest that a withdrawal rate combined with a tax and benefits system of 70 or 80 per cent. is a disincentive. That is something that must be considered in the context of work.

There is also some indication—for example, as provided by the Joseph Rowntree Foundation—that work-related policies help to get people into work, but those entries are not necessarily permanent. Therefore, the exits from poverty that they create are not necessarily permanent, either. People may be moving back and forth across the poverty line in a way that is not actually helping to create the social mobility that the right hon. Gentleman and I want. Job retention and progression are critical to ensuring that employment leads to genuine progression up the social ladder and to real mobility, rather than to people continually moving above and below the poverty line.

It is most important that the intergenerational issues are tackled. It is not an individual's abilities or skills that determine their educational attainment and future earning potential. Sadly, in this country at present, it is their parents' life circumstances. Improving educational outcomes and the aspirations of children and young people are the most important factors in breaking the intergenerational cycles of poverty that are the defining feature of the lack of social mobility that the right hon. Gentleman described.

In that context, I place a great deal of emphasis on the early years. There is evidence that educational disadvantages emerge very early in life. For example, the millennium cohort study by the Centre for Longitudinal Studies at the Institute of Education published a report earlier this month that revealed that children from disadvantaged families are already lagging a full year behind their middle-class counterparts in social and educational development by the age of three.

Early years education must be a top priority, and that should be reflected in spending decisions. It is interesting to note that some of the Government's investment—for example, in Sure Start—has not always reached the groups that are hardest to help. I think of disabled children, for example. It is not always easy for a low-income family to take up entitlements such as 12 and a half hours of pre-school education a week.

With regard to the pupil premium, the Nordic countries are much more effective at allocating resources to schools—to the most deprived areas and to the most deprived pupils—whereas in the UK and certainly in England and Wales, the existing methods for distributing deprivation-related funding are opaque and inconsistent. That is why Liberal Democrat Members have proposed a pupil premium that would attach additional funding directly to pupils who are identified as disadvantaged, which would follow them through the primary and secondary education system.

It is important to say that the impact of disadvantage on a child's life can be seen even before school age—almost from birth, sometimes. That is why we need to focus not just on policies throughout the education system. There was a bit of a debate earlier about the private education system. By the time that a

child is ready to attend a secondary school in my constituency or, for that matter, Eton, the advantage or disadvantage of their family circumstances has already had an impact. We need to consider how we can ensure that at the ages of one, two, three and four, we are helping children to beat their circumstances; we must not wait until secondary school age.

I have taken up a great deal of time, but there is a great deal more to say. I hope that there will be a future opportunity to do so, because I hope that the debate will continue, that there will be discussions between parties and that the Government will take up the idea of the action plan for social mobility that the right hon. Member for Darlington described.

10.31 am

Greg Clark (Tunbridge Wells) (Con): It is a pleasure to serve under your chairmanship, Mr. Illsley, and to participate in a hugely important debate. The House owes a great debt of gratitude to the right hon. Member for Darlington (Mr. Milburn) for initiating it and not least for his brilliant speech. He counts as one of the dwindling number of true progressives in his party today. I say that advisedly, because to be progressive is not just to aspire to progress and to look for improvement, but to be prepared to tackle some received nostrums that may be difficult and to break out of those. That is the mark of a progressive.

Some of the right hon. Gentleman's remarks may have proved uncomfortable for some of his colleagues—from some of the grunting that we heard earlier, I think that that might be the case—but that is necessary in all parties if we are to tackle deep-seated problems that have defeated us in the past. Sometimes, hearing such remarks is uncomfortable, so the right hon. Gentleman's willingness to address the issues rigorously and clear-sightedly is to his credit and is certainly welcomed by Opposition Members.

The right hon. Gentleman's suggestion of an action plan on social mobility is excellent. I hope that, as he suggests, that can be a cross-party endeavour. The particular suggestions that he made as part of that are radical. When it comes to school choice, my party is absolutely behind him on that. It is essential that parents and pupils are given the ability to act on their aspirations. It is not true that, as the hon. Member for Bradford, North (Mr. Rooney) said, the level of aspiration is so shot to pieces in our society that there would be no takers for that school choice. We need only look at the proportion of parents who, on behalf of their children, appeal against school admissions decisions, even in our most deprived communities, to see that there is a great pent-up demand and great frustration that that enthusiasm cannot find an outlet in terms of the school that the people want, so we should not patronise parents in any of our communities by suggesting that they are not able to exercise choice on behalf of their children.

The remarks by the right hon. Member for Darlington on subsidiarity will, as he would expect, strike a chord with Conservative Members. We have proposed a radical approach to policing, which is one of the areas that he rightly suggests cannot be left to individual choice in the way that the choice of school can be put in the hands of parents and pupils. I think that our proposal for elected police commissioners is a step in exactly the direction that the right hon. Gentleman recommends. If he does share our goal, as his speech seemed to suggest, I am sure that my right hon. and hon. Friends, in progressing our policy and fine-tuning it, would benefit from his suggestions and advice.

The right hon. Gentleman also spoke in favour of the importance of asset ownership. "Ownership works" was his phrase, and what he said is absolutely the case. It must be one of the imperatives that across all parties we should work to implement over the next few years. The right hon. Gentleman's ideas are very substantial contributions to the debate, and the House should be grateful to him.

I am not sure that I share entirely the right hon. Gentleman's more sanguine view that things may be a bit better in the future than they have been in recent years. Certainly I think that we have some way to go to achieve the ambition that his own party's Commission on Social Justice recommended just 13 years ago. In its final report, it recommended that we

"transform the welfare state from a safety net...to a springboard for economic opportunity".

That is a noble ambition, but for too many people it has not happened.

Let us take just one area of social opportunity or social mobility—income. First, it would be churlish to deny that there has been some progress, especially at the middle levels of poverty. I am referring to the people around the Government's preferred definition of poverty—60 per cent. of the median. A lot of people have been moved from just below that poverty line to just above it, and I do not in any way underestimate the importance of that for the lives of those people. However, as we have discussed, at the same time as there have been decreases in poverty measured at that level, there has been, over the past 10 years, an increase in the number of people whose income is less than 40 per cent. of the median—an increase in the number of people in severe poverty. That is a shocking statistic, a shocking finding to discover, and it suggests that the springboard to economic opportunity is at least leaving those people behind.

Mr. Eric Joyce (Falkirk) (Lab): Will the hon. Gentleman recognise that the effect of labour mobility in Europe, which we all welcome, has been to bring into the UK highly able workers and that, to a certain extent, that has displaced some of the least skilled in society, so we need to focus ever more on those least well-off?

Greg Clark: I agree with the hon. Gentleman's point that a number of pressures are making things more difficult for people without skills. The right hon. Member for Darlington mentioned the fact that there will not be the same number of jobs available for people without skills; he mentioned the number in his own constituency. A number of causes result in the pressure on people at the bottom end, which must be our priority.

The issue is not just that the number of people in severe poverty is increasing. As the hon. Member for Inverness, Nairn, Badenoch and Strathspey (Danny Alexander) mentioned, their income in absolute terms

[Greg Clark]

is falling. The issue is not just the bottom 10 per cent., although last year their income fell from an average of £91 a week to £89 a week—a 2.2 per cent. fall. With regard to income deciles, last year the incomes of people in the bottom 30 per cent. of income groups were falling in real terms. I cited, to some controversy, Polly Toynbee's image of society as a caravan train moving through the desert. We are finding that the people at the back of the caravan train are becoming detached from the mainstream.

We cannot accept that situation; we need to do something about it. It is the very opposite of social mobility—it is social mobility in the wrong direction—yet the Government refuse to recognise the central importance of that. They persist with the measure of poverty on which their policy is focused: the 60 per cent. level. They refuse even to publish statistics for poverty at the 40 per cent. level, which I think is very important to inform the debate. Save the Children has not recommended that that should replace the 60 per cent. child poverty target, which Opposition Members share, but we do need a more nuanced approach to the issue than the Government seem willing to take.

The right hon. Member for Darlington was right to quote Professor Amartya Sen, who says that merely correcting family income after the event through transfers of cash will never solve the problems that result in that poverty in the first place. He is wise to draw our attention to that.

As all hon. Members have mentioned, education is clearly a motor for social mobility. In some ways, I share a background with the right hon. Gentleman, because he went to a comprehensive school in Stokesley and I went to one in South Bank. There was probably 10 miles between them, although I went to school 10 years later than he did. Stokesley is in a much more affluent area than South Bank, and that should not make a difference, but the sad fact is that it does. One thing that we know from recent studies is that the chances of attending university are very much determined by the affluence of the area in which one's school is found. Since the 1980s, for example, the richest fifth of the population has increased its participation in university education from 9 per cent. to 46 per cent., which is a fantastic increase, but the poorest fifth of the population has increased its participation from 6 per cent. to only 9 per cent.—a pathetic increase. Therefore, 90 per cent. of children from the poorest 20 per cent. of our homes do not go to university, and we must address that.

As the hon. Member for Inverness, Nairn, Badenoch and Strathspey said, the further back we go from university, the more entrenched educational disadvantage becomes. What happens in the education system before the age of 10 is twice as significant as what happens afterwards, according to Blandon, Gregg and Machin. Indeed, I have seen that for myself in my own constituency. I was shocked when I spent a day in one of my local schools observing the behaviour of children in the reception class. If I saw a child who seemed to be sluggish and who was not responding terribly well to the tuition, I would say to the teacher, "Tell me a bit about that child." Nine times out of 10, the teacher would say, "Oh well, you should understand the child's home life" and add that the family had real problems with drug addiction or alcohol abuse. I would then see a child who seemed to be bright, lively and alert and who was responding to the tuition, and I would say, "Tell me a bit about that child." The teachers would say, "Oh well, his mother and father work in the local hospital. They come from a professional background." I was shocked by that determinism and by the way in which the professional background of a four or five-year-old's family determined, in a way that was already visible to a complete layman, that child's ability to progress in education. We must do something about the early years because, as Professor Feinstein has noted, poor children who display high ability at 22 and 40 months are overtaken by children from affluent backgrounds by the age of six, which shows how important the early years are.

Mr. Milburn: I am very taken by the hon. Gentleman's remarks about the sad inevitability with which children who are born into poverty will stay in poverty. Does he agree, however, that the eradication of child poverty is one of the vital stepping stones on the way towards a more socially mobile society and breaking the cycle of disadvantage and inevitability? Will he clarify his party's position on that? I noted with interest that, in a debate in this Chamber on 6 March, the hon. Member for Basingstoke (Mrs. Miller), who is the shadow Minister with responsibility for family welfare, said that the Conservative party viewed the realisation of the child poverty target as an "aspiration" rather than a firm commitment. If the hon. Gentleman and his party are as serious as they say they are about eradicating child poverty, will they now commit themselves to what the Government are already committed to?

Greg Clark: My party has made its position absolutely clear. The chairman of our policy review, my right hon. Friend the Member for West Dorset (Mr. Letwin), has said in terms that we are committed to the goal of abolishing child poverty, as defined in the Government's way. However, we want to extend that definition and to look at aspects of social exclusion that are not covered, such as poverty at the 40 per cent. level. The right hon. Gentleman is right to suggest that these issues are multifaceted, and poverty solutions are a question not just of financial transfers, but of getting under the skin of the problems, whether by helping with the early years or bringing in effective voluntary organisations, which have a fantastic record on helping to cure some of the problems that put people into poverty. Financial poverty is often as much a symptom of other aspects of social exclusion as a cause—it works both ways. If I am critical of the Government, it is because they are inclined to think of poverty exclusively in financial terms—at least when it comes to the target—and we need to take a more multifaceted view.

I am conscious of the fact that I need to leave the Minister time to respond, but I want first to echo some of the remarks that have been made about the importance of work incentives. In my experience, no one chooses to be poor. People want to help themselves and they are as keen to help themselves progress as they are to help their families progress. However, when 1.7 million people are facing withdrawal rates of between 60 and 70 per cent.—the figure has gone up from 760,000 since 1997 and will increase again as a result of last year's Budget—we are not providing the necessary incentives.

What do we need to do? I suggest that four principles should be part of an approach to curing and reversing the decline in social mobility. First, we must help to equip people with the ability to help themselves. Let us not tie people up in the benefits system and withdrawal rates, with disincentives to work and prosper. Let us get rid of some of the complexity of benefits, which are a great disincentive to people trying out different ways of getting back into the labour market. For example, people might fear that their housing benefit will be withdrawn, and the fuss of reapplying for it makes looking for work not worth while.

Let us recognise that money is not the only dimension of poverty and that people who become trapped in poverty, particularly severe poverty, face multiple aspects of social deprivation, which need sensitive handling and which are not all susceptible to the cure of financial transfers.

Let us look not just to the state, but to local communities, in the way that the right hon. Gentleman suggested. Let us apply the subsidiarity principle and bring in local charities and voluntary groups, which often have a personalised approach that it is difficult for the state to recognise. I was disturbed to read that the Parliamentary Secretary, Cabinet Office, the hon. Member for Doncaster, North (Edward Miliband), who has responsibility for the third sector, had given an assurance to Dave Prentis, the general secretary of Unison, that voluntary organisations would be limited to the role of supporting the state and would not be able to substitute for it. In some cases, it is appropriate for voluntary organisations to substitute in the delivery of a service if they are better placed to do so. It constrains our ability to tackle social exclusion if we artificially constrain the sector.

Finally, I entirely endorse what the right hon. Gentleman said about assets. It must be part of our agenda to allow people to build up a buffer of savings and financial assets to protect them through the ups and downs that we all face in our lives. They must also be able to build up assets that are substantial enough to allow them to own their own homes and to be prosperous not only in work, but in retirement. We need to address that.

I hope that progressive politics will be a matter of consensus between the parties over the weeks ahead. As I said at the beginning of my remarks, being progressive is not just about having aspirations, and the right hon. Gentleman made some very practical suggestions in that regard, to which I hope that the Minister will able to respond positively. More importantly, I hope that the new Prime Minister will be able to respond positively, so perhaps the right hon. Member for Darlington should sit by his phone tomorrow to see whether the Prime Minister is willing to take up his suggestions.

10.48 am

The Deputy Leader of the House of Commons (Paddy Tipping): I begin by congratulating my right hon. Friend the Member for Darlington (Mr. Milburn) on his robust speech, which was designed to provoke and to bring about change and action. I have had the benefit of reading the speeches that he has been making for a couple of years now, including the Deborah Leon memorial lecture of November 2003 and last month's 2020 vision for British Government lecture at the university of Durham, and I should say how impressed I was with his account of Government policy failure in Benwell in west Newcastle. There is a lot to be learned from having stable, long-term policies. There was a lot of substance in my right hon. Friend's speech. He has never been accused of spin, but I note that the "Today" programme is running a series of features on social mobility this week, and I am sure that it is coincidental that only yesterday the Sutton Trust produced its report on social immobility in schools, and the failure of schools, which has been discussed, to tackle the greatest disadvantage. His speech had substance, was timely and topical, and was designed to encourage wider debate.

I confess that I am here in a jobbing role today. My colleagues in Government with responsibility for the matters in question have shown their own mobility. I apologise for that, but it gives me an opportunity—not to talk about the detail of policy, but to pick up some of the wider issues. I want to say from the outset that I am a child of the same times as my right hon. Friend. I, too, come from a family with strengths and weaknesses. We lived on a council estate. I was the first person in my family to get a degree and the first to have a professional career; it has gone downhill since then.

My right hon. Friend was right to stress the post-war achievements of the Labour Government—universal health provision, full employment, the welfare state and full-time education until the age of 15. That period broke down the social class system, there was greater consumer choice and there were opportunities for people to go further. As he said, the children of the '70s have suffered. One suggestion to come out of the recent report was that that decline has now finished: that we have levelled up and could go forward. Of course, the Government have things to be proud of, such as the fact that 600,000 children have been taken out of poverty, and 1 million pensioner households have been taken out of relative poverty. More people than ever are in work. We have already discussed the point about the incomes of the 20 per cent. of people on the lowest income rising faster than those in the top 20 per cent. The hon. Member for Tunbridge Wells (Greg Clark) was right to counsel that studying the lowest percentage group reveals problems; that is why the social exclusion task force has been commissioned to study the problem and make proposals for change. We need to be honest; meeting our child poverty targets will not be easy. Taking people out of energy poverty when energy prices are going up is quite challenging. I am struck by Government's willingness these days to acknowledge the problem, and not to try to spin it away, but to present new proposals to deal with the change.

I want to focus on four aspects of the matter raised by my right hon. Friend. The first is the importance of employment in tackling social mobility. Unemployment in May 1997 was 1.6 million and today it is 890,000—a 45 per cent. reduction. In Darlington, unemployment has been reduced by 52 per cent. In my constituency of Sherwood it has halved. In Tunbridge Wells, it is down by 56 per cent. However, it is important, as has been stressed in the debate, to focus on groups of people who are presently unemployed. We have talked about the

[Paddy Tipping]

needs of black and Asian people. We need to consider the kind of work that they are undertaking, its value and the pay that they receive. We also need to pay attention, as has been said, to the people who are not in work, and the number on incapacity benefit. We must show real determination to lift 1 million people from incapacity benefit and back into work. We need to work on the pathfinder model. It is expensive, but in the long term, if we are successful, savings can be made down the line. I want to reinforce the old Beveridge tradition, which has been a strand in the debate: work for those who can, security for those who cannot.

My right hon. Friend also talked about the big skills agenda. We live in a global world. As the Leitch report says, unless we skill and reskill, we shall be economically disadvantaged. I find it astonishing that there is a variable pattern in the creation of new businesses across the country. In Wokingham, there are four times more new business start-ups than in Worksop in the Nottinghamshire coalfield. One of the things that we must do is encourage entrepreneurial behaviour, whether in business or in the wider social setting—a point already made by my right hon. Friend. We must persuade ordinary working-class people to have wider perspectives and higher aspirations.

To come to the second issue that my right hon. Friend raised, we have all talked about the value of early years education. All three and four-year-olds who want a nursery place have one. The Sure Start scheme is a flagship project, and there will be a children's centre in every community. As well as providing universal services Sure Start needs to ensure that those who are most disadvantaged will benefit from those services. That will take subtlety and skill. We can take things further with nurse family partnerships and the incredible years programme. We need to focus on children and their families.

Thirdly, we need to make sure that people really have the assets that my right hon. Friend has talked about. I know that there are problems with child trust funds, or baby bonds, as they are called, but they are a vehicle—an example of investing in young people—that will provide long-term solutions. It is also important to provide decent housing for all. It cannot be right that young entrants are dependent on help from their parents to acquire property. We need to build more houses. We need to be clear, as the hon. Member for Tunbridge Wells knows, about where we should build those houses; and we need to build the right kind of houses, which will meet people's needs. They need to be smaller, more sustainable houses, near urban centres, not big, ranch-style houses in the countryside.

Fourthly, we need to transfer power. I am struck, as I go round the country, by the fact that people know the problems in their community, and often know the solutions, too. We should listen to those people and trust them. That requires a radical devolution of resources and decision making. Like my right hon. Friend, I have closely studied what the Chancellor, the next Prime Minister, is saying about those issues. It must be right that people in Darlington can provide different services from those provided in, say, Devizes; and that those in Nottingham can provide different ones from those in Newcastle. We must trust people, consider grass roots experience, identify and develop good practice, and give public services back to local people. Public services will survive only if they are owned by local people. That is a big challenge and we should take it forward.

There are tests for the Conservative Opposition in what I have said. There has been consensus in the debate, but there are tests, too. The hon. Member for Tunbridge Wells needs to commit himself to full employment, flexible policies for families, universal child care and its costs, and education for all rather than selection for a few in grammar schools—looking to the future, not the past. The debate has provided a platform for further discussion of the issue of an action plan on social mobility. I cannot promise it, but at least it is on the agenda. This discussion is about not just policies and priorities, but politics. People from the coalfield communities that I represent have always aspired to better for their children and grandchildren. It is a universal sentiment. We must be ambitious and aspirational. Politics, for all parties, will survive only if we are in a position to promise for the future, not look to the past, and to present policies for the many, not the few.

Extraordinary Rendition

11 am

Mr. Andrew Tyrie (Chichester) (Con): I shall give the Minister a second to settle in. I gather that he has just got back from Washington, so I am very grateful that he is here. I am not a human rights expert or a lawyer; I am a libertarian, and that is where my interest in this subject stems from. When I first got into Parliament, a decade ago, it never crossed my mind that I would ask for a debate on this issue, but then it never crossed my mind that Britain's leading ally, probably with the complicity of many western powers, including, perhaps, Britain, would develop a global programme of kidnap and torture. If someone had told me in 1997 that within a few years the United States would be arranging the torture of people and imprisoning large numbers of them in an illegal, offshore black hole for years on end, I simply would not have believed them.

It was Guantánamo that first led me to look into rendition. As a consequence of tabling many parliamentary questions to try to establish the limit of Britain's involvement in Guantánamo, the practice of extraordinary rendition was brought to my attention—first, as a consequence of some remarks made to me by a high-quality investigative journalist, Stephen Grey, who has since written a book on the subject. Shortly afterwards, the practice was again brought to my attention by an official who must remain anonymous.

Before I go any further, I must define some terms. What is extraordinary rendition? Rendition generally means the transfer of someone from one country to another outside all judicial or administrative due process. In that sense, it is not new: it has been practised and will continue to be practised between countries that do not have extradition agreements to cover such cases. Neither is it always wrong—Carlos the Jackal was rendered. Historically, many such renditions could be considered renditions to justice, as they enabled someone to be brought before a court. A uniquely pernicious aspect of the recent renditions, often called extraordinary renditions, is that their primary purpose is to keep those who are being transferred from justice. Worse still, a further purpose in many cases appears to have been to transfer those people to a place where they can be tortured.

Norman Lamb (North Norfolk) (LD): I was pleased to accompany the hon. Gentleman to Washington and New York, last December, to meet several Administration officials and others to discuss these very issues. Does he agree that apart from extraordinary renditions being morally wrong, they are wholly counter-productive given the efforts of this country and others to tackle global terrorism?

Mr. Tyrie: I completely agree; indeed, it was a central point that we both made to a number of people in the US Administration and on Capitol Hill, where we found wide agreement right across the party political spectrum—contrary to the impression that one might gain from UK press reports.

On the basis of extensive evidence, albeit much of anecdotal, it seems that many people—possibly several hundred—have been kidnapped in this way and taken to countries such as Syria, Egypt and Morocco, where a number of them have been horrifically tortured. That has all been planned and implemented by US personnel with assistance from several western and middle-eastern allies. I have been appalled by what I have uncovered in the past few years.

In December 2005, I set up the all-party group on extraordinary rendition with the help of the hon. Member for Sunderland, South (Mr. Mullin) and the right hon. and learned Member for North-East Fife (Sir Menzies Campbell), who was subsequently replaced when he was elevated to his current position, by the hon. Member for North Norfolk (Norman Lamb). We have had three main objectives throughout, the first of which is to bring these disgusting practices to wider public attention. The second is to do whatever we can to ensure that the UK is not involved in rendition. The third is to do what we can, however little, to persuade the US Administration to desist from the practice.

We have gathered a lot of information in support of the first objective. We have taken evidence from many lawyers who represent detainees who have been rendered, and from their relatives. Some of the accounts of their treatment are truly horrific. I do not intend to go through them all in detail, but it is important that people get a grasp of the scale of the problem. When one hears credible accounts of a British resident begging for mercy as his penis is cut with a razor, one gets a sense of what the innocuous phrase "extraordinary rendition" really means. An unnamed CIA operative was quoted in *The Washington Post* as saying:

> "We don't kick the shit out of them. We send them to other countries so they can kick the shit out of them."

With others, the all-party group has given greater public prominence to what has been going on, and we have tried to bring pressure to bear on several specific cases, including those of Benyam Mohammed and Bisher al-Rawi. Several MPs, some of whom might speak today, have worked tirelessly for the families of people who have been rendered, and I congratulate them on their work.

On the second objective—UK involvement—despite numerous requests from me and others, we have been unable to persuade the Government to condemn extraordinary rendition. In like fashion, the Government refused to condemn Guantánamo for years, but finally did so in 2006 as a consequence of pressure from the Law Officers. I do not want to live in a country whose Government choke at condemning kidnap and torture.

The Minister for the Middle East (Dr. Kim Howells): May I challenge that? I think that I was the first Minister to condemn Guantánamo Bay in the Chamber of the House of Commons, and I cannot recall ever in my career in this place any Law Officer putting pressure on me about anything. I did it for the reasons that the hon. Gentleman has given: because it is counter-productive to the fight against terrorism. I am sure that many of our colleagues in this House would condemn it for the very same reasons.

Mr. Tyrie: I congratulate the Minister on that. Did he do it before or after the Law Officers' speeches declaring that it was illegal?

Dr. Howells: I cannot remember any Law Officers' speeches. There might have been some, but I was not made aware of them. I made my speech of my own volition.

Mr. Tyrie: I note the sense of joined-up government that that reply implies.

In at least one case, that of Bisher al-Rawi, the UK security authorities appear to have been directly implicated in rendition. That case has yet to be investigated properly. I shall say more on UK involvement later but, first, I shall return to what I was saying about trying to persuade the US on this subject. As the hon. Member for North Norfolk pointed out, we went to Washington, with Mark Pallis, who is an extremely knowledgeable legal adviser to the all-party group, and met Condoleezza Rice's chief legal counsel, John Bellinger, and many other people in the National Security Council and on Capitol Hill. I was heartened that so many of those people find this practice as repugnant as we do. Indeed, a good number of them agreed with what the Minister just said, that Guantánamo Bay is counter-productive, and were prepared to tell us privately that they think that rendition is as well.

It is important to understand that rendition has not come as a bolt from the blue, but is part of a revolution in US foreign policy under George Bush that has made the whole of the west less secure. I shall say a few words on that subject at the end of my speech if I have time.

When I first expressed concern about the issue in the autumn of 2005, I was repeatedly challenged to provide evidence; by implication, the challenges suggested that there was no evidence and that the matter had been got up by a press brouhaha. Much remains to come out, but the existence of the practice whereby people have been kidnapped and taken to places where they may be tortured has now been confirmed by President George Bush, Condoleeza Rice and numerous CIA officers.

That comes on top of overwhelming evidence from a number of specific cases, such as those of Maher Arar. He is a Canadian who was detained in New York before being sent to Syria to be tortured. That created such a massive scandal in Canada that, after his release, the Canadian Government were forced to launch an investigation, after which they paid Canadian $10 million in damages for their complicity in his kidnap. Khaled Masri, a German citizen, was the subject of a Bundestag inquiry. He was kidnapped while on holiday in Macedonia and rendered to Afghanistan, where he was badly maltreated for several months in the so-called dark prison in Kabul. Abu Omar was kidnapped in Milan and transported to Egypt. His case is sub judice in Italy, I believe.

When challenged on extraordinary rendition, the US Administration qualify their admissions in several important ways. First, they challenge the allegation that they transfer people for the purpose of torture. Looked at closely, this is nothing more than legal obfuscation. The US does not want to be in breach of the UN convention on torture, which prohibits rendition

"where there are substantial grounds for believing that"

a person

"would be in danger of being subjected to torture."

The Government and almost all other western signatories to the convention take that to mean "a real risk" of torture. When Ministers have written to me on the subject, they have always used that phrase. A "real risk" means a significant risk. Laymen might take that to invite the question, "Would a reasonable man take that risk if he thought that he might be tortured?", to which the answer is clearly no.

The US Administration, on the other hand, have placed a reservation on their acceptance of that part of the torture convention. They take the UN convention's stipulations to prohibit rendition only when the risk of torture is more likely than not. That is how they have got off the legal hook. They would argue that they acknowledge that there might be a risk of torture when they transport a person to Egypt, for example, but that if the risk is less than 50 per cent., they are not in breach of the convention. It is on such legal casuistries that rendition has been allowed to take root in one of the world's leading democracies.

The US Administration add a second qualification to their obligations in their definition of what constitutes acceptable treatment. It is widely documented that in extra-territorial US bases, sleep deprivation, waterboarding, hypothermia and sensory deprivation have been widely used. Indeed, the Military Commissions Act of 2006 has further entrenched the legality of some of those techniques. The US Assistant Attorney-General, Jay Bybee, has further narrowed the definition of torture to mean only that which involves suffering equivalent in intensity to the pain of organ failure or death. As a Congressman has pointed out to us, both those qualifications bring shame on America and on the west.

When I ask Ministers questions about British involvement, I get the same answers in the same form of words. It is important to rehearse those once more. The Government say that they would "expect" the US authorities

"to seek permission to render detainees via UK territory and airspace (including Overseas Territories)"

and that they

"will grant permission only if we are satisfied that the rendition would accord with UK law and our international obligations".—[*Official Report*, 20 January 2006; Vol. 441, c. 441WS.]

Privately, and sometimes publicly, members of the US Administration vigorously point out that the UK has benefited from information obtained from renditions, and suggest that we are being pussy-footed and mealy-mouthed about the whole thing. Referring to rendition and possible maltreatment, Colin Powell said on television a year and a half ago that

"most of our European friends cannot be shocked that this kind of thing takes place".

George Bush has gone further by saying that intelligence gathered from renditions has thwarted attacks on Canary Wharf and Heathrow airport. I would be grateful if the Minister would confirm whether that is the Government's view.

How much is Britain involved? We simply do not know, and I suspect that the Minister does not know either.

Jo Swinson (East Dunbartonshire) (LD): I congratulate the hon. Gentleman on securing this debate on what is an important issue. Does he agree that some of our constituents are dismayed that Britain might be complicit

in such atrocities? There have been many reports that airports in the UK, particularly in Scotland, such as Glasgow, Edinburgh and Prestwick, have been used for rendition flights. Does he agree that it would perhaps be useful for those airports to adopt anti-rendition policies similar to Derry airport's, because that would give our constituents some peace of mind that we are not partaking of this horrific activity?

Mr. Tyrie: I strongly agree with those sentiments. If I get the chance later, I shall talk about some of the proposals that the all-parliamentary group has put forward to tackle the problem which, incidentally, build on proposals put forward by a Minister.

I said that I did not believe that the Minister knew all the facts, and I am reasonably confident about that. I hope that the Security and Intelligence Committee may be able to delve further and to retrieve more information. More than one year ago, the all-party group vigorously pressed the Committee to initiate an inquiry. I am pleased to say that it has done so, and that it has been working on the issue for some time. I have given oral and written evidence to the inquiry, and made the latter available to the public and to the Government. The Committee's report may not be conclusive, but it will make an important contribution to finding out the truth.

Although the Committee is better than nothing, we need to bear it in mind that it is a relatively new Committee and that it is still finding its feet in difficult territory. The fact that it does not have the investigative powers of a Select Committee, still less the powers of a United States congressional committee, is a problem. Also, it reports to the Prime Minister, who may redact its conclusions. I was particularly perturbed by the Committee's recent decision to sack its investigative officer rather than replace him. A Committee without such an officer will find it more difficult to perform its function to a level at which the public will have confidence that it has got to the bottom of the issues that it investigates.

I am sure of one thing on the issue of what has really happened: it is extremely implausible that the information provided by the Government, which the Minister will no doubt rehearse, represents the full extent of our involvement. In support of that, it is worth setting out the chronology. When challenged initially, the Government said that they had no knowledge of any renditions. Later, they identified two renditions, plus a couple of applications that they refused. Still later, they identified at least one more informal request.

Dr. Howells *indicated dissent.*

Mr. Tyrie: The Minister is welcome to intervene on that. In addition to that, there is an enormous amount of anecdotal evidence that UK airports have been used for rendition, as the hon. Member for East Dunbartonshire (Jo Swinson) said. The Council of Europe report provided some of the extensive circumstantial evidence on the issue.

It is hardly surprising that we have such little written information to go on, and that the Minister has so little straw with which to make bricks. In a written statement, the former Foreign Secretary, the right hon. Member for Blackburn (Mr. Straw), made it clear that what little we know has come from officials' personal recollections and that scarcely any documentation has been retained. In my view, that is wholly unacceptable.

Worse still, the Government have still not put in place a mechanism for ensuring that renditions do not take place in future. Nor have they reassured us that proper records will be kept. On the contrary, we are supposed to rely on assurances that the US Administration will make a request if they want to fly someone through the UK, and we are expected to leave it at that.

The truth—it will out, as it does in most democracies—is that the Government have almost certainly turned a blind eye to rendition. They have been determined not to allow a cigarette paper to come between them and their US ally, but Ministers are under no illusion that that is causing deep embarrassment. That was made clear in a leaked memo a little while ago, which suggested that whenever the subject is discussed the Minister concerned should do his best to move the discussion on to wider issues of UK participation in the war against terror. I do not have the leaked memo to hand, but if he wants to challenge me on it, I shall give him a quotation from it.

The UK's policy has quietly hardened, as illustrated by the tone of some written answers. The Minister will probably tell us today that those assurances will be demanded vigorously, but we cannot rely on assurances from the US Government; we need much more. With a group of leading public lawyers, including Nicholas Blake QC, Andrew Lydiard QC and Professor James Crawford, dean of the Cambridge university law school, and with the help of a number of pressure groups, including Amnesty International, Human Rights Watch and Liberty, as well as help from the New York university law school, we have put together a proposal to provide the public with something more reliable to give them confidence.

That proposal has been set out in documentation published by the all-party group. In summary, it says that this country must demand the basic information concerning any rendition: the destination, the legal regime that will apply when the person has been transferred, the legal safeguards that are available in that state, and evidence that the detainee was provided with an opportunity to challenge his or her transfer on the basis of his or her reasonable fear of being tortured or suffering ill treatment. It should also be a legal requirement that those requests, and the information obtained are recorded and that those records are retained. We should not have to rely on officials' anecdotal evidence from years back.

With the help of lawyers, I have examined carefully how such a measure could be brought into effect and I have been advised that it could be done by a relatively simple amendment of the Air Navigation Order 2005. Primary legislation would not be required, and I strongly urge the Minister to examine that proposal carefully.

I was heartened that the Minister told me in a letter dated 7 June, which I received by fax yesterday—I am grateful to him for giving me a copy of it without the day written on it this morning on his return from Washington—in response to my request in May for a

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Government response to my proposals. But I was depressed to note that the Minister said in his letter that he is

"yet to be persuaded that legislation would add real value...over and above the understandings which already exist".

He must grasp the fact that those understandings will not satisfy the public, and the reason is clear. First, there is a heap of circumstantial evidence about far more renditions than the four that the Government have been able to identify with the help of absent-minded officials. Secondly, so much material has been put before us during the past few years that public confidence has been corroded. There have been misused intelligence reports, dodgy dossiers, the suggestion that our troops could be attacked by Saddam Hussein within 45 minutes, and the Prime Minister's suggestion in the House that Saddam Hussein was within a year of obtaining a nuclear weapon. All that has eroded public trust, which is now at a low ebb. Assurances will simply not be enough.

My proposal is scarcely radical, and I fear that some hon. Members on my left may suggest that it is wholly inadequate, but at least it would make it clear that reasonable steps should be taken by public authorities to establish whether a rendition is taking place, and to collect the facts about it. What is the danger to the Government of pushing through such a modest statutory instrument? I hope that such a change, or something like it, will have the support of my Front-Bench colleagues.

I have a number of specific questions about UK involvement. I should be grateful if the Minister would tell me specifically whether it is now UK Government policy to oppose extraordinary rendition. Do they believe that it is morally wrong, as they now believe that Guantánamo Bay is wrong? What assessment have they made of its overall effectiveness as an anti-terrorist tool? Of course, I understand that the details of such an assessment cannot be put in the public domain, but surely some of the general conclusions should be made available in a democracy. Do the Government agree with Richard Dearlove's comments that were quoted in a recent programme and a recent journal that rendition has damaged the ability of the UK and the US to recruit high-quality spies? What is the UK's policy on the CIA's programme of so-called high-value prisoner transfers?

Do the Government believe that when a CIA chartered plane comes to the UK, it falls in the category of state aircraft for the purpose of permission, or in the category of civilian aircraft? What steps have the Government taken to check the allegations made in two of those programmes and in a book that UK intelligence personnel travelled in a number of planes that were being used for rendition?

A number of the Minister's colleagues seem to be as concerned as I am, and some have told me so privately. From time to time, the veil is lifted and they say so publicly. The Minister of State, Ministry of Justice, the right hon. and learned Member for Camberwell and Peckham (Ms Harman), has demanded a radical change in the rules—more radical than I have proposed. She has highlighted a loophole in international regulations and demanded that it be closed by renegotiation of the so-called Chicago convention, which ensures that signatories tell one another if hazardous substances or important people are being flown in or out. Unfortunately, that convention does not cover prisoners at the moment. She said that we needed to

"be absolutely certain that we don't have a situation where we are complicit in torture because our airspace is being used or planes are landing in our country and then taking off again."

I agree.

Other Members want to get into the debate, and rather than go into further detail with more questions, I shall ensure that the Minister has enough time to answer thoroughly. I may have further questions for him if he permits me to ask them during his response.

I shall draw a few general conclusions. In pressing this campaign, I have been motivated by five arguments, each of which is enough to require that the west's rendition policy should be challenged. First, there is the basic ethical point that to subject people to torture or to cruel, inhumane or degrading treatment is always morally wrong. Secondly, and this point has already been made in interventions, any information obtained or confessions signed in such circumstances are likely to be highly unreliable.

Thirdly, the evidence obtained can probably never be used to secure convictions. The maltreatment of so many detainees at Guantánamo Bay has turned the issue into a legal albatross for the Americans, making it difficult for them to secure convictions of detainees even when the evidence is strong. The Americans cannot bring those people before any court that the international community would recognise as being fair.

Fourthly, torturing people, and particularly the knowledge that we do so in many of the communities in which the terrorists may hide, makes counter-terrorism much harder. That is the point that Richard Dearlove made when he said that it made recruitment and the gathering of information much more difficult. I am confident that our intelligence services are against extraordinary rendition. They know that it makes us less not more safe, and it makes their job more dangerous, too.

Fifthly, and just as importantly, the countries that practise or condone rendition undermine the very values that we in the west seek to export. Rendition inflames the very communities whose support we most need to combat terrorism.

For all those reasons, I hope that the Minister will make a start by speaking out strongly against rendition, and by working vigorously to persuade the Americans to change policy. The "hug them close" approach that the Government have pursued has left Britain without any foreign policy at all on those issues. The Minister looks shocked, but I assure him that that is what the vast majority of the British public think. However, every time I ask a Minister to dissent from that policy, even a little, they persistently fail to do so. The Prime Minister—I admit he is Prime Minister for only one more day—failed to do so at the Dispatch Box late last year.

As with the US Administration, we have grown accustomed to hearing apparently firm statements that Britain is not involved, that we have searched our files and found nothing and the like, but so far we have not had that core condemnation from the Government to

match their belated opposition to what has happened at Guantánamo Bay. Even ignoring the wider impact of the issue, or the immorality of it, a policy of torture will always be counter-productive. It makes us less secure, which is why Israel and the Israeli army abandoned its use. The French learned that lesson in Algeria, and the British learned it very early on in Northern Ireland.

At the outset I said that if I had time at the end of my speech, I would put rendition in a wider context, which I shall now do briefly.

Extraordinary rendition is part of a wider, failing US foreign policy. By setting aside international law and compromising the standards that all western democracies aspire to, the US has let us all down in the west. It is part of their radical unilateralist departure from post-war multilateralism, sitting alongside regime change and pre-emptive action. The plain fact is that all those policies have failed and are now seen to have failed. Extraordinary rendition has failed.

One cannot torture and expect democracy to grow at the same time; one cannot sing the praises of western open societies while kidnapping people from the very communities and faiths that one wants to convince; and one cannot win hearts and minds with the illegal use of force.

With luck, the dangerous Bush-Blair experiment is coming to an end. Ironically, the debate in Washington—the Minister has just returned from Washington—is well ahead of us. While we hear tentative talk about moving on from the Bush-Blair doctrines in London, we witness its death throes across the Atlantic, and we witness also a superpower's Administration paralysed by failure and attacked on all sides, particularly from within the ranks of the Republican party.

A new Prime Minister has a chance for a fresh start. The Government can do their bit to deflect Americans from that policy by dissenting from it vigorously and publicly. The Government can start today by committing themselves to at least consider putting some proposals on the statute book to bring this disgusting practice to an end.

Several hon. Members *rose—*

Mr. Eric Illsley (in the Chair): Before calling further hon. Members, I must note that I intend to call the Front-Bench spokesmen no later than 12 noon, so if hon. Members could try to stick to that timetable, every speaker should be accommodated.

11.37 am

Sarah Teather (Brent, East) (LD): I congratulate the hon. Member for Chichester (Mr. Tyrie) on obtaining the debate, and I congratulate him and his colleagues, the hon. Member for Sunderland, South (Mr. Mullin) and my hon. Friend the Member for North Norfolk (Norman Lamb), on their work with the all-party group on extraordinary rendition, of which I am a member. The hon. Member for Chichester has done a great deal to bring the issue to light, and particularly in Parliament, where we have all been able to see the extent of the problem and to raise issues about Government complicity.

I endorse the hon. Gentleman's recommendations to the Government, but I shall not repeat them. I wish to tell the stories of two of my constituents. I am in the unusual and undoubtedly invidious position of having two constituents who have been victims of this insidious practice. I am also chair of the all-party group on Guantánamo Bay, which is where both constituents ended up after they were picked up from various African countries.

One of those constituents, Martin Mubanga, is now home and trying to piece his life together. I saw him this week, and he still has nowhere to live. He is lucky, however, because he has dual British-Zambian citizenship, and the Government eventually got him out of Guantánamo Bay and returned him to his home just before the 2005 general election.

The other of those constituents, Jamil el-Banna, is a refugee. He is Palestinian and of Jordanian nationality, so he is effectively stateless in the context under discussion. The Government have disclaimed any responsibility for him, effectively leaving him to rot, and the worry is that he will be returned to Jordan, where he was tortured before coming to the UK. That would be an absolute disaster, so he remains in Guantánamo Bay, where he has been for four-and-a-half years, despite the US having cleared him for release a couple of months ago. The UK Government refuse to bring him home. Martin's and Jamil's cases are deeply disturbing, not least because in both there are serious allegations about British security service involvement in their rendition.

Martin Mubanga is an Islamic convert of Catholic parents. In October 2000 he left for Pakistan to study Islam and Arabic. He spent time in Peshawar before entering Afghanistan, studying at madrassahs in Kabul and Kandahar. He had intended to return to Britain on a flight from Karachi on 26 September 2001, and planned to travel across the border by bus, but all the buses stopped running after the terrorist attacks of 9/11. He hid in Kandahar during the American bombing, and there he realised that his passport and will had gone missing. Eventually, he managed to get to Pakistan. From there, he used his Zambian passport to go to Zambia, where he was joined by his sister and stayed with family members.

In March 2002, *The Sunday Times* reported that Martin Mubanga had been arrested in Afghanistan, but of course he was not in Afghanistan. He was in Zambia; it was somebody travelling on his passport who had been arrested. He was eventually arrested in Zambia, held in a police station for two nights and interrogated by an American official and a British official who called himself Martin and said that he worked for MI6. The man produced Martin's British passport, along with a list of Jewish organisations in New York and a military training manual that he claimed Martin had handwritten, and said that they had been found in a cave in Afghanistan. The handwriting in the manual did not match Martin Mubanga's. He says that they tried to recruit him as an agent, asking him to settle in South Africa or Leeds so that he could go undercover. He refused.

In March 2002, Martin was loaded on to a plane by men in balaclavas and flown to Guantánamo Bay. He was denied the opportunity to call family members who could prove that he travelled on a valid Zambian

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passport. In October 2004, his combatant status review tribunal confirmed that the grounds for his detention were that he had travelled to Zambia on false documents and that he had been on a mission to assess targets in New York. Military lawyers later reviewed the evidence and found that it was deeply flawed. Martin was eventually cleared for release and he returned to the UK in January 2005.

Martin appears to be the first British citizen known to have been subject to rendition. Handing him to the Americans without an extradition hearing was illegal. The question is, to what extent were British agents involved? Interestingly, published flight logs show that the CIA Gulfstream executive jet used in March and April 2002 to transport Martin to Guantánamo Bay was the same jet that had visited British airports more than 20 times since 11 September 2001 and that was used to render my other constituent, Jamil el-Banna. It is curious that there is such an overlap in the two cases.

If there are questions about the involvement of British security officials in Martin's rendition, there are many more about their involvement in Jamil el-Banna's. Jamil el-Banna and his close friend Bisher al-Rawi, to whom the hon. Member for Chichester referred, were arrested with their travelling companions, who were both British, on their arrival in Gambia at Banjul airport. Their story began much earlier, because Bisher al-Rawi had been working as an intermediary for MI5 for many months, possibly years. I hope that when Bisher tells his story, we will know the extent of his involvement and the extent to which his handover based on information from British security officials was a breach of their relationship with him.

Bisher had been helping MI5 make contact with the radical cleric Abu Qatada. Jamil el-Banna's contact with Abu Qatada was also known to MI5, and some of it was sanctioned. For example, when Abu Qatada was arrested, Jamil was called to taxi his wife and children home, and officials expressly thanked him at the scene. We have learned since then that MI5 had also tried to recruit Jamil el-Banna, offering him a new life and identity. He said that he did not want it; he wanted to remain where he was, because he was a family man and his five British children—four at that point—went to British schools. We have also learned since then that MI5 passed on to the US authorities the information leading directly to the men's arrest, and that that information was deeply flawed, because the telegrams sent by the security services to the unidentifiable foreign Government have been released. They were released during court cases and investigated by the all-party parliamentary group on extraordinary rendition.

On 1 November 2002, when the two men first attempted to travel to Gambia, they were arrested by British officials who believed that an electrical device in their luggage appeared suspicious. They were released days later, claiming that the device was entirely innocent, but during the period between their first and second attempts to travel, telegrams were sent stating expressly that a suspicious device was in their luggage, that both of them were members of Abu Qatada's circle of close friends and that Jamil was assessed to be Abu Qatada's financier—a statement that even the CSRT in Guantánamo Bay rejected, I hasten to add.

The telegrams claimed that Abu Qatada had extensive links to a wide range of terrorist groups, including the al-Qaeda network, and that the security services would be interested to learn whether the Gambians could cover the individuals while they were in Gambia. When the men attempted to fly again on 8 November, a telegram gave exact spellings of the men's names for check-in, their flight details and their time of arrival, saying that this communication should be read in the light of earlier communication.

It would be hard to show that British information did not lead directly to those men's arrest. I understand that the Intelligence and Security Committee is investigating the extent to which Britain was complicit, but surely it is not controversial to state that the information led directly to their release. Whether British intelligence knew that it would lead to their release is a matter of semantics, but it is not controversial that information provided by the British led to the men's arrest. It is also clear from the information that has come from Guantánamo Bay that both Bisher al-Rawi and Jamil el-Banna have been questioned almost exclusively on the basis of information provided by British security services.

In the months during which the two were first questioned, about a month of questioning took place in Gambia. On 8 December 2002, while habeas corpus procedures were pending, Bisher and Jamil were flown from Banjul to Kabul, where they were sent to the dark prison. It appears to have been a classic CIA rendition. They were detained by a group of seven or eight men dressed entirely in black and wearing full-face black masks. The prisoners' clothes were cut off and they were dressed in nappies and jumpsuits and rendered aboard CIA Gulfstream jet VN379P, which began from Washington Dulles airport and then flew to Banjul. The flight left Banjul and flew to Cairo, where it refuelled, and then to Kabul in Afghanistan. Gulfstream VN379P was re-registered as N8068V, so we know which jet took them. As I said, it appears to be the same one that rendered my other constituent.

In Bagram and in the dark prison, both men were subjected to extreme torture—sleep deprivation, extremes of noise and temperature, and beatings. If you will forgive me, Mr. Illsley, I shall place on record what would otherwise be unparliamentary language. At this point, Jamil el-Banna was subjected to a threat "that they would fuck his wife"—a clear and particularly offensive threat to rape his wife in the UK. Both men allege that they were subjected to similar mistreatment in Guantánamo Bay.

A few months ago, Jamil el-Banna was finally cleared for release. I am delighted that the Minister has been willing to put on record his condemnation of Guantánamo Bay. I hope that today he will similarly put on record his condemnation of the extraordinary rendition of both my constituents, but I add that I do not want just condemnation. We have heard the British Government's condemnation of Guantánamo Bay for some time now, but that has not forced them to act on it. My constituent remains in Guantánamo Bay, one of a number of British residents still there. If this Government really believe that Guantánamo Bay should close—if they really believe that it is so morally

corrupt—perhaps they will finally act on that belief, bring my constituent home where he belongs and accept responsibility for him at last.

11.48 am

Tony Baldry (Banbury) (Con): One of the poets of the first world war, when asked what he was fighting for, picked up a chunk of English earth. It graphically described what he believed. I think that if one were to ask British soldiers in Iraq or Afghanistan what they were fighting for, they would not do quite the same thing, but they would say that they thought they were fighting for freedom, liberty, the rule of law and democracy—for concepts important to them. If one reflects on those concepts and then on the reality of Guantánamo, one sees that it is the antithesis of everything that we in this House collectively believe in.

I voted against the war in Iraq simply as a lawyer. I believed it to be contrary to international law, not having the necessary UN approval. It is no joy to those of us who felt that way that that lack of legal authority has made the coalition's situation throughout the conflict in Iraq very much more difficult.

Guantánamo was deliberately set up to be outside the legal structures. Only yesterday, an article in the *International Herald Tribune* stated:

> "Guantánamo was chosen for the prison camp in the first place because, while it is an American military installation, it is not on American soil and thus not as subject to American law as are prisons within the United States...Administration hard-liners have opposed housing the prisoners in the United States, at least in part because they would presumably have legal rights and thus be able to challenge the conditions of their confinement and interrogations."

Everyone in this House must start from the premise that deliberately setting up an extra-legal jurisdiction, to exclude individuals from the rights of law and the basic concept of habeas corpus, destroys everything in which this country has believed since Magna Carta and beyond. If a major ally pursues those policies, its approach is fundamentally flawed—and, what is more, totally counter-productive. If the United Kingdom and the United States seek to say, "We believe in democracy and have the moral high ground," how on earth will Guantánamo play out in the refugee camps of Gaza, the streets of Peshawar or the back alleys of Kandahar? It is all completely counter-productive, and I think that we all agree on that.

Given that background of actions by the United States, the Minister has to accept that it is not a huge leap to infer reasonably, from the evidence of the hon. Member for Brent, East (Sarah Teather)—eye-witness evidence from UK citizens who have been rendered—that such practices have been going on.

I want to draw the attention of the House to two recent incidents; the first has not been raised until now. A couple of weeks ago, the *Daily Mail* and *The Mail on Sunday* reported that a US CASA 212 plane landed at RAF Mildenhall on Saturday 2 June. The flight took off from Camp Peary, which is reputed to be a CIA training facility. It was last seen in Malta, clearly close to the middle east. I understand that the plane registration number was one that the European Parliament and the Council of Europe had identified as being used to render prisoners. When the flight landed at Mildenhall, it was surrounded by US military. The Minister has to accept that each and every time such incidents occur, the very strong suspicion that US flights are rendering prisoners through UK airspace is further reinforced.

There are also the interesting observations of the new deputy leader and chairman of the Labour party, the former Minister at the Department of Justice; I am not sure exactly when the transition will take place. Those of us who have been in government know that one of the difficulties is reconciling lines to take. Understandably, that is a particular issue for the Foreign Office because one has to clear, around Whitehall, the position that one is taking.

We know that the Minister whom I mentioned, the right hon. and learned Member for Camberwell and Peckham (Ms Harman), is a decent person, and I am sure that that is why she has been elected deputy leader and chairman of the Labour party. Presumably, she will become Deputy Prime Minister, but she was recently Minister at the Ministry of Justice. As my hon. Friend the Member for Chichester (Mr. Tyrie) said, very recently, in that capacity, she asked for what was perceived to be a loophole in the convention on international civil aviation, known as the Chicago convention, to be closed. That loophole means that although the UK Government have to be formally notified if flights contain hazardous material or VIPs, they do not have to be notified about those that contain prisoners. To me, what she did looked like the Ministry of Justice trying to reconcile lines to take—why, otherwise, would the Minister have raised the issue at all?

It strikes me that the Minister was seeking to say to other Government Departments, "Look, the suspicion must be that the Foreign Office says that it knows nothing about anyone being rendered through UK airspace because the US Government do not have to tell us, so we officially do not know. Actually, we do know and there is heavy suspicion that it happens, so we should reconcile the situation by making it obligatory for us to be told and removing the loophole from the convention." That was a clear signal that something is amiss—otherwise, why would the issue be raised at all?

I thought it pretty feeble of the Association of Chief Police Officers simply to look at media reports. Given that reports have been done by the Council of Europe, the European Parliament and others, it must be in the Government's best interests to co-operate fully with the Intelligence and Security Committee so that we put the issue to bed once and for all.

The bottom line is this: clearly, rendition has been established to remove people from a civilised legal jurisdiction and take them to places where things that others would rather we did not know about—and would be unacceptable if they occurred here or in the United States—can happen. At the beginning of the 21st century, that is morally wrong and extremely short-sighted. I suspect that it puts our troops in Iraq and Afghanistan in jeopardy. If we are not treating other human beings with respect, some may believe that when our soldiers are captured, they do not have to treat our men and women with respect. The situation is wrong, short-sighted and counter-productive.

The Minister is very forthright. I hope that he will condemn the practice of extraordinary rendition with the clarity and fervour with which the Prime Minister, the Foreign Office and now Ministers collectively have been condemning Guantánamo Bay.

11.57 am

Richard Younger-Ross (Teignbridge) (LD): I congratulate the hon. Member for Chichester (Mr. Tyrie) on bringing this issue to the House and on all the hard work that he has done on it as chairman of the all-party group on extraordinary rendition.

We are debating an important and serious issue today. I shall come to what the hon. Gentleman said in a minute, but first I turn to my hon. Friend the Member for Brent, East (Sarah Teather). She outlined two cases for which there is documented evidence of British citizens and others being rendered with the complicity and help of British intelligence services. Her evidence alone brings me to one of the two promises that I want the Minister to give today. That is that there must be, should be and has to be a full and proper inquiry into the allegations.

As has been said, we need to go further than previous inquiries, which considered only newspaper evidence. We need an inquiry that will not only take evidence from people such as those whom my hon. Friend mentioned, but go to the places from which they were rendered and conduct a proper investigation into what they allege happened to them.

Only when that has been done, and we have firm evidence, can those allegations be proved false or correct and will the point just raised by the hon. Member for Banbury (Tony Baldry) be dealt with. It is a serious point. Why should other countries or groups respect international law when they can clearly claim that we—Great Britain and America—are not respecting it? Why should they not kidnap and hold people, as they currently do, if they believe that we are doing the same? It is one rule for one, and a different one for others. That is a justification that they use, and, unless we can put it to rest, it will be hard for us to argue that they are wrong and to negotiate with them on the basis that they are morally and legally wrong. In an inquiry, we would be able to say, "Yes, we have committed an error and we will correct it and ensure that it does not happen again." However, whatever course we take, I hope that the Minister will take up that point.

The hon. Member for Chichester listed a number of cases that need to be answered. The evidence that he gave today and that he has found from his own inquiry both reinforce the need for a full and proper inquiry. I shall not address all his remarks, but he made some very good points on definition. I notice from the papers that we have been given that the definition of real torture is used, and is used even by the Minister. The foreign affairs spokesman for the Conservative party, the right hon. Member for Richmond, Yorks (Mr. Hague), tabled a written parliamentary question that said:

"To ask the Secretary of State for Foreign and Commonwealth Affairs what her Department's response is to the allegations concerning the UK in the November 2006 report of the Temporary Committee on the alleged use of European countries by the CIA for the transportation and illegal detention of prisoners."

In his response the Minister used words that cause concern. He said

"We have found no evidence of detainees being rendered through the UK or the Overseas Territories since 1997 where there were substantial grounds to believe that there was a real risk of torture."—[*Official Report*, 28 February 2007; Vol. 457, c. 1386W.]

However, the Minister's departmental superiors have already accepted that there were cases of application for rendition, and as I have not seen the evidence, I would be interested to know where those people were rendered and whether their rendition to that destination might have led to a risk of torture. If the Minister cannot answer that point now, perhaps he could write to us later.

It is extraordinary that the EU has claimed that there were 1,250 CIA flights through Europe. We know of a number of flights involving the UK. My hon. Friend the Member for Twickenham (Dr. Cable) tabled a written parliamentary question to the Secretary of State for Defence, the right hon. Member for Kilmarnock and Loudoun (Des Browne), that asked on what dates

"since 1 July 2006 the aircraft with the registration HZ-124 has landed at RAF Brize Norton; on what basis this aircraft is allowed to use RAF Brize Norton; and what fees have been paid to his Department."

In his reply, the Secretary of State answered:

"Since 1 July 2006, aircraft HZ 124 has landed 14 times at RAF Brize Norton."—[*Official Report*, 21 May 2007; Vol. 460, c. 1052W.]

We would all like to know what that aircraft was doing and why it landed 14 times. I accept that there is a lot of smoke, but we do not necessarily have the proof of a fire. Generally, however, where there is smoke there is fire.

The CIA is not going to tell us that they are undertaking extraordinary rendition. Common sense says that, if one is breaking international law, one does not run up a flag and say, "Right chaps, we are breaking international law." Likewise, if we are complicit in helping the US to break international law, we are not going to say so. It is quite possible that those in the UK who might be complicit have not even told their superiors or advised Ministers. That comes back to the issue of justice and the need for an inquiry to consider the evidence and to determine the purpose of the flights into and out of the UK.

The point made in relation to the right hon. and learned Member for Camberwell and Peckham about recognition of loopholes is significant. In all the evidence that has been presented to various Committees, the Ministers and Secretaries of State have always categorically denied that anything else needed to be done and that everything was watertight. We were told that there was no rendition and that, apart from the three cases about which we were informed, there could be none. The reason given was that the Americans are nice people and would therefore tell us if the situation was otherwise. I am not convinced.

I shall conclude so that the Minister has plenty of time to deal with the two promises that I mentioned: the promise to have an inquiry and secondly whether he will say categorically for the record that extraordinary rendition is wrong, that he believes that to be case, and that the Government will do all in their power to end it.

12.5 pm

Mr. Geoffrey Clifton-Brown (Cotswold) (Con): I congratulate my hon. Friend the Member for Chichester (Mr. Tyrie) not only on obtaining the debate but on all the work that he has done in the all-party group. He has

done the House a great service. I congratulate the hon. Member for Brent, East (Sarah Teather) on her erudite description of the circumstances of her two constituents and my hon. Friend the Member for Banbury (Tony Baldry) on his usual clear and concise exposition of the subject.

There is a long history of rendition: the handing over of someone by force from one place to another—sometimes one country to another. There are many examples; the exile of Napoleon might be taken as one. More recent examples include Ramzi Yousef, who masterminded the 1993 bombing of the World Trade Centre, and Carlos the Jackal, to whom my hon. Friend the Member for Chichester alluded. The European Commission on Human Rights, however, interestingly rejected Carlos's claims that his rendition from Sudan was unlawful.

There is a difference between rendition and extraordinary rendition. Extraordinary rendition involves the transferring of individuals either for interrogation to countries that might have a record of using torture or to prevent the judicial system of a country operating against an individual.

US laws and international treaties prohibit the transfer of suspects to countries where they are likely to face torture. Indeed, the US has given us assurance that it does not render detainees to any country for the purpose of interrogation that uses torture, or to a country where he or she will be tortured—I stress the word "will". Those assurances are welcome. However, there is still a risk that, when detainees are rendered to a third country, that process might lead to torture. In such cases, there is a risk of losing control over the conditions such that a detainee might be held and tortured.

Our Government and security services bear a great responsibility to act effectively against that threat; they must be vigilant and act decisively, sometimes even pre-emptively. The security of a state's citizens is a paramount obligation of that state. Since the dreadful events of 11 September 2001, we have all faced a particular challenge and a huge difficulty in locating those who would attack us, and in being at war with an entity that is not a state. My party recognises that one of the many difficult issues in such a conflict is what to do with captured individuals whom we know or believe to be terrorists. They come from many countries, and are often captured far from their original homes. Among them are those who are effectively stateless. The hon. Member for Brent, East indeed said that her constituent was rendered effectively stateless at one point.

Many such people are dangerous, and some have information that might save lives—perhaps even thousands of lives. Nevertheless, we must uphold those values whose benefit we enjoy, that we want to protect, and that we want to encourage others to take up. Extraordinary rendition is an emotive subject that requires objective examination.

We understand that captured terrorists of the 21st century do not fit easily into traditional systems of criminal or military justice, which were designed for different needs. We must adapt, and Governments other than that of the United States are now also facing that challenge. However, the Conservative party believes that we must conduct our foreign policy in a way that does not deviate from our values, central to which is the deeply held belief in the primacy and inviolability of individual human rights. If we allow human rights to suffer while we pursue our legitimate national interest, we will all have failed.

The attacks in New York, Nairobi, Bali, Madrid, Beslan, Casablanca, Istanbul and even London cannot be ignored. They serve as a reminder of the reach of terrorists and the extremes to which they will go to hit our civilisation. Human rights do not apply solely to the western world, nor are they standards from which particular cultures or religions can choose to opt out. They are, and should be, universal.

Likewise, international prohibitions of torture are universal and absolute. The law is absolutely clear that there can be no derogation from those prohibitions under any circumstances, including those of war. That is the key issue, and the debate has not yet quite got to it. It is not just a legal issue; where there are abuses, despair and resentment will surely grow. That serves the interests of those seeking to recruit for violent causes. If we are to win the war on terror it is absolutely paramount that we have the moral advantage. If we do not, as my hon. Friend the Member for Banbury asked, how can we expect others to uphold the same values? If we succumb to lower standards, it gives the terrorist the excuse to carry out his dreadful acts and to recruit others to do the same.

Sarah Teather: Does the hon. Gentleman agree that there remain questions about whether the British Government have been aware of stop-overs of CIA-operated aircraft and whom they have contained? The Minister grumbled quietly to himself when my hon. Friend the Member for Teignbridge (Richard Younger-Ross) raised that point in an intervention, but I wish to put on record that among the aircraft that have been shown to be used by the CIA and have stopped—

Mr. Eric Martlew (in the Chair): Order. Interventions should be short.

Sarah Teather: I will be very quick.

Mr. Eric Martlew (in the Chair): Yes, you will be very quick, you are right.

Sarah Teather: Okay. Among those that have been shown to be—

Mr. Eric Martlew (in the Chair): Order.

Mr. Clifton-Brown: I am grateful to the hon. Lady for her intervention. I have a big section in my speech on that, but due to the time I do not think I am going to reach it. I entirely agree with her that the matter needs to be examined.

Accusations and testimony of extraordinary rendition flights leading to the torture of suspects have led to a critical erosion of our moral authority. In standing up for the rule of law, we must be careful not to employ methods that undermine it. To do so would set a poor example to those who look to the western world for leadership.

There is a need to find a better way to address the problem that the detention centres were designed to solve, and we must guard against possible long-term

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miscarriages of justice. As others have said, the Abu Ghraib abuses were a truly shameful episode and showed that departures from our normal standards of human dignity can cost lives. If such a culture has been allowed to develop, it must be tackled at a senior level.

The hon. Member for Teignbridge referred to the answer given to my right hon. Friend the Member for Richmond, Yorks (Mr. Hague). It is worth repeating that in 2006 the then Foreign Secretary, the right hon. Member for Blackburn (Mr. Straw), gave my right hon. Friend the assurance that

"the US would not render a detainee through UK territory or airspace (including Overseas Territories) without our permission."—[*Official Report*, 20 January 2006; Vol. 441, c. 38WS.]

That was a fundamental assurance. The present Minister also stated that the Government

"would not facilitate the transfer of an individual from or through the UK to another State where there were grounds to believe that the person would face a real risk of torture."—[*Official Report*, 20 December 2005; Vol. 440, c. 2840W.]

Those were pretty substantial assurances. However, I am keen to be reassured by the Minister. Will he give me an absolute assurance that the British Government totally reject extraordinary rendition? He gave such a clear assurance on Guantánamo Bay, and a frank assurance on rendition would go a long way towards putting the issue to bed.

I have one or two other questions. Will the Minister assure us that he has no information of British territories or airspace actively or passively being used for extraordinary rendition? Have any arrangements been made to enable the refuelling at military airfields of civilian aircraft with passengers destined for extraordinary rendition? The essence of the finding of reports by Amnesty International on 4 April and 14 July 2006 was that civil aircraft on charter to the CIA, with people on board selected for transfer by the CIA, were permitted to land and refuel at our civil and military airfields, possibly for the purpose of extraordinary rendition. Can the Minister give us any information about that?

In an agreed transcript of evidence given to the Joint Committee on Human Rights on 27 March 2006, it was stated that the Foreign Secretary had made it plain that there was not

"any evidence to show that there are people on board those planes which do land here who are being transferred for the purposes of extraordinary rendition".

If a Defence Minister was able to give such an assurance, will the Minister repeat it today?

Why was clearance given to planes to land at military airfields in the UK? It is accepted that the Department for Transport instructed the Civil Aviation Authority to give clearance for aircraft identified as being on charter to the CIA to land at civil and military airfields in the UK. Did the Foreign and Commonwealth Office instruct the DFT and, if not, at whose behest were the instructions given? Why were they given without the Government having full knowledge of the purpose of the arrangements involved? Why was not any attempt made over the years to discover the purpose of the 185 flights in question? We shall continue to hold the Government to the assurances that the then Foreign Secretary gave in 2006.

We must work not to undermine the foundations of international law and the rules that exist to protect human rights, and we must ensure that, wherever possible, it is the power of our example, not the power of our armed forces, that imposes those rules. The rules of international law and human rights matter fundamentally, and the perception that they may be bent, whether selectively, deliberately or as a consequence of inadequate attention to the risks attendant on our actions, damages our moral authority and international standing. By undermining our achievements and complicating the task ahead it may, ironically and tragically, make us less rather than more safe.

12.17 pm

The Minister for the Middle East (Dr. Kim Howells): I am sorry that I have barely 12 minutes to answer a huge number of questions, but I welcome the opportunity to try to do so. I thank the hon. Member for Chichester (Mr. Tyrie) for giving us the opportunity to debate the issue. There have been persistent allegations that the Government have refused to address rendition fully and openly and that we have somehow sought to evade accountability to Parliament. The debate is an opportunity to set the record straight.

I wish at the outset to tackle two persistent myths about rendition. First, and in answer to some of the questions asked by the hon. Member for Cotswold (Mr. Clifton-Brown), who made a typically thoughtful and measured speech, I reiterate that the Government have not approved and will not approve a policy of facilitating the transfer of individuals through the United Kingdom to places where there are substantial grounds to believe that they would face a real risk of torture.

Secondly, I reject totally the allegation that the Government have refused to address the issue fully and openly. In fact, we have done everything we can to keep the House informed and co-operated fully with international inquiries into rendition, including by the Council of Europe and the European Parliament.

I recently wrote to the hon. Member for Chichester, further to the work that he and the all-party extraordinary rendition group, which he chairs, have done on the issue. I underlined in my letter that we carried out extensive searches of official records and found no evidence that detainees were rendered through the UK or overseas territories since 1997 if there were substantial grounds to believe that there was a real risk of torture.

In his letter, the hon. Gentleman called for new legislation to prescribe how any future requests for rendition through the UK should be dealt with. I am not persuaded that new legislation would add practical value, but, given the work that he and the all-party group have done, I have asked my officials to consider the matter further to confirm that assessment, and I hope that he will welcome that.

As the hon. Member for Cotswold reminded us, the term "rendition" is inexact. However, the Government's policy is clear: the facts of each individual case will determine whether any particular rendition is lawful. Neither the hon. Member for Chichester nor the hon. Member for Cotswold mentioned that there are many other states that "rendite" people. Some of them are

geographically close to us. If we are requested to assist another state and our assistance would be lawful, we will decide whether to assist, taking into account all the circumstances. We would not assist in any case if it would put us in breach of UK law or our international obligations.

In 1998, the US made four requests for permission to render one or more detainees through the UK or overseas territories. Records show that the Government refused two requests and granted two others. In both cases where permission was granted, the detainees were subsequently tried on criminal charges in the US. One pleaded guilty to murder, and the other was charged for his part in the 1998 attack on the US embassy in Nairobi. He was sentenced to life imprisonment. I do not believe that the hon. Member for Chichester is criticising the substance of the decisions that Ministers took in 1998. Certainly no other commentator has criticised the decisions. The hon. Gentleman made a fair case for improving our procedures and made several helpful proposals to that effect, but we should keep the issue in perspective.

In its fourth report, "Foreign Policy Aspects of the War against Terrorism", which was published last summer, the Foreign Affairs Committee concluded that although there had been speculation about the complicity of the British Government in unlawful rendition,

"there has been no hard evidence of the truth of any of these allegations."

I commend that conclusion to the hon. Gentleman.

I followed the hon. Gentleman's argument closely. At one point, he said that the Minister almost certainly would not know the facts. I believe that he said that a couple of times. He will not enjoy my saying this, but that is the usual conspiracy theory mantra. The only people who know the facts are, of course, the conspirators and those who indulge in conspiracy theories. They always know the truth; they always know the facts.

Ministers can never know the facts because, as the hon. Member for Teignbridge (Richard Younger-Ross) said, their superiors would not tell them the facts. I know that the hon. Gentleman has not been a Minister—chances are that he never will be one because of the party that he belongs to—but I can tell him that he clearly does not know how Departments work. Also, it is incredibly insulting to be told that I have been kept in the dark, and that I would not know about such things, as if perhaps I do not care enough to try to find out about them.

Richard Younger-Ross: Will the Minister give way?

Dr. Howells: I shall not give way. The hon. Gentleman talked for too long as it is, and I have only a few minutes left. Back-Bench speeches were supposed to end at 12 o'clock, and we were supposed to start the winding-up speeches then, but that did not happen.

Richard Younger-Ross: Will the Minister give way?

Dr. Howells: I shall not give way.

Richard Younger-Ross: *rose—*

Mr. Eric Martlew: Order. I understand that the Minister will not give way. Of course, it is up to the person in the Chair when winding-up speeches will start.

Dr. Howells: Thank you, Mr. Martlew. There has been confusion about this because your predecessor in the Chair said that winding-up speeches would start at 12 o'clock. They did not—they started at six minutes past 12, and the hon. Member for Teignbridge knows that full well.

Richard Younger-Ross: On a point of order, Mr. Martlew. Would you clarify that the winding-up speeches did start at 12 o'clock? I spoke for only seven minutes, and I was part of the winding-up process.

Mr. Eric Martlew (in the Chair): That is not a point of order, but you started at 11.57 and finished at 12.05.

Richard Younger-Ross: Thank you, Mr. Martlew.

Dr. Howells: There we are, then: 12.05, not 12.06. Let us get back to the business in hand.

The hon. Gentleman would, of course, say that the Minister would not know, and, unfortunately, so would the hon. Member for Chichester, because there is an assumption that they have a monopoly on compassion and opposition to torture. I believe that torture is wrong in every respect, and I will fight the corner for not using it or any technique that puts an individual in a position in which, for the sake of getting intelligence or information out of them, their human rights are degraded and they are treated in an abhorrent way.

Mr. Clifton-Brown: May I again press the Minister to make a statement here today that the British Government utterly refuse, refute and condemn anything to do with what is commonly known as extraordinary rendition involving torture?

Dr. Howells: Absolutely. I give that undertaking totally. We are completely opposed to such activities. They are a violation of every international treaty that we have signed up to and of British law, and I hope that that is clear.

Mr. Tyrie: Will the Minister clarify whether in saying that he is condemning the policy that the United States has developed during the past seven or eight years for large numbers of extraordinary renditions? Is it British policy publicly to make our Government's dissociation from that policy crystal-clear to the Americans?

Dr. Howells: No, I am not criticising American Government policy. The hon. Gentleman assumes that the Americans are torturing people. I certainly do not have such information, but he *is* very clear about it. I disagree entirely.

Mr. Tyrie: Is the Minister seriously suggesting that the overwhelming body of evidence that has been produced in Washington to show that the Americans have been engaged in rendition, a policy that involves cruel, inhumane and degrading treatment that amounts to torture, does not exist or has been made up? Is he

[Mr. Tyrie]

suggesting that it is just a figment of the imagination of people on the Opposition Benches?

Dr. Howells: No, it certainly is not a figment of the imagination. Such treatment would not take place in Britain, in British prisons or in prisons that Britain is responsible for administering in any other territory.

Sarah Teather: Will the Minister give way?

Dr. Howells: Does the hon. Lady want to say something? She might as well—everybody else is.

Sarah Teather: The Minister has not answered the question. The hon. Member for Chichester asked whether such activities took place in the US.

Dr. Howells: I did answer the question. I said that we would not allow the kinds of things that we have heard about from Guantanamo Bay to take place in this country. If the hon. Lady cannot understand that, I feel sorry for her. I was very clear.

I would like to make this important point. Since before 11 September 2001, we have worked closely with the US to achieve our shared goal of fighting terrorism. As part of that close co-operation, we have made it clear to the US authorities that we expect them to seek permission to render detainees via UK territory and airspace, and that we will grant permission only if we are satisfied that the rendition would accord with UK law and our international obligations. We have explained our understanding of our obligations under the UN convention against torture and the European convention on human rights. Indeed, it was this country that moved the UN General Assembly resolution—we co-sponsored it last year. It sets out our opposition to any form of deprivation of liberty that amounts to placing a detained person outside the protection of the law.

It is dangerous to throw mud against this country as has been done this morning. Mud is being thrown. There is always a willingness, especially among members of the Liberal Democrat party, to throw mud at anything in the hope that it might stick, but it is an irresponsible thing to do. This country stands not for torture or the kinds of practices that have properly been criticised today but against terrorism. I have never yet come across a single acknowledgment of that fact, or heard a good word about the process of democracy and justice in this country.

Mr. Eric Martlew (in the Chair): Order. We must move on to the next debate.

Channel Islands (Protocol 3 to Act of Accession)

12.30 pm

Dr. Ian Gibson (Norwich, North) (Lab): I will allow the combatants to disperse before we start.

I am sure that many people are wondering what this issue—protocols and the Channel Islands—is about. The subject is relevant to medicinal products that are channelled through other parts of the United Kingdom, on which I will concentrate today. The protocol was put in place some 30 years ago and keeps the Isle of Man, Guernsey and Jersey—the Channel Islands—outside the European Union, but allows free trade in manufactured items and agricultural produce between the islands and EU countries. The protocol was a fudge to try to keep Crown dependencies in place with what happens in Europe. It was signed in 1972.

I shall talk about the particular effect that the agreement has on business. The business that I will discuss today—I have also considered others—is that of vitamins, minerals, herbal remedies and food supplements. I shall also talk about how that exchange takes place and how it affects consumer protection issues in this country—England—and other parts of the United Kingdom. In considering that issue, I have talked to many different people, manufacturers' associations, individuals and groups. The industry is huge in this country and has a lot of support.

As I have said, the Channel Islands are not members of Europe per se, but some European laws do apply. I will explain those in a minute. Our attitude to the EU directives that cover such health products has until recently been that they do not apply. In March 2007 in the other place a Minister said:

"The legislation...does not apply to the Channel Islands. The islands...are responsible for the regulation of activities relating to medicinal products."—[*Official Report, House of Lords*, 5 March 2007; Vol. 690, c. WA10]

Then the Government's view changed: first, as stated by a Minister on 2 May 2007 in the other place and then when a Minister in the other place said:

"The United Kingdom (UK) view is that the nutrition and health claims directive, the food supplements directive and the medicines directive remove barriers to the free movement of goods within the European Union...it is our view that the directives should apply to the Channel Islands under protocol 3".—[*Official Report, House of Lords*, 23 May 2007; Vol. 692, c. WA113.]

The position changed and directives that were originally thought not to apply, now seem to do so—or rather they should apply because, as I am arguing, they are not in effect at the moment. Jersey and Guernsey have undertaken to meet EU obligations and I hope that those undertakings are reliable and will eventually be acted on.

The market has been substantially affected by the failure to extend the directives. In the last decade, the turnover of Channel Island businesses dealing with such products rose from zero to around £70 million and it is increasing. Consumer protection measures are failing and will increasingly do so unless the relevant directives are applied and put into practice. There are two main reasons for that exceptional growth. One is the low-value consignment relief that enables VAT to be avoided on purchases of less than £18 and creates a

significant price advantage for Channel Island companies. Many sectors are affected and, as I said, the health product sector is just one of those. The second reason for rapid growth is the freedom of Channel Island businesses to ignore any rules governing medicinal claims and sell, I believe, banned substances. I have seen such products advertised and sold over here.

It is a truism in the sector that claims sell products. However, it has long been the enforced UK practice that claims should be truthful and accurate and should stop short of being medicinal. Some medicinal claims in the brochures sent from the Channel Islands almost exclusively to UK consumers are deplorable. There are claims that products are good for cancer, cardiovascular disease, Alzheimer's, dementia, coronary heart disease, strokes and diabetes. Those are just some of the commonplace claims. Hon Members will know the problems that have arisen in this country when effective drugs are provided through the National Institute for Health and Clinical Excellence and the Government. Those companies are exploiting that situation.

The products have not been licensed at all and there is no evidence that they work. There is a spectrum of standards and some operators are much worse than others. However, all would fall foul of the standards set by the EU directives, as the competent UK authority, the Medicines and Healthcare products Regulatory Agency—MHRA—has said. The Channel Islands are, of course, sensitive about their reputation and want to protect their large financial services industry, but I cannot see how allowing this unsavoury practice to continue will enhance their reputation.

The position now is that the directives have not been applied to the Channel Islands. Guernsey, which has no medicines legislation, is currently consulting on a law that will not meet EU standards. Jersey has basic medicine law and proposes to discriminate against the fulfilment houses that simply provide logistics, distribution and the valuable Channel Island address. That will have no effect on the rules covering medicinal claims.

The Channel Islands sector is a problem. The chief executive officer of the MHRA wrote on April this year that the MHRA—the regulatory authority—

"shares your concerns about the activities of companies operating from the Channel Islands...we take action wherever possible to limit the illegal activities...the MHRA has already identified that the legislation proposed by Guernsey does not reflect the current European position. We have voiced our concerns on this in our response to the consultation exercise."

The recent recognition that the relevant directives should apply to the Channel Islands came as welcome relief to a UK sector that has invested large amounts to comply with the directives. It has suffered some pain in doing that and I was grateful for the recognition that the relevant directives should apply. The turnover of the UK sector has stagnated while that of the Channel Islands has gone from zero to £70 million in the last decade and is increasing, as I have said.

There appears to be no plan to introduce the directives and the Channel Islands sector continues to grow and enjoys advantages on cost, and VAT relief. It also makes medicinal claims that need to be substantiated. In some cases, those claims are false and not proven. The Channel Islands sector drives its sales up and avoids the extra costs with which companies on the mainland must comply as part of the European directive framework.

The various health food organisations have engaged in debate on the issue with Ministers. The Minister of State, Department of Health, my hon. Friend the Member for Don Valley (Caroline Flint), said that Guernsey was updating its legislation to address marketing issues and that Jersey has given assurances that it has taken steps when it has become aware of a problem. However, the roll-out of the directives was not mentioned.

It is incorrect to hold up the Jersey position as satisfactory, even on a temporary basis. It is also wrong to think that if Guernsey had a similar law, there would be any serious impact on medicinal claims there. In 2005-06, the MHRA referred nine complaints to Guernsey and seven to Jersey, which has responded to three of the seven. The Guernsey sector is larger, but Jersey also contributes and its current medicines legislation does not affect companies such as Healthy for Life, Life Healthcare, Woods, Prime Health Direct, Nature's Range or Elixir of Life—a company that was subjected to what I can only describe as a roasting from the eminent Esther Rantzen on her programme. Or course, that company has since skilfully changed its name, which shows that there is a game going on regarding the issue.

The words of Dr. David Jeffs, Director of Public Health Strategy for Guernsey, are quite illuminating. He wrote,

"we will progress this as rapidly as we can, but...the law is unlikely to be enacted within the next several months".

In early 2004, it was reported that Guernsey was well advanced towards the introduction of legislation and in 2005, Dr. David Jeffs wrote to a UK consumer who had made a complaint after falling ill following taking such medicine. He said that our hope is that

"new legislation will come into effect within the next 12-18 months".

The idea that it would be in place by 2003-04 has become a hope that it will be enacted much later on in 2007. I could tell many other stories about Ministers who have made such claims. I think that there is a lot of dragging of feet and somebody, somewhere, is having a laugh. No pressure is being applied to make them obey and develop the directives.

Laws that have been proposed do not meet EU standards and will have no effect on the medicinal claims, which of course is the central issue, by which I think that some people are being fooled. It is time that urgent steps were taken to extend the directives. The Government admit that, but we need to do something about it now before more legitimate businesses go to the wall and, in the worst cases, more UK consumers are duped into paying fancy prices for inappropriate, dangerously-promoted and, occasionally, illegal products. If consumers do not visit their doctors, or do, but do not get prescribed medicines, they might turn to such products.

I have some questions for the Minister: does she support the comments from the chief executive officer of the MHRA about the proposed Guernsey law? What action has been proposed to extend the directives to both Channel Islands and in what time scale? And

[Dr. Ian Gibson]

how are they going to be enforced? Why has it taken so long for officials to wake up to the impact on UK businesses of the failure to apply the directives? Has the liability of Government been considered should the industry bring a legal case based on the failure to implement the directives? What discussions have taken place with the EU about the failure to implement them? In what sense, if any, does the view of the Channel Islands on implementation of the directives matter? What is the prevailing UK view?

The Minister should meet with various people from the business world and MPs concerned about such products coming on to the market and possibly inflicting a lot of harm in a lot of places.

12.41 pm

The Parliamentary Under-Secretary of State for Constitutional Affairs (Vera Baird): It is a pleasure to appear under you chairmanship, Mr. Martlew. I congratulate my hon. Friend the Member for Norwich, North (Dr. Gibson) on taking on this issue, obtaining this debate and on putting his case strongly. He represents a substantial head of steam and has made clearly and strongly the major points that that head of steam represents.

It would be useful to set out in a few words what protocol 3 is and the constitutional position of the Crown dependencies, not just on this issue, but generally. Protocol 3 to the treaty of Accession to the European Community governs the relationship between the Crown dependencies—the Channel Island and the Isles of Man—and the European Union. It does not govern the relationship between the UK and the Crown dependencies or between the UK and the EC. It is worth knowing that it is the Commission's role to monitor compliance of the Crown dependencies with Community rules, by which they are bound.

I shall turn briefly to the constitutional position—irresistible for a lawyer. The term "Crown dependencies" is unique to the relationship that the UK has with those three territories. For the purposes of this debate, key points about their status need to be made: unlike the overseas territories, they are not part of our colonial past and have no representation to Government at Westminster. They are not part of the UK, but are self-governing dependencies and have their own directly-elected legislative Assemblies, their own fiscal and legal systems and their own courts of law. We are constitutionally responsible for their defence, international representation and good governance. They are not part of the European Union, but have a relationship with it.

What is protocol 3? It has been negotiated and defines the extent to which the three islands are part of the EU. Under that agreement, the Channel Islands are part of the customs territory of the Community, and common customs tariffs, levies and agricultural import measures, which apply to trade between the Channel Islands and non-member countries. So there is free movement of goods and trade between the islands and member countries, but other Community rules do not generally apply.

The roots of protocol 3 can be found in the treaty of Rome 1957, which applies to European territories for whose external relations a member state—in other words, us—is responsible. That is how they got included. When we looked to membership of the EU, the islands saw three ways in which their relationship with the Community could develop: they could become part of it, become independent, or create this special relationship. Their primary concerns were to retain unchanged the link with the British Crown, which is 100 years old, and to protect their indigenous industries, which principally are—or were then—horticulture and agriculture. That led to the negotiated settlement that was unchanged by the treaty on European Union 1993 and the treaty of Amsterdam 1997 and so on.

I set out that relationship in order to emphasise the constitutional position and who is responsible for enforcement of the directives.

Dr. Gibson: Is it possible that the islands might go for self-rule?

Vera Baird: Well, I really do not know. That is a matter for them and not an issue on which the Ministry of Justice is actively engaged. But it was a very interesting question.

My hon. Friend raised more specific concerns about the medicinal claims, supplements and suppliers of food supplements. That is the thrust of it, although there is a question also about the impact of the Channel Islands' VAT-free status on the UK food and medicinal products industry. I am sorry if he thinks that we have changed our minds. We have more full legal advice and, having seen Treasury solicitors' communications, are satisfied that these EU directives apply.

Discussion continues between this Government and those of the Channel Islands, but I am told that we have been reassured through those discussions that Guernsey, in particular, which might not have been quite so receptive to our conversations, is committed to matching international standards in these products and to ensuring that they apply in Guernsey. Of course there is an internal issue that knocks on to us and which is highly relevant to its own good governance and people. There has been substantial recent dialogue between the Guernsey Government and UK officials to seek agreement on what the UK can expect to see in Guernsey's legislation.

My hon. Friend referred to legislation on the quality of those products. The UK is negotiating to ensure that this legislation meets obligations to its own people and ours. Officials in my Department continue to talk to Guernsey representatives to ensure that our concerns are understood properly. I think that they can be relied upon to do that with considerable forcefulness. And there are grounds for optimism. Guernsey's Parliament has approved the preparation of legislation to regulate the manufacture, supply, export, labelling and prescribing of medicines with the express twin aims of ensuring that the requirements of the MHRA are met and of safeguarding the reputation of the islands. That must be a very important tool in the whole issue. Legislation has been drafted and has gone out to consultation which closed recently. Guernsey's authorities are currently

considering the results of that consultation process and remain committed to ensuring that all legitimate concerns are met.

To put it colloquially, clearly the Ministry of Justice is working with UK policy makers to persuade the Crown dependencies that not only is the export of unregulated products in the UK a problem for us, but is bad news for them as well, because their reputation and relationship with us, upon which much weight was laid at the time of the treaty of accession, as I have said already, remain hugely important to them. Of course, if they fail to meet international standards for regulation, supervision and governance, they stand to lose a huge amount of that reputation and good will.

Obviously, there is justification for ensuring that Crown dependencies are subject to the sort of constraints applied in the UK, and the Ministry of Justice is hoping to move the Crown dependency Governments to an acceptable position although also we need to have regard to the indigenous industries of those dependencies.

The Food Standards Agency and the Health Food Manufacturers Association—the UK industry lobby—of which my hon. Friend has spoken, have recently met to talk about the two issues of quality and competitiveness, and the impact on the UK market. My officials were party to those discussions. I hope that that gives my hon. Friend some reassurance about my Department's determination to ensure that good quality and good standards are dealt with by legislation.

Low-value VAT-free imports from the Channel Islands, whether they are health food supplements or CDs and DVDs—that is the other big issue, but my hon. Friend is concerned about health food supplements—do have or are capable of having negative effects on the UK economy, and the issue is kept under close scrutiny by the Treasury.

The current position is that all goods posted to the UK from outside the EU are normally subject to UK VAT, but for consignments under £18 in value, no VAT is charged. That applies to consignments from the Channel Islands because they are outside the EU. It is goods valued under £18 that cause a certain amount of difficulty. Although the goods are given a benefit in competing with indigenous UK goods, it is a perfectly legitimate position at law that those exports are not subject to VAT. The Governments of the Channel Islands are very aware of UK concerns about competition and, in particular, the medicinal products about which my hon. Friend is worried but, again, we have to strike a balance.

Dr. Gibson: Are the Government in the Channel Islands, whether it is Guernsey, Jersey or wherever—or the Isle of Man, for that matter—concerned about the products that are unregulated and in respect of which false claims are made about their effectiveness? In this country, we have an organisation called NICE that makes life very hard for many new products. Seemingly, for products from these other dependencies, anything goes. The companies involved advertise widely in this country with their literature.

Vera Baird: My hon. Friend makes a very strong point. NICE has been very influential and powerful in this regard, and I can see what he means about advertisements. What I can refer to is limited to what I have said here already, which is that my Department is trying to drive the Guernsey Government into legislating, as they now seem to be doing, to ensure that both quality and the way in which the goods are promoted are controlled. I hope that in due course a bundle of legislation emerges from the current consultation, which we will then have further input into. As I have said, we are talking to the UK trade and industrial representatives about the issue. I hope that we can ensure that there is protection of a kind that we would wish to have for all people in our country.

A fairly obvious point, although a pretty easy one to miss because we are the "victims", in heavily inverted commas, of the exports—imports, to us—is that there is, none the less, an impact on the people of the Channel Islands. That is a very important point and one that we have to make to those Governments. It is not the case that two different qualities of product are being produced and marketed. Exactly the same damage—if damage is being done—will be inflicted on Channel islanders as will be inflicted on the UK. That is a powerful piece of leverage.

The enormous amount of publicity in which my hon. Friend has played a role and the parliamentary questions that have been raised recently about these issues must have had an impact on UK public opinion, but presumably also on Channel Islands public opinion about the way in which the relevant businesses have historically been conducted. That is probably a reasonable deduction by me, but I can assure my hon. Friend that the Channel Islands Governments are apprised of our concern. In all the negotiations, we have to strike a balance, because we do not want to spoil indigenous, established, local businesses in the Channel Islands, but there has to be a very strict limit on our tolerance. Indirect tax advantages and access to UK markets, if they become increasingly detrimental to the UK economy, have to be revisited.

Returning to the crux of the debate, I am told that, today, Guernsey—I think that Guernsey is the important one in this regard—has reiterated that its underlying policy is that it is essential that the island has similar legal provision to that of the UK. In particular, provision is to be made to ensure regulation to UK standards of the quality of medicinal products throughout the entire supply chain.

I was sufficiently taken by surprise when I read in my note that "today" the Guernsey authorities had reiterated that underlying policy that I asked those who advise me whether the imminence of my hon. Friend's debate here today had played any role in recent contacts. I am pleased to say that it has been confirmed to me that it is almost certainly the case that initiating this debate today has brought that reaffirmation. It is a clear and up-to-date reaffirmation of the policy, which I hope goes some way towards alleviating his concerns.

Christchurch Jobcentre Plus

12.55 pm

Mr. Christopher Chope (Christchurch) (Con): I am delighted that the Minister is in his place and that we are starting this very important debate early. May I put the issue in context? It is one of the hottest local issues in my constituency. On 19 June, Christchurch borough council, which has recently been voted the most improved district council in the country—I am delighted that the leader of that council is coming along to follow the debate today—passed a resolution in the following terms:

"This Council is appalled at the proposal to close the Jobcentre Plus Christchurch office as contained in the Jobcentre Plus District Manager's letter dated 17 May 2007. This Council objects most strongly to the proposals which would lead to the loss of a vital local service causing unnecessary distress and inconvenience to some of the Borough's most vulnerable and needy residents especially those who would have to travel to the Bournemouth Jobcentre Plus office."

On Thursday 21 June, there was a public meeting at the Grange school in Christchurch, which is in the heart of the most deprived area of the Christchurch constituency and one of the most deprived wards of any borough in the whole of south-west England. I think that it is fair to say that many customers of the Jobcentre plus office come from that area. At the meeting, which was very well attended, there was a unanimous vote of all those present, other than members of the civil service, in support of that resolution. As a further indication of how strongly the issue is running in the local community, a petition that will be presented to Parliament before the end of the consultation period has already gathered more than 4,000 signatures. This is a big local issue.

I am somewhat perplexed about the Minister's role in the proposal to close the Jobcentre Plus office. He wrote to me on 15 May, saying:

"Since the original Service Delivery Plan was developed we have seen significant reductions in our running costs budgets in relation to both salaries and non-salary funding. This is linked to reductions in staff numbers and a pressure on the size of our estate and the continued low levels of customers in the catchment area."

The area manager, who came to the public meeting last Thursday, said that his department had to shed 30,000 jobs in the three years to March 2008. The Minister wrote that letter as though the reductions in running costs budgets were not his responsibility, but if he is not responsible for the requirement, who is? Is it the Chancellor of the Exchequer, perhaps? Is the Minister not also responsible, not for the administration of those reductions but for ensuring that the implementation of any budget cuts is rational, fair and puts the customer or client first?

The Minister's letter of 15 May further states:

"These combined pressures on resources"—

it does not say, of course, that they are self-inflicted—

"and relatively low numbers of customers lead us to believe that closure of this site is a reasonable way forward".

Yet, I am not even sure whether the Minister knows how many customers there are. Following his letter, I tabled a series of questions for answer on 23 May. In one, I asked

"how many people obtained advice on benefits from the Christchurch office of Jobcentre Plus in each of the last six months"—[*Official Report*, 14 July 2007; Vol. 461, c. 1292W]

On 14 June—three weeks late—Mel Groves, the acting chief executive of Jobcentre Plus, told me that information about customer usage "is not recorded". Then, however, I was told that customers who visited the office would be asked to complete a questionnaire as part of the consultation so that usage could be analysed. Surely, that survey should have been done before the Minister accepted the proposal to close the jobcentre for consultation. How could he assert in his letter to me that the number of customers was relatively low when he did not even know the number? Surely, the business case for closure must have been submitted to the Minister once it had been approved by the Jobcentre Plus board. That was certainly the information that I was given, so why does the Minister refuse to disclose the details? Is it because that would reveal that the basic information needed to justify the closure is not available?

The issue of numbers was much discussed at the public meeting. The area manager said that there were 1,440 sickness and disability benefit claimants, but that is 15 per cent. less than the 1,720 referred to in Mel Groves's letter of 14 June, which was annexed to the Minister's written answer of the same date. That is a 15 per cent. reduction in one week. Which of those figures is correct? How do we know? Does the Minister also realise that only pre-booked customers are being given questionnaires and that those who use the jobpoints, telephones or interview rooms do not receive them?

Last October, the jobcentre manager did an exercise, which showed that there were

"over 1,200 visits by customers to the Christchurch office to use the jobpoints or the free telephones"—[*Official Report*, 14 December 2006; Vol. 454, c. 1338W.]

The Minister shared that information with me in a written answer late last year, but it appears not to have been updated. Is it in the business plan for closure? What is proposed for the users of jobpoints and free telephone services in the event of closure? At last Thursday's public meeting, the area manager could say only that he would be interested in proposals to relocate those services locally. Surely, specific proposals along those lines, together with the costs of implementation, should form part of the business plan. If the Government are serious about maintaining that service, and it cannot be maintained in the office because the office is closed, why have they not engaged in discussions and reached conclusions on a hypothetical basis? Part of any normal business planning arrangement would be to ask how one would replicate the essential elements of a local service that was to be closed down so that local people could access them.

What about the valuable work of some of the other specialist services at the jobcentre? The jobcentre employs seven full-time and three or four part-time staff. We are told that there are too many staff in the service, and the number of staff at the managerial level could be reduced if that was the Minister's decision. However, there is no evidence that the staff at Christchurch are under-employed, although if there was evidence to that effect, the numbers could be reduced accordingly.

One member of staff who certainly could not be removed, however, is the disability employment adviser. That officer—I hope that the Minister will pay heed to

this—not only gets people who are out of work into work, but works closely with local employers to ensure that disabled people who are already in work stay in work. Let me give one example. The local B&Q store has a policy of referring disabled employees to the disability employment adviser if there is a problem at work. B&Q does that to ensure that it can continue to employ those disabled people, so the adviser plays an important role. Is the Minister saying that those people should have to go all the way down to Bournemouth to have contact with a disability employment adviser? The arrangement with B&Q shows the close way in which the local office works with local employers.

What about the work of Connexions—the organisation whose name is not spelled correctly, but which adds to the advice that is available to young people? That organisation comes to the jobcentre every Thursday and arranges things in such a way that it can interview young people about job prospects at the same time as they are being interviewed about benefits. That takes place in one of the interview rooms, but how will it be replicated if the jobcentre is closed?

A whole host of other activities take place in the jobcentre, although I am not sure whether the Minister is aware of them. If he is, what alternative proposals have been made in the event of closure? I assume that he would want to be satisfied that the activities that I have outlined had been drawn to his attention and were part of the business case for closure before he was prepared to accept it.

Another issue, which was raised by the former mayor, who is disabled and a former user of the jobcentre's services, was whether a social cost-benefit analysis had been done on the proposals. Those present also asked whether an environmental cost-benefit analysis had been done. There is much talk about the need to reduce travel, but does the Minister have before him in the business plan any indication of the extra travel that customers and staff would need to undertake? At the meeting, it was said that certain categories of customer would be able to have their travel costs paid, but that does not alter the fact that there would be additional travel as a result of the closure, which would have environmental consequences, or that many people who use the jobcentre would not have their travel costs paid when they went to an alternative location. In essence, therefore, my question is whether the Minister has been given a full picture of what happens in the jobcentre and what will happen in the future.

In his letter of 15 May, the Minister said:

> "I particularly want to assure you that this arrangement i.e. closure, will enable us to provide a better service to your constituents than we have been able to provide up until now."

You will understand, Mr. Martlew, that that raised an eyebrow or two on the part of myself and everybody else to whom I spoke. How can closing the jobcentre improve the service for my constituents?

At the public meeting, I asked Mr. Tim Taylor-Blake, the area manager, whether he agreed with the Minister's statement, and he said, "It is not my job to agree or disagree"—there speaks a robust, obviously ambitious and, I hope, ultimately very successful civil servant. It is not his job to agree or disagree with the Minister, but neither is it the Minister's job to hide behind officialdom when confronted by questions from a Member of Parliament who is asking him to justify his assertion that closing the jobcentre in Christchurch will improve the service for constituents.

The only service improvements that Mr. Taylor-Blake could claim were a better level of support and advice and a quicker service. It is fair to say that the audience treated both those claims with derisive laughter, based on incredulity. The proposed Christchurch office closure is the only full-time office closure proposed in Dorset. Although the argument for a fuller service could be applied to the closure of part-time offices staffed by secondees, that is manifestly not the case in Christchurch. What has happened, I suspect, is that a circular letter has been sent out, which applied to part-time offices, but manifestly not to the full-time Christchurch office.

As the Minister knows, I have been pressing him to justify his assertion that we will have a better service. In a written answer published yesterday, it would be fair to say that he again ducked the question, referring to the acting chief executive of Jobcentre Plus. That lady speaks only of increasing numbers of customers accessing services by telephone or internet, but she does not address the significant minority who do not and cannot cope with a remote bureaucracy accessible only by electronic means. That group is by definition composed of the most vulnerable members of society. Its members want and need face-to-face contact with real people, not faceless bureaucrats in some remote location. The people in the Jobcentre Plus service to whom I have spoken welcome that face-to-face contact, and feel that it was for that that they came into the service in the first place. They do not want to be on the end of a telephone with a system that uses computer prompts allowing no flexibility or individual discretion.

How can a better service be provided to the group of people that I have described by closing the jobcentre? Mel Groves has spoken of the critical need to secure the most effective and equitable use of resources. What better cause for the equitable use of resources could there be than helping vulnerable people in face-to-face interviews, close to home? It is a matter of regret that in recent weeks home visiting by staff from the Christchurch jobcentre office has been curtailed. I have been told that home visiting will be possible in the future, but one must remain sceptical about such promises when the existing home visiting service is being reduced.

It is to the credit of the Minister and his Department that the staff at the Christchurch office are so highly regarded by their customers. They have won departmental awards for just that. The area manager includes in the case that he makes the fact that not many people in Christchurch are out of work in the long term. That is true, but I regard that low number as testimony of the quality of the advice and help that people get from the Jobcentre Plus staff. The advice that they get is tailored to individual circumstances and enables them to get into work and stay in work. That is a justification not for closing the office and reducing the service, but for keeping the office open. I fear that the criteria that the Department is using for deciding which offices to close may be based on the idea that the larger the number of long-term unemployed an area has, the stronger the reason is for keeping its office open; the Department should be considering the success rate of the office in getting out-of-work people back into work. Christchurch Jobcentre Plus has a proud record in that respect.

[Mr. Christopher Chope]

Christchurch borough council has taken a keen interest in the issue, as I have said. I have always thought that there might be a case for localising all benefit and welfare advice under the aegis of the local authority, which already deals with council tax and housing benefit. That might, indeed, offer a way forward, providing a better service for vulnerable people while preserving accessibility and increasing accountability. In the absence of such a radical alternative, the proposed closure will undoubtedly lead to significant disruption to customers and will damage the interests of some of the most vulnerable members of society.

In conclusion, I recently had occasion to reread what Her Majesty said in the Gracious Speech on 15 November 2006. She said:

"My Government will continue its investment in, and reforms of, the public services in order to improve further their effectiveness and to help the most vulnerable members of society."

I look forward to hearing the Minister respond to the debate and explain how he considers the closure of Christchurch Jobcentre Plus to be consistent with Her Majesty's most gracious words.

1.14 pm

The Minister for Employment and Welfare Reform (Mr. Jim Murphy): Thank you, Mr. Martlew, for giving us the opportunity to start the debate earlier than scheduled. I congratulate the hon. Member for Christchurch (Mr. Chope) on securing this debate on what, as he has shown, is an important local issue, in which he takes a keen interest. I also welcome the opportunity not only to talk about the Christchurch office but to express my appreciation, and that of the whole Government, of the work that Jobcentre Plus does in the south-west and throughout Great Britain.

As the hon. Gentleman knows, Jobcentre Plus was launched just over four years ago. The roll-out of the national network of offices and modern services commenced in 2002, and with only 10 more offices to go it is virtually complete. As of 21 June 2007, a total of 855 new offices have been opened around the country, enabling Jobcentre Plus to play a key role in delivering our modern welfare system. The initial local service delivery plans for the roll-out in Dorset and Somerset were agreed after consultation in early 2003. Most of the modernised offices in the district were set up in 2004, and they included the one in Christchurch.

The launch of Jobcentre Plus is rightly acclaimed as the most far-reaching organisational reform of welfare in past decades. Gone are the days when the only way of obtaining job vacancy information was physically to go to a jobcentre and browse a bewildering array of vacancy cards on display stands. Comprehensive information is now available on the internet. The award-winning Jobcentre Plus website regularly records the highest number of visits for any Government website, with many thousands of user visits each week. We are using modern technology to make many services accessible from the comfort of people's homes, or from public premises such as local libraries. Similarly, our touch-screen job points are increasingly being installed in convenient locations, as well as our offices, making more than 400,000 vacancies readily accessible.

In the south-west region, unemployment has, as the hon. Gentleman knows, gone down by more than 35,000 in the past decade, and there are more than 130,000 more people in work. Meanwhile, the jobseeker's allowance claimant count is down 9 per cent. on the year. In Dorset and Somerset district in the period June 2005 to June 2006, the unemployment rate was 3.8 per cent. and the employment rate was 77 per cent. The jobseeker's allowance claimant count was 7,775, which was down 15 per cent. on the year.

I want now to discuss the situation in Christchurch. As Jobcentre Plus has significantly improved its services, through advances in telephony and e-enabled services, it has ensured that its resources are put in place so as to support the most disadvantaged, with special focus on the local authority wards that are the most deprived, and which have poor labour markets. Therefore, in March, Jobcentre Plus developed a case for revising the 2003 service delivery plan. The revised plans have led to the consultation on the possible closure of Christchurch jobcentre.

In proposing the closure of an office, Jobcentre Plus takes into account the following criteria: first, the volume of business transacted in the office that it is proposed to close; secondly, how the full range of customer services will be provided following closure; thirdly, the impact on customers, in such matters as travel, journey times and the cost of travel to another office; fourthly, how employers will be affected; fifthly, how staff will be affected; and lastly, costs and potential savings. All those criteria are considered carefully during the consultation period, which in this case began, as the hon. Gentleman knows, on 21 May, and will end on 2 July. The consultation includes the local Members of Parliament in all cases, local advice and welfare groups, employers, staff, trade unions and many other community groups, to which the hon. Gentleman rightly paid tribute. I take a personal interest in ensuring that a minimum of six weeks is allowed for local communities and stakeholders to make formal responses to such proposals. Meaningful consultation is vital in gathering all the information to help me to consider all the relevant facts before making my decision.

We shall take into account all the views expressed in relation to the criteria that I listed. However, it is necessary today to consider those criteria in turn to show why Jobcentre Plus has entered into the consultation on proposed closure. First, as to volume of business, Christchurch jobcentre is one of our smaller offices, and now has only 14 staff. In the period July 2005 to June 2006 the relevant unemployment rate was only 2 per cent., with an employment rate of 77 per cent. Both of those rates were better than the national average. The jobseeker's allowance claimant count in May 2007 was only 256, which was down more than 20 per cent. on the year. The new deal figures show that no 18 to 24-year-old customers were on the programme after 12 months and that only 15 customers aged 25 or above and only five customers aged over 50 were on the programme after 18 months. Those are historically low levels, and those factors, especially the levels of high employment and low unemployment, raise questions about the operational viability of the jobcentre, given the intention to focus resources where they add most value in Dorset and Somerset.

The second consideration is how the delivery of services would be affected by closure. The Christchurch office is not structurally friendly for public access, especially for customers who have disabilities, as services are sited on the first floor of the building, which is accessed via a lift. In addition, the social fund cannot be delivered through that office.

The third consideration is customer travel. The hon. Gentleman reasonably asked about contingency plans and alternative arrangements. I tell him, and others through him, that I shall not consider specific alternative transport arrangements until we have taken a decision on closure. I do not think that he would welcome me talking about the alternative arrangements that will be put in place, given that we have not yet taken a decision. He well knows that Bournemouth is served by regular bus services from Christchurch, and I am told that customers can purchase a day-tripper bus ticket for £3. Services could also be made available to customers at Winton and Ringwood jobcentres if that would better suit their personal needs.

Fourthly, in respect of the impact on employers, Bournemouth, where most local employers are located, also offers an improved range of services. Employer activity at Christchurch jobcentre is very low: in the past five months, only four employers have used the office for interviews on just eight days.

Fifthly, Jobcentre Plus will be able to redeploy any and all Christchurch staff to the new Bournemouth office if there is a decision to close the Christchurch office at the end of the consultation. The hon. Gentleman rightly paid tribute to the staff in the Christchurch office—as do I to the staff in all our offices across the network—and to the work of disability employment advisers. When it came to deciding whether to invest in the new deal and disability employment advisers, I voted to invest money in such services. I have voted for every penny piece of new investment into Jobcentre Plus in the past decade, but that has not been a universally consensual approach. There was a bitter, party political divide on whether having disability employment advisers was the right way to progress, but I am glad that the hon. Gentleman now welcomes the investment that he and his party so strongly opposed 10 years ago.

Lastly, if we were to go ahead with any proposed closure, the likely impact on costs and savings would be an important consideration. It would be wrong to identify any specific savings or costs, because if we were to go ahead with a closure, the subsequent contingency plans and the nature of any community-based service would lead to additional costs.

Those are the six major issues that we will consider at the end of the consultation process, before Ministers take a decision. The hon. Gentleman has raised his concerns and those of his constituents and of stakeholders, and they will be addressed when we consider those criteria.

Mr. Chope: The Minister mentioned the revised service delivery plan that was issued in March. Am I right to say that that plan had to be approved by the Jobcentre Plus board and that it was then referred to the Minister as the basis for consultation? If so, why cannot the plan be shared with consultees? There would certainly be quite a lot of contention regarding some of the information that the Minister has given. He said that the building is not structurally sound and is not friendly to disabled users, but one of the staff members there is disabled and chooses to work there specifically because she finds it an accessible and friendly place. He will know from the area manager's reports that many disabled people said at the public meeting that they choose to go to Christchurch jobcentre because it is local, friendly and accessible and is not intimidating. Those issues are highly contentious, so why cannot we see the revised service delivery plan to assess whether it is accurate?

Mr. Eric Martlew (in the Chair): Order. Interventions should be short.

Mr. Chope: Yes, I know that, Mr. Martlew.

Mr. Murphy: I shall try to respond to that specific point in the time that I have left. For the public record, I confirm that the plan does not have to be approved by the board, although its members and the chief operating officer are aware of and content with the consultation.

On the hon. Gentleman's point about ease of accessibility, as we progress with the proposals in the Welfare Reform Act 2007, it will become increasingly important to offer tailored support to people with disabilities as we will, rightly, offer more support to disabled people to get them back into work. Their involvement will be a condition of continuing to receive employment support allowance. Those who can undertake work focused interviews and work-related activity will do so in return for those benefits. That tailored support will be particularly important from 2008 onwards, with the introduction of the employment and support allowance, and will be underpinned by the extension of pathways across the country. Pathways is another new investment and innovation, and is the single most effective investment and programme of its type in supporting disabled people and giving them the chance to get into work.

I know that the hon. Gentleman will continue to pay close interest to this issue, right up to and beyond the consultation closure on 2 July. I hope that I have set out for him the criteria that we will use to assess this matter at the end of the consultation, and the context in which we will ensure that we continue to provide a service to our customers.

Mr. Chope: I am grateful to the Minister, as we are using all the time available to us. Has he seen the revised service delivery plan? If so, will he share its content with me so that I can comment on it directly?

Mr. Murphy: Of course I see the plans. I see delivery plans and consultation proposals every day as a matter of public business in my Department. I shall speak to the hon. Gentleman about the plan in the next few weeks if he wishes.

In conclusion, I emphasise that we have not yet taken a decision and that we will take the hon. Gentleman's comments into account, as well as those made by people in Christchurch and the surrounding area before reaching a conclusion on the proposed closure. With that, I thank you, Mr. Martlew, and the hon. Gentleman for securing this important debate.

Middle East Peace Process

1.30 pm

Clare Short (Birmingham, Ladywood) (Ind Lab): I tabled this debate because I visited recently the Palestinian occupied territories with a delegation organised by War on Want. It consisted of War on Want staff, myself, and Rodney Bickerstaffe, the former general secretary of Unison. I am grateful for the opportunity to report on our findings, and I hope that the Minister will take account of them.

I have previously visited the west bank and Gaza on a number occasions in the late 1980s and early 1990s, at the time of the first intifada—a Palestinian uprising involving peaceful disobedience or, at worst, children throwing stones at soldiers. Despite the injuries inflicted on children by the Israeli army, the intifada was full of hope, and it led to the negotiation of the Oslo peace accord and the return of Yasser Arafat to Palestine. I was hopeful at that time that a two-state peace—Israel and Palestine—was possible, that the new Palestinian state would be based on 1967 boundaries with East Jerusalem as its capital, and that there would be a negotiated settlement on Palestinian right of return. Those are the three essential components of a negotiated peace. I was hopeful; but it is now impossible to believe that there will be such a peace. Instead, I fear that unless we change policy, we face the prospect of years and possibly decades of bloodshed and conflict.

I have followed developments in the middle east carefully over many years, and I was well aware before my recent visit how bad things are for the Palestinian people. Nevertheless, I was deeply shocked by Israel's blatant, brutal and systematic annexation of land, demolition of Palestinian homes, and deliberate creation of an apartheid system by which the Palestinians are enclosed in four bantustans, surrounded by a wall, with massive checkpoints that control all Palestinian movements in and out of the ghettos.

The Israelis are clearly and systematically attempting to take the maximum amount of land with the minimum number of Palestinians. As things stand, Israel has taken 85 per cent. of historical Palestine, leaving the remaining 15 per cent. for Palestinian ghettos. More shocking than that is that the international community, including the UK and the EU, does nothing to require Israel to abide by international law, despite all the claims made about European support for human rights and international law.

During its visit, the delegation spent a day with the UN Office for the Co-ordination of Humanitarian Affairs, which is the agency responsible for humanitarian emergencies. It briefed us on the way in which the wall, the closures, the settlements and the separate system of settler roads were imprisoning the Palestinians. It published a map in the *Financial Times* to mark the 40th anniversary of the occupation, which is available for all to see.

The delegation spent the second day of its visit with the Israeli Committee Against House Demolitions, an organisation that I greatly admire. The committee took us on a tour of East Jerusalem and showed us how the combination of formal and informal settlements, and systematic house demolition, was encircling East Jerusalem and how that constrained, displaced and ethnically cleansed the Palestinian population. When we were with ICAHD, we witnessed a house demolition. A massive machine with "Volvo" emblazoned on its side destroyed a substantial house that was built by a Palestinian family on their own land and in territory that belongs to the Palestinians under international law—formally, it is occupied territory.

Women relatives of the occupants quietly wept at the side of the road. Later, a young man was held back by his friends—he wanted to throw himself at the soldiers who were protecting the demolition, to do something about the destruction of his family home. The representative of ICAHD, a young Israeli, said that the demolition was, of course, a war crime. The point about that is that under the Geneva convention, an occupying power is not entitled to impose new laws or to settle in occupied territory. Houses are being demolished because Palestinians do not have permits to build, even on their own land. However, Israel is not entitled to introduce such a permit system. It never gives a permit to build a house, or after a house has been built. When Palestinian families expand, they must live somewhere, but Israel will never issue a permit because of its determination to drive Palestinians out of East Jerusalem.

According to ICAHD, Israel has demolished 18,000 Palestinian homes in the way I described since 1967. Each demolition was a war crime. More shocking than that is the fact that no action is taken to force Israel to adhere to international law. Later, the delegation visited a family whose house had been demolished and rebuilt by volunteers from ICAHD—Israelis and Palestinians worked together to rebuild a home for a Palestinian family. ICAHD is committed to acts of peaceful civil disobedience in order that international law is upheld. The family said how grateful they were to once again have a home. A Palestinian who works for ICAHD said that his house had been demolished four times. He said that most Palestinian homes in Jerusalem were subject to demolition orders, so everyone lives with the fear and insecurity that when they arrive home, they might find that their home has been destroyed. He said that when the Israelis arrive to demolish a person's house, they give them 15 minutes in which to collect their family and belongings.

Normally, people refuse to co-operate. The ICAHD worker told me that in such a situation, the demolition people use tear gas. He told me that he stood there, with his wife fainting and his children crying while their property was being thrown out of their house on to the ground. He said that it made him feel like a useless man who could not even protect his family in their home, and that three possible courses of action passed through his mind. First, full of hate and anger, he thought about obtaining a suicide vest and destroying his own life and that of others. Secondly, he thought about whether he could get out of Palestine and Jerusalem, being unable to bear the pressure being put on him and his family, but that would be to co-operate in the ethnic-cleansing that he opposed. Thirdly—he said that this kept him sane—he said he thought about working for ICAHD to rebuild the demolished homes in peaceful civil disobedience.

I understand that ICAHD has given a pledge to rebuild all the demolished homes in this, the 40th year of the occupation, and that—poignantly—an American holocaust survivor is funding the work. I hope that all people of good will will support ICAHD financially and politically in that endeavour. Importantly, the organisation brings radical Israelis and Palestinians together and creates a space for hope in an otherwise hopeless situation.

The delegation's third day was hosted by the Grassroots Palestinian Anti-Apartheid Wall Campaign, which is War on Want's partner in Palestine. We were briefed about how the closures have destroyed the Palestinian economy—that has subsequently been underlined by a World Bank report—and also how more and more Palestinians are forced to work for the Israeli settlements to produce agricultural products and other goods that are exported largely to the European market, to which trade agreements give Israel privileged access. Illegal settlements using Palestinians as cheap labour is another element of the new apartheid system in which the EU and the UK fully collude.

The delegation went to visit the Jordan valley with a representative of the Grassroots Palestinian Anti-Apartheid Wall Campaign. The situation there is truly terrible. All fertile land near the river has been confiscated by Israel, supposedly for security purposes under the Oslo peace accords. In the remaining territory, there are occasionally settlements, some of only one person, which lead to Palestinian families being removed from their land for security reasons. There are acres of plastic greenhouses that are organised and worked by settlers and which are strategically located over water sources. They grow organic herbs and other agricultural produce for the European market and yet, when we visited a totally impoverished nearby Palestinian village, we found that there was no school and, that day, no water—the one tap in the village gave no water. The impoverished Palestinians must buy water by the bucket from the settlers.

We visited farming families whose relatives had lived on the land in the Jordan valley for generations to grow crops, herd sheep and goats, and to make cheese. They were being threatened and moved constantly as new settlements of only one or a few people brought in the army, which claimed that they had to moved for security reasons. We stopped to talk to another family who had a compound at the side of the road. A house bought for their son and his family on their own land had been demolished, and their aubergine crop was rotting in a heap in front of the house because they could not get it to market.

There is terrible poverty and abuse of human rights in the Jordan valley. The people there are being grossly neglected. I appeal to the Minister, the Department for International Development and all the humanitarian and non-governmental organisations to do more in the Jordan valley—it is in a terrible situation, and more could be done to bring instant relief.

My conclusion is pessimistic, and the prospect of a two-state solution is being destroyed. Instead, we are allowing a new, brutal apartheid regime to be created with the Palestinians being confined to ghettoes and used as cheap labour by the settlers. The Hamas takeover in Gaza is not the cause of the problem, but the consequence of it. The refusal of the UK and the EU to provide aid to the Palestinian Authority following the Hamas election victory has helped to create the problem. The arming of Fatah by US and Israeli forces to enable it to fight Hamas in Gaza made the takeover inevitable. Now it seems that efforts are to be made to offer money and inducements to President Abbas to accept the monstrous ghettoes as the promised Palestinian state. As Uri Avnery, the great Israeli peace campaigner, said, they want him to act as a quisling, and that will not bring peace.

In conclusion, the situation in the Palestinian territories is deeply distressing and depressing, and the Government and the EU are colluding in that oppression and the building of a new apartheid regime. In particular, Israel has privileged access to the EU market under a trade treaty that, like all EU trade treaties, contains human rights conditions. I hope that the Minister will explain why those conditions are not invoked to insist on Israeli compliance with international law. That is a big lever, and Israel would be frightened of losing access to the EU market. I wish that we would make use of that for everyone's benefit.

I fear continuing bloodshed and suffering, and further destabilisation of the middle east. The situation in Iraq, Lebanon and the Palestinian territories is fuelling the anger of the Muslim world, which is acting as a recruiting sergeant for the ugly ideology of Osama bin Laden and those who advocate similar ideas.

It is in the interests of the people of Israel, the Palestinians and the wider middle east that there should be a two-state solution to bring an end to the Israeli-Palestinian conflict, but that possibility is being thrown away by Israel, which is determined constantly to expand its borders in total breach of international law. The UK and the EU are, sadly, colluding in that, and the consequences are causing terrible suffering, and endangering the future. I truly hope that our new Prime Minister will reconsider that policy, and that the Opposition parties will reconsider and bring pressure to bear to bring the situation back from the brink and to ensure that the centrepiece of UK policy is a just peace and Israeli compliance with international law.

1.42 pm

The Minister for the Middle East (Dr. Kim Howells): I thank the right hon. Member for Birmingham, Ladywood (Clare Short) for initiating this debate and for her comments. I also thank her for her eye-witness account of the illegal activities of the Israeli defence forces and others in demolishing houses along the route of the wall, the barrier or fence, where it incorporates Palestinian land illegally. I agree entirely with the right hon. Lady that that not only breaks international law but generates huge resentment, not just in Palestine but throughout the region. We have constantly urged the Israelis not to do that, and it is ironic that lawyers in Israel have given Palestinians their redress only about the route of the wall. Sometimes that route has been altered as a consequence of legal action that Palestinians have taken, especially in and around Jerusalem.

The right hon. Lady's point about generating sympathy for Osama bin Laden and al-Qaeda is prescient, and we ignore such warnings at our peril. I take her message about the Jordan valley needing the attention of the

[Dr. Kim Howells]

Department for International Development. I, too, was shocked when I saw the extent to which so much of the Palestinian economy on the west bank has collapsed. I shall come to Gaza in a moment.

This is one of those times in history when, from an appalling tragedy of Palestinians killing Palestinians in Gaza, one hopes that the Israelis and everyone else will take a real step forward, remove the barriers on the west bank, and allow people to trade properly. The right hon. Lady referred to a crop of aubergines that were rotting in the field, and we have heard such stories so many times.

I understand, as I am sure can everyone, why Israel has built barriers, and I know why it has built the wall. On my last visit but one, I went to see some old lefties—I do not know how to describe them—in a kibbutz up on the old Jerusalem road. Very reluctantly, they told me that life had become easier since the barrier was built because they were not worried about their kids going out, as suicide bombers were finding it much harder to come in from Nablus and other towns. I tried to argue then, and I argue now, that they will find ways of getting in and killing innocent citizens, because resentment will continue to build up unless the core issue is tackled.

Clare Short: I simply want to say that, ugly and regrettable as the wall is, if it were on the 1967 boundary it would be one thing, but it is taking great swathes of Palestinian land and dividing communities from their land. That was found to be illegal by the International Court of Justice, and there is no excuse for it.

Dr. Howells: The right hon. Lady is absolutely correct. I was quite shocked even to discuss with Labour Ministers in Israel some time ago their unwillingness to build tunnels, for example, to join cantons together. It is hard to believe that a viable state, albeit small, could emerge from such a geographical configuration. It is difficult to see how it could work. We must keep pressing the Israelis.

I do not agree with the right hon. Lady about sanctions—she did not refer to sanctions, but I have heard people talk about them. She referred to withdrawal of the preferential trade agreement with the EU. It is a fair subject for debate, although I am sceptical about making such moves, but that is my subjective assessment. It is a subject that should be discussed, and it is widely discussed throughout Europe. I tend to feel that there is already so much tension and there are so many difficulties that I am not sure that that would advance the cause of peace.

If the right hon. Lady will allow me, I shall say something about Gaza, because we share her deep concern about what has happened there. It is a tragedy, and it underlines the urgent need to maintain international engagement and the current political processes.

We are also concerned, as is the right hon. Lady, about the welfare of Alan Johnston, the BBC journalist, whose family must be going through the most dreadful time. We condemn the release of the latest video, which can only add further distress to his family and friends. We urge his captors, as I know does the right hon. Lady, to release him immediately. There should be a general release of captives on both sides— Corporal Shalit, the soldiers who were kidnapped by Hezbollah, the councillors and elected parliamentary representatives of the Palestinian people. Now is the time to make such moves, and I hope that after the disaster in Gaza there will be a sense that this historic opportunity should not be missed, and that misery should not be heaped on the existing misery.

I also extend our thanks to the Egyptian Government for initiating the meeting in Sharm el-Sheikh yesterday between President Mubarak and King Abdullah of Jordan, whom I had the privilege of speaking with just last week. He brought to the situation a sharp series of observations, which the right hon. Lady complemented today, and he understands the gravity of the situation. If the west bank statelet—that group of cantons—fails, one wonders where the conflict will spread to next. Jordan, with its huge Palestinian population, would be in grave danger, and King Abdullah is well aware of that. He was at Sharm el-Sheikh, as were Prime Minister Olmert and President Abbas.

We welcome Prime Minister Olmert's statement that he will work, with President Abbas as a true partner, towards the establishment of a two-state solution and the implementation of the road map. There are some positive aspects, but I agree with the right hon. Lady that it is a pretty bleak picture. It is as bleak as I can ever remember it, but the decision by Prime Minister Olmert to transfer the withheld revenues is probably a positive step forward, and we look forward to the implementation of the commitments to increase freedom of movement and expand trade connections in the west bank. Such actions are not rocket science; they can easily be done and they could make a big difference, if only to that family about whom the right hon. Lady spoke, with their crop of aubergines.

Such actions are vital to the Palestinian people, and they have helped to improve the humanitarian and economic situation, which is critical. We welcome Prime Minister Olmert's pledge to ensure the continued supply of humanitarian aid to Gaza. As the right hon. Lady knows, we have earmarked funding for that project. It does not address the central issue that she has raised today, but there is an immediate humanitarian crisis in Gaza, which the international community must address. It is important that the international community works together to help all Palestinian people.

President Abbas and Prime Minister Fayyad's Government have our full support, and we share their aim of restoring security and improving the economic and humanitarian situation. We continue to work with all people, including President Abbas, who are dedicated to a peaceful resolution of the conflict.

The right hon. Lady did not mention this point, because time is always limited in such debates, but President Abbas, among others, has said that there ought to be an international peacekeeping force in Gaza certainly, if not on the west bank. I can see the right hon. Lady shaking her head, and one cannot imagine who would donate the troops to such a force. They would have to fight their way in, there would be bloodshed and mayhem on a huge scale, and quite frankly, I cannot see the idea coming off.

To reinforce what the right hon. Lady said, we must understand the gravity of the humanitarian crisis in

Gaza, address it and at the same time, urge Israel as hard as we possibly can to think again about its policy of incorporating Palestinian villages and land within the confines of that wall. As she said, the Israelis have a perfect right to defend themselves, and if they want to build a wall, it is up to them, but it ought to be along the agreed frontier—such as it is—that was defined in 1967. It ought not to encroach on Palestinian territory.

It is important that we receive such reports in the House. In so many ways, that is what such debates are for—so that we are reminded constantly of the reality of what can sometimes look like great, strategic trends and events on the world stage. However, for the family whom the right hon. Lady described so vividly, the reality is that their lives have been shattered. Many other families' lives have been, too. I have always considered myself to be a friend of the Palestinian people and the Israeli people. I was brought up in a home in which the dreams of everybody who was interested in the subject were about people living alongside each other peacefully, not even in separate states.

I shall not apportion blame; I have been around too long for that. I have seen the successive invasions of Israel, and what the Israelis have done in an attempt to head off what they perceive as threats to the Israeli heartland, which has usually meant extending territory. My message to the Israelis is simple; if they are to live in peace side by side with their neighbours, the Israelis must help them become viable states with economies that can live in a competitive world. They need the education, skills, infrastructure and wherewithal to do all that, but most important, they need the self-respect and dignity that we enjoy as members of sovereign states.

Clare Short: May I press the Minister to reconsider his view on Israeli access to the EU market? If we invoked the human rights conditionality in that treaty, we would have a lever with which to press Israel to do what he calls for. Does not our failure to use that leverage mean that we are colluding in the breach of international law? Will he reconsider his position on that point?

Dr. Howells: I certainly do not believe that we are colluding in any shape or form. I was going to come to that point, but with respect to the right hon. Lady, "colluding" is certainly the wrong word to use. I know that she chose that word very carefully, but I do not think that it is the right one. I can speak only subjectively from my meeting with other European Ministers. She, too, met her counterparts from the EU and other nations many times. There is at one extreme a sense of hopelessness, which she also described today in a very grim analysis of the situation. I am at the other extreme. I keep telling myself that we have material to work with, and that it is a very small part of the world. What is Gaza? Ten miles wide, and at the most, 35 to 40 miles long. It has a wonderful beach on the Mediterranean, and I remember vividly the first time I ever walked on it, thinking, "Why is this a poor part of the world? Why haven't people here got any jobs?" It seemed mad to me.

The right hon. Lady expressed the hope that my right hon. Friend the new Prime Minister would take the issue by the scruff of the neck and try to do something with it. She knows that he has been very interested for a very long time in trying to work with the Israelis and the Arab countries in the area to do something about that economy and that infrastructure. I disagree with her about the effect of that general sense of good will towards Israel and Palestine—the desire throughout Europe that there should be a good outcome, and peace and prosperity in the future. In the end, we disagree about whether applying a screw to the Israelis on the question of human rights compliance would achieve a great deal.

We should at every possible opportunity engage the Israelis on human rights and on compliance with their undertakings, which, as a consequence, enable them to enjoy access to the European market. We should talk to them about that, but I have a feeling that there are already far too many strictures on all sides to add another one. It would just create more tension, and we should try to build on what we have, aim for the high ground and figure out how we can get there by engaging with both sides.

Question put and agreed to.

Adjourned accordingly at one minute to Two o'clock.

Westminster Hall

Wednesday 27 June 2007

[MR. ROGER GALE *in the Chair*]

Abducted Israeli Soldiers

Motion made, and Question proposed, That the sitting be now adjourned.—*[Steve McCabe.]*

9.30 am

Mr. Shailesh Vara (North-West Cambridgeshire) (Con): May I say how pleased I am that we have the opportunity to discuss this important subject? This debate is timely, given that Monday was the one-year anniversary of the abduction in Gaza of Gilad Shalit; 12 July, next month, will be the one-year anniversary of the abduction of Ehud Goldwasser and Eldad Regev.

It is worth briefly explaining the background to both abductions. In the case of Gilad Shalit, members of a collective comprising people from Hamas, the popular resistance committees and the Army of Islam tunnelled their way from Gaza into Israel and engaged in conflict with Israeli soldiers. As a consequence, two Israelis were killed and four were wounded; Shalit was wounded in the shoulder, abducted and dragged through the tunnel back into the Gaza strip.

In the case of Ehud Goldwasser and Eldad Regev, members of Hezbollah crossed from southern Lebanon into northern Israel and fought with an Israeli military patrol. As a consequence, three Israelis were killed and one was wounded; Goldwasser and Regev were abducted and taken across the Lebanon border. Shortly after, four more Israelis were killed in an aborted rescue attempt. The full extent of Goldwasser's and Regev's injuries is not known, but it is believed that one was in a critical condition and the other was seriously wounded.

That chain of events, particularly the kidnapping of the latter two soldiers, led to the recent 34-day war between Israel and Lebanon. That war had dramatic consequences: 1,200 Lebanese and 160 Israeli people died, countless others were injured and there was billions of pounds' worth of destruction to homes, roads, infrastructure, factories and the like.

We all accept that the conflict in and around the state of Israel has been going on for decades—indeed, since its very establishment in 1948. I am sure that some would argue that the conflict had been going on for many centuries before then. Not a week goes by without a new story of death or destruction of some kind in the middle east—so much so that we are almost immune to the massive suffering, misery and tragedy that daily affects so many.

Mrs. Louise Ellman (Liverpool, Riverside) (Lab/Co-op): Does the hon. Gentleman accept that although it is certainly true that the kidnapping of the two soldiers was the spark that led to the war with Lebanon, the underlying reason for the war was Hezbollah's build-up of arms, which were taken into Lebanon with the support of Iran and Syria?

Mr. Vara: I am grateful to the hon. Lady for her intervention. A number of factors led to the conflict, but it is fair to say that the Israelis revealed in an internal report that they were expecting an attack involving an attempt to abduct soldiers; they were therefore particularly trying to avoid that scenario. However, a number of issues are involved in this complex matter in the middle east.

The suffering and tragedy to which I referred were recently brought home to me and some present in the Chamber today during our recent visit to the state of Israel, when we saw at first hand some of the reasons for the conflict. One of the things that moved me immensely was meeting the parents and relatives of the three abducted soldiers. I will never forget the words of Miki Goldwasser, mother of Ehud: she said that when she eats, she thinks about whether her son is having any food, and if so, what food; and that when she goes to sleep at night, she wonders whether her son has any cover, and if he does and it falls off, whether there is anyone to cover him again.

The situation in the middle east is a volatile mixture, full of high tensions. The issue of the prisoners remains emotive for all concerned—Israeli, Lebanese and Palestinian—and it is at the very heart of the current crisis in the area. I make it absolutely clear: I am not saying for one moment that the release of the prisoners will solve all the problems; far from it. However, I am saying that the current tensions may well be lessened if the prisoners are released. The arguments for release are humanitarian and born of a genuine belief that the release would ease some of the tensions that simmer with deadly effect in the area.

It is also tragic that although there has been evidence that Shalit is alive—most notably, the release of the audio tape earlier this week, on the anniversary of his abduction—there has been no such indication as far as Goldwasser and Regev are concerned. The position is probably best summed up by Karnit Goldwasser, wife of Ehud, who said last November in an article in *The Sunday Times*:

> "I am asking all who are helping with the Lebanese reconstruction to help us get a sign of life, a letter from him, or even better, a visit from an intermediary which would encourage him so much...So far we have had nothing."

Perhaps, in the context of this debate, it is also worth mentioning the names of six other people, five of whom are Israelis: Zachary Baumel, Tzvi Feldman and Yehuda Katz have been missing since July 1982, Ron Arad has been missing since October 1986 and Guy Hever since August 1997. All five are listed by the Israeli authorities as missing in action. Although over the years there has been some indication that some of the men may be alive, to this day there has been no conclusive evidence confirming their true fate.

Richard Burden (Birmingham, Northfield) (Lab): I am grateful to the hon. Gentleman, who is giving a moving account of the Israeli prisoners who have been held elsewhere in Gaza and Lebanon, and particularly of the pain of their parents.

I should like the hon. Gentleman to respond to this question. He said that the release of prisoners would help reduce tension. Does he also see that releasing rather more of the 10,000 Palestinian prisoners held by Israel—250 releases have been announced, but that is

[Richard Burden]

not many against 10,000—would also go some way towards releasing tension? Given that about 20 per cent. of the adult Palestinian population have been detained by Israel since 1997, making progress on Palestinian prisoners as well as on Israeli prisoners would certainly help reduce tension in the area.

Mr. Vara: I am grateful to the hon. Gentleman for making that point. A little later, he will note that I talk about prisoner exchange. However, UN resolution 1701, unanimously passed, calls for the unconditional release of the Israeli prisoners.

Mr. Lee Scott (Ilford, North) (Con): Does my hon. Friend agree that one of the main differences is that Palestinian terrorists being held by the state of Israel can all be visited by their families, and that those families know where they are, that they are safe, and that they are being fed? Perhaps some of the terrorist organisations might consider giving the same benefit to Israeli hostages.

Mr. Vara: My hon. Friend makes a valid point, for which I am grateful. The people concerned are human beings with families, and one would have thought that, no matter how much hatred and bitterness there might be in the conflict, it should be possible to provide basic information to families that their loved ones are alive and safe despite being kept as prisoners. Let me add that I know my hon. Friend to have been a doughty campaigner in the cause, and I give him due credit for that.

I mentioned five Israeli names, but we must not forget a sixth name—that of our own BBC reporter, Alan Johnston, who remains a captive in Gaza. Although we have evidence that he is alive, I feel sure that the whole House would rather have seen pictures of him without the belt full of deadly explosives strapped around his body.

To return to the Israeli soldiers, there has been comment about a possible prisoner exchange between the conflicting sides, as was mentioned by the hon. Member for Birmingham, Northfield (Richard Burden). It is fair to say, however, that there has been a more vocal conversation on a possible exchange for Gilad Shalit than for Ehud Goldwasser and Eldad Regev. There is clearly a deal to be made; deals have happened in the past, and it is to be hoped that they can happen again. It seems that the issue is in deciding the precise number of people to be exchanged, as well as the categories of those people.

I know that the British Government have made efforts to secure the release of the Israeli soldiers. Will the Minister enlighten us, however, as to what precisely has been done and to what extent? For example, with which individuals and Governments has contact been made to try to bring pressure on the captors?

Mr. Richard Spring (West Suffolk) (Con): I was in Israel last week, and I saw the exact spot where the abduction of the two soldiers took place. My hon. Friend is addressing the important matter of Britain's role, on which I am sure the Minister will want to respond. Given the not always entirely satisfactory role that we have played in the past—that of special envoy—does my hon. Friend agree that a country such as Turkey, which has excellent relationships with both Israel and the Arab countries, could be deployed in the role of envoy? He and the Minister might like to comment on whether there are efforts to encourage the Turks, with their special credibility in the region, to deal with the tragic human situation that he is describing so vividly.

Mr. Vara: My hon. Friend makes a point that is very valid in the context of the conflict. I have always believed that, when enmity has existed between two sides for a long period, it is often intermediaries who bring about peace. In the present context, Turkey is certainly a player with whom we ought to be speaking, as are some of the other people with whom we have been speaking for many years. Turkey ought certainly to be given appropriate attention, given that all sides have respect for that country, and given its possible role in achieving change in the region.

Will the Minister also say whether external organisations such as Amnesty International or the International Committee of the Red Cross have been contacted by the British Government? In his summing up, I very much hope that the Minister will say not only that appropriate pressure has been exerted by the British Government, but that our Government will continue to exert that pressure, because the tragedy is ongoing.

Our Prime Minister will today be stepping down, and as it is widely reported that he might well take on the role of middle east peace envoy, it is right that we should wish him well if he should indeed take on that role. Our good wishes go to him.

There are many people in the Chamber who wish to speak, and time is limited. Let me conclude, therefore, by urging the Minister to do all that he can to obtain the release of the hostages and to ease the tension in the middle east.

Several hon. Members *rose—*

Mr. Roger Gale (in the Chair): Order. I intend to call the Front Bench spokesmen from 10.30 am. On a quick assessment of the hon. Members who just rose, six Members wish to speak. I should be grateful if hon. Members on both sides would take cognisance of that and bear in mind the desire of others to speak.

9.45 am

Mrs. Louise Ellman (Liverpool, Riverside) (Lab/Co-op): I congratulate the hon. Member for North-West Cambridgeshire (Mr. Vara) on securing the debate, which is an important one, because it is vital that the names of the kidnapped and missing soldiers are not forgotten. Attention should be drawn to both humanitarian and political aspects of what has happened.

No one could fail to be both moved and deeply concerned by the kidnapping of the soldiers Eldad Regev, Ehud Goldwasser and Gilad Shalit. In the case of Gilad Shalit, there is some information and knowledge that he is still alive, and there have been some attempts by the Egyptians to mediate in securing

his release, but it is particularly tragic that there is little, if any, information about the condition of Eldad Regev and Ehud Goldwasser. I have listened carefully to the comments that the hon. Member for North-West Cambridgeshire made about his meetings in Israel and his meetings with the families of the missing soldiers. I, too, met some of their families—both here, in the House of Commons, and at a major rally that was held in Albert square in Manchester last year. It is impossible not to be moved by the anguish of what we hear.

It is important for everyone to recognise that behind what has happened is a complex political situation in which the rule of law does not operate. Only at the beginning of this month, there was yet another attempt by Islamic Jihad to kidnap more Israeli soldiers across the border from Gaza. That attempt was foiled, but it is clear that kidnap is being used as a weapon of war despite not being part of normal politics and government—an indication of the breakdown of political society in the Palestinian Authority.

I am not sure that enough attention has been paid to the fact that international norms have been simply ignored in relation to the kidnappings. The Geneva convention has been broken, and access and information have been denied. It is important that international organisations as well as governmental institutions take note of that, and make their protests loudly.

It is impossible, too, to ignore the impact of other players on what occurred. I refer particularly to the roles of Syria and Iran—not just in relation to the kidnappings but in the failure to resolve them, free the soldiers, and release information about them. I fear that, in order to solve the problems, there needs to be a resolution that might well be based not only on negotiated prisoner exchanges but on the co-operation of Syria and Iran, whose proxies are holding the soldiers and refusing to address humanitarian concerns.

During the past week or two, the political situation in Gaza has changed. We might be experiencing a new crisis, but with that new crisis might perhaps come new opportunities. I hope that all efforts will be made by this country, which has indeed been making great efforts to get information about the missing soldiers, and international bodies, to find out what has happened to those soldiers, secure their release and end the anguish of their families, who wonder every minute of every day what has happened to their loved ones.

9.50 am

Mr. Dominic Grieve (Beaconsfield) (Con): I, too, congratulate my hon. Friend the Member for North-West Cambridgeshire (Mr. Vara) on securing the debate. He, I and some others went to Israel about a month ago, and in the course of that visit we had an opportunity to meet the parents and relatives of the three abducted soldiers. It prompted all of us to seek an Adjournment debate, and I am delighted to have an opportunity to participate. He set out the background fully, and I do not wish to repeat it. It is all common ground.

The situation in Israel, on both the Palestinian question and its relations with adjoining Arab states, is immensely difficult. The difficulties are not one-sided, and everybody in the House accepts that anyone looking back over the past 40 years can see that mistakes and wrongs have been committed on all sides. Finding a way to a satisfactory and peaceful solution is a priority for all of us in Europe, and certainly in this country, as well as for many countries in the middle east.

In the course of the conflict there has been much violence. The point has reasonably been made that large numbers of people are held prisoner by the Israelis because of the belief and fear that they have participated in violence. That cannot detract from the evil that comes from hostage taking, which is a completely separate and discrete issue because it is contrary to every humane norm. What is happening cannot be dressed up with legitimacy even by saying that the aim is to take prisoners from the other side. It is a terror device: by removing people and concealing from others their whereabouts, state of health and fate, one country can try to exercise leverage over another. All right-thinking people view that with the utmost disgust.

That is what has happened in the case of the three soldiers. My hon. Friend made the point that, in the case of the two abducted by Hezbollah on the Lebanese border, we do not even know whether they are alive: one or both of them may have succumbed to the injuries that they appear to have sustained at the time of their capture. That makes it doubly reprehensible that there is no information about their whereabouts or fate.

There have been examples close to home, in Northern Ireland, of individuals who have disappeared and whose fate has never been ascertained. In recent years the fate of one or two has been ascertained and their bodies recovered. Denying relatives knowledge of the fate of those they love is one of the most corrosive things that can be done in human relations. How it could contribute to any equitable settlement of a difficult conflict is incomprehensible to all rational people.

The reason for the debate is not to pass a wide judgment on the difficulties of reaching peace in the middle east, the apparent meltdown into anarchy of Gaza or whether the Israelis have handled their relations with the Palestinian Authority sensibly, or vice versa, in the past five years. It is to remind people of the fate of the three young men, to reiterate the demand for information on them, which would go a long way towards curing the pain that their relatives suffer as a result of their abductions, and to reiterate that the abductions were unacceptable behaviour that cannot help to achieve long-term peace.

I hope that the Minister will be able to tell us what the British Government have been doing, although I accept the point made by my hon. Friend the Member for West Suffolk (Mr. Spring) that Britain may well not be best placed to intervene and that other countries in the middle east, such as Turkey, could do so better.

An aspect of the case touched on by the hon. Member for Liverpool, Riverside (Mrs. Ellman) is that to imagine that such abductions and acts of terrorism take place in isolation is wrong. There is clear evidence that other states sponsor and countenance terrorism. After all, the abduction of British naval personnel in

[Mr. Dominic Grieve]

Shatt al-Arab was in many ways of the same nature and quality as what happens elsewhere in the middle east, although fortunately with a rapid ending. The unacceptability of that behaviour is just as clear, so the Government's ability to make the point forcefully to sovereign states may contribute to bringing such activity to an end.

I do not seek to pass judgment on difficult areas of conflict, but I call for a common humanity. At the moment that is singularly lacking from those who abducted these three young men.

9.56 am

Mr. Andrew Dismore (Hendon) (Lab): I congratulate the hon. Member for North-West Cambridgeshire (Mr. Vara) on securing the debate. For once, I find myself in total agreement with what he says. It is a unique occasion. I also congratulate the hon. Member for Beaconsfield (Mr. Grieve), because I agree with him, as I have on other occasions. I also agree with what my hon. Friend the Member for Liverpool, Riverside (Mrs. Ellman) said.

I have the honour of representing the constituency with the largest Jewish population of any in the country, and the matter is of great concern to them. The fat file in front of me contains just some of the correspondence that I have received on the issue from my constituents. Indeed, it was one of the first issues that was raised with me after I was elected. I see from my file that within weeks of the 1997 election I was receiving correspondence on the matter and took it up with the late Derek Fatchett, who was the Minister responsible in the summer of 1997.

As far as I can see, the Government have engaged with the issue from the very beginning. Derek Fatchett told me that he had participated in a link-up with members of the Knesset on 20 May to mark Ron Arad's 40th birthday and raised the issue on his visit to Damascus on 28 May, within a month of the 1997 election. It is important to recognise that while the debate has focused on the recent hostages, some people have been missing for well over 20 years with no information about their fate. Derek Fatchett wrote to me in February 1998 to say that he had met the families of some of those people when he visited Israel a few weeks earlier.

On the first day after the 2001 election I tabled parliamentary questions on the matter. By then, of course, we were trying to track down information on other hostages. In March 2002 we had a debate on the 500th day that Elchanan Tenenboim had been held by Hezbollah, and we should not forget his name or what happened to him and the others kidnapped at that time.

So it went on. Throughout the years we have had debates and parliamentary questions on the issue. I have raised it with a succession of Ministers: the late Derek Fatchett, as I have mentioned; Brian Wilson, when he was the Minister responsible; my hon. Friend the Member for Exeter (Mr. Bradshaw), and my hon. and learned Friend the Member for North Warwickshire (Mr. O'Brien), and of course I and many others have raised it with the present incumbent. When President Bashar al-Assad visited the UK soon after he took office, it was raised with him by the Government. Unfortunately, that has all been to no avail. As has been said, we have had no information to speak of about any of the people involved, going back well over 20 years. It is important to recognise that some kidnappings go way back, not just to Ron Arad but before. Zachary Baumel, Tzvi Feldman and Yehuda Katz have been missing since 1982, 25 years ago. So I hope that the Minister will be able to give us some comfort that pressure is being put on not just Hezbollah and Hamas, with whom we may have little influence, but on other Governments in the area, particularly Syria and Iran.

Mr. Gale, you will know from your own work on Cyprus how distressing it is for relatives simply not to know the fate of people who are missing. In Cyprus, the situation has gone on for longer and a greater number of people have been involved, but the pain of Israeli families is no less than that of those who suffered in Cyprus. Since I was elected 10 years ago, I have met various relatives and families on many occasions. Their pain does not lessen with the length of time that they have waited for news. In fact, if anything, it gets worse.

What is absolutely cruel about the situation is the lack of information. It may well be that some of those who are missing—some for up to 25 years—are dead, but the relatives should at least be told that that is the case: give them closure. The lack of information is the worst part of all of this—the cruellest thing. Hezbollah knows what has happened to those people, and the Iranians probably know as well, yet they are using the lack of information about what has happened to loved ones as a weapon of terror, not against Israel, although the whole of Israel sympathises with the families, but against individual mothers, fathers and siblings. To focus the problems of the middle east on a small handful of people is utterly cruel, inhumane and wrong. If Hezbollah has a conscience—I very much doubt that it does—it ought to reflect on that fact.

As has been said, Israel has a large number of Palestinians in detention for whatever reason, and we can argue about the rights and wrongs of that, but at least the prisoners' relatives know what has happened to them. They know that they are safe, and that they are being looked after and fed. The relatives are not subject to a lack of information about what is happening.

There is no doubt that this is hostage taking—there is no question about that. Hostage taking is a feature of modern conflict, but this is hostage taking of the worst kind. Alan Johnston is very much in the news. The BBC—quite rightly, as he is a BBC employee—nearly every day and certainly every week runs stories about the efforts being made by our Government, the BBC and non-governmental organisations to free him. We do not hear every day or every week about the fate of the missing Israeli service personnel. I suspect that our media have quietly forgotten about them, but they have not been forgotten in Israel or in my constituency, and they certainly have not been forgotten by their families.

I hope that the Minister will be able to tell us what efforts we are making at least to get some news of what is happening to these individuals, even if we cannot secure their release, which obviously we would want to

do. When I met the Prime Minister last autumn, he was optimistic that we might at least be able to make some progress in respect of Corporal Shalit. Unfortunately, those efforts seem to have run into the sand. Let us hope that now, after what has been happening in Gaza, we will see some progress in his case. I very much hope that intervention by other states such as Egypt will result in progress being made, but something must be done to give closure, comfort and hope to the families.

10.3 am

Mr. Lee Scott (Ilford, North) (Con): I pay tribute to my hon. Friend the Member for North-West Cambridgeshire (Mr. Vara) for securing this debate.

I would like to offer my thanks to the Minister, because I know from public and private meetings that he is indeed doing everything that he can to secure the release of the hostages. Following a question that I put to the Prime Minister, I know that he, too, is doing that. Indeed, if the rumours are correct and his new job will be middle east peace envoy, I wish him every success in that venture.

More than one third of the electorate in my constituency are Jewish. In fact, I thought that I had the largest number of Jewish constituents, but that is for another day.

Mr. Dismore: I do, according to the census.

Mr. Scott: We must have looked at different censuses.

I would like to associate myself with some of the words spoken by my friend, the hon. Member for Liverpool, Riverside (Mrs. Ellman). We must consider the situation from several different angles. The conflict last year did not start because hostages were taken. It started because terrorists were firing rockets into Israel on a daily basis, harming and killing civilians, and any Prime Minister of any country is duty bound to protect his citizens. The hostage taking was coupled with that.

I reiterate that I do not accept any comparison between prisoners in Israeli jails and the hostages. Israel has never released videos like the one that the terrorists released of Alan Johnston with bombs attached to his waist. There is no comparison, and we should not allow any comparison to be made. No sane-minded person wants war, but unfortunately we are dealing with a situation—I have said this quite recently—that involves Hamas, which has shown in recent weeks by staging a coup d'état that it is and always has been a terrorist organisation. Likewise, Hezbollah is a terrorist organisation. It has no regard for human life, whether it be Jewish, Palestinian or any other. In recent weeks, it has killed its own people.

Ehud Goldwasser, Eldad Regev and Gilad Shalit have been held hostage for nearly a year. We heard an audio tape this week on which Gilad Shalit asked for medical attention. The distress to their families and to anyone who knows them is apparent. I, too, visited Israel recently. Although I was on a private visit, I joined colleagues on some parts of their visit. We met Members of the Israeli Parliament from all spheres, including Arab Members. All that I heard was that if there is to be any gesture, sign or route to peace, hostage taking must stop, and the Israeli hostages—not just the three I mentioned but going right back to Ron Arad—must be released, or at the least their families must be told whether they are still alive.

The situation is intolerable, and no family should be put through it. The only thing I can say to the Minister is that I appreciate the efforts that he has made but I ask that they be redoubled, and perhaps involve other countries, as my hon. Friend the Member for West Suffolk (Mr. Spring) said. We must try to secure the release of the hostages for everyone's sake.

The situation is no different from when our naval personnel were taken hostage by Iran a few weeks ago. Iran and Syria have questions to answer in that regard. If they want to be better thought of by the world, perhaps they should press for the release of the Israeli hostages. I hope and believe that everyone in the House prays for the safe return of the hostages.

10.7 am

Nick Herbert (Arundel and South Downs) (Con): I, too, join in paying tribute to my hon. Friend the Member for North-West Cambridgeshire (Mr. Vara) for securing this debate. We might have been expected to seek a debate to draw attention to the situation of Alan Johnston. Indeed, my hon. Friend took particular care to mention his abduction on 12 March—more than 100 days ago—by the Army of Islam, and an enormous amount of attention has rightly been focused on his continuing captivity. The video that we were subjected to two days ago was a particularly grotesque example of what other hon. Members have described as the cruelty of such abductions.

There is a double crime in abducting a journalist. First, abducting anyone in this manner and holding them must be wrong, but to do that to the BBC's Gaza correspondent—a journalist who works for an organisation that is committed to reporting impartially the events in the middle east—challenges the essential importance of the freedom of the press, and severely undermines the Palestinian cause. It is not surprising that journalistic organisations from around the world have united in condemning the abduction and mistreatment of Mr. Johnston.

This debate was called because the abductions of the three Israeli soldiers have not commanded the continuing attention in this country that the fate of Mr. Johnston has. That is partly because the time period has been longer. The three soldiers were abducted nearly a year ago—in fact, in Gilad Shalit's case, over a year ago. I joined my hon. Friend the Member for North-West Cambridgeshire on a visit to Israel about a month ago and, like him, I met the parents of the abducted soldiers. I was struck by the fact that as time has moved on in this country the attention given to their plight has inevitably faded away. That is why it is so important that hon. Members discuss these issues and why I am particularly grateful to my hon. Friend for securing the debate.

It could be argued that soldiers are in a different position from journalists, who seek to report news impartially in a country, or from other civilians, and that they are legitimate casualties of conflict. I believe that that is entirely wrong and that abducting people in such a manner involves a special kind of cruelty. Throughout the history of conflict in the middle east there has been enormous loss of life and suffering on

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both sides—no one can deny that—but to remove soldiers or any individual in such a manner, not to inform their parents or relatives about what has happened to them, and to hold the families in a state where they simply do not know whether their sons are alive or dead, involves a special kind of cruelty. Indeed, in a sense, it is a form of torture.

It was immensely moving to meet the parents involved and to be reminded that the parents of two of these young men still do not know whether they are alive or dead. We now have information about the fate of Gilad Shalit and know that he is alive, but we should remind ourselves that this young man is only 20 years old. The anguish of those parents was particularly difficult to confront.

Mrs. Ellman: Does the hon. Gentleman recall the case of Yossi Fink? He was the son of British citizens who lived in Israel—his parents still live in Israel—and was abducted across the Lebanese border some years ago. Nothing was heard about him until eventually, sadly, his remains were returned to his parents many years after he had been kidnapped. The grief of his parents is still paramount.

Nick Herbert: I am grateful to the hon. Lady for reminding me of that. As has been mentioned, we should not forget that many other Israeli soldiers have also been abducted and their fates are still not known.

I particularly disagree with the hon. Member for Birmingham, Northfield (Richard Burden) who has now left the Chamber. He intervened on my hon. Friend the Member for North-West Cambridgeshire to suggest that the release of Palestinian prisoners held by the Israeli Government would in some way help to secure some forward momentum in the stalled peace process. I utterly reject what seems to me to be the sentiment behind his intervention, which suggested some kind of moral equivalence between what has happened to these Israeli soldiers and the people who are being held by the Israeli Government. These soldiers are being held contrary to the principles of international law, no access has been granted to them—the Red Cross and other international organisations have not been allowed to see them—and the UN has explicitly condemned the action. Those who suggest that there is some kind of moral equivalence are as wrong-headed as those who, for example, believe that Hamas should be rewarded for its recent seizure of positions in Gaza with immediate recognition by the west. Those are precisely the wrong conclusions to draw from such terrorist acts. In the words of Henry V, we must continue to emphasise that the abduction of soldiers in such a manner is

"expressly against the law of arms".

We should not resile from that position.

During our visit to Israel—where we met not just Israeli members of Parliament but the chief negotiator for the PLO—I was struck by the extent to which there is a remarkable consensus of support building up among Israeli politicians and opinion formers for a two-state solution, and a desire to find a partner for peace. What is worrying is that the long dispute that we are all witnessing seems to have moved away from just a dispute over territory to a dispute over ideology. We must understand that some of the groups that lie behind these abductions do not have any desire to settle for territory but are pursuing an ideological war. Those groups must be dealt with accordingly.

This week it is fashionable to talk about red lines, but the one fundamental red line that we in the west and people in any part of the world who subscribe to democratic values should draw, is that terrorism will not stand. The manner of the abduction of Alan Johnston and of these three soldiers will not stand. I understand that that attitude may make negotiations difficult and raise all sorts of questions about the extent to which the Government can legitimately get involved in essential negotiations, particularly through third parties. Nevertheless, it is important that we in the House stand united and say that whoever the people concerned are—whether they are soldiers or journalists—it is totally unacceptable to remove them forcibly, deny them access to humanitarian organisations, refuse to answer questions about their welfare, parade them in front of the media in the way that has happened with Alan Johnston, and use them for the purposes of promoting terrorism.

10.18 am

Mark Hunter (Cheadle) (LD): I thank the hon. Member for North-West Cambridgeshire (Mr. Vara) for calling this important debate, which is particularly important in the context of recent events in the Gaza strip. I welcome the opportunity to discuss efforts to secure the release of the captured Israeli soldiers and the aftermath of events surrounding those captures. I wish to put it on the record that, as have other hon. Members, I pay tribute to the courage of Alan Johnston, the captured BBC journalist, and that the bravery of our correspondents abroad should never be forgotten by the House. I am sure that the Minister will want to bring us up to speed on efforts to secure his release.

Hon. Members will understand, however, why I want to concentrate on the subject of debate, which is the abduction of the soldiers Eldad Regev and Ehud Goldwasser by Hezbollah, and of Corporal Gilad Shalit by the Popular Resistance Committee, which includes members of Fatah, Islamic Jihad and Hamas. Of course, that is totally unacceptable and in breach of international law. The seizure of those men, of course, is condemned by all parties in this House and by other national Governments and international organisations. We reiterate our call for the immediate and unconditional release of those men and call on all parties to abide by UN Security Council resolution 1701.

I was struck by the comments of hon. and right hon. Members so far that it is impossible for Members of this House to place themselves in that situation and to imagine the mental and physical strain of being held in captivity without any indication from the captors of when one might be released. I am sure that it goes without saying that we hope that the captives are being well treated and respected by their kidnappers, and of course our hearts go out to them and their families as international efforts to secure their release continue.

We must remember, however, that those Israeli soldiers are not the only individuals being held captive as part of continuing hostilities. It has to be said that Israel itself

continues to detain a number of elected representatives of the Palestinian people. As democratically elected individuals, whatever we might think of their politics, they have a role in the efforts to find peace. I would therefore support pressure being put on Israel to set in motion negotiations for their release.

Mrs. Ellman: I listened carefully to the point that the hon. Gentleman just made about Israelis taking prisoners and putting them in jail. Is he making an equivalent to the abduction of soldiers, such as those being discussed this morning?

Mark Hunter: No, of course not. I am simply saying that this debate is not best served by pretending that the wrong lies entirely with one side. I think that other Members have accepted already that activities have been undertaken by both sides of this complex conflict that, quite frankly, have done neither of them any credit. In what I hope is a sensible and constructive debate, it would be wrong not to allude to the fact that some people feel equally passionately on the other side of the argument. If I have the opportunity to develop my argument, it will become a little clearer in a moment or two.

Mr. Scott: Does the hon. Gentleman agree that there is a very big difference between the taking of hostages, and people being held where their families can visit them, being fed, not being harmed and not being in distress—such as that caused by having suicide bombs attached to their waist and being paraded on television?

Mark Hunter: Of course I do. The debate is specifically about the three Israeli soldiers, as the Order Paper shows clearly. Although I think that it is right, as I said, to refer to the situation affecting the BBC correspondent Alan Johnston, I am certainly not planning in the short time that I have available to concentrate more on that than on the subject raised by the hon. Member for North-West Cambridgeshire—that of the Israeli soldiers. However, of course I accept that difference, and I think that I have explained the context in which I made my earlier point.

I want to mention the Egyptians. The Egyptian Government have been working to negotiate the release of Corporal Shalit and in late October of last year the Popular Resistance Committee announced that an agreement for prisoner exchange had been reached, under which Palestinian prisoners held in Israel, including women and children, will be released in stages, and Israeli soldiers handed over to the Egyptians. In fact, in December, Egypt's President Mubarak declared that a deal was in its final stages. Reports now state that the names of specific prisoners to be swapped are yet to be finalised. I should be grateful if the Minister would inform the Chamber on how those Egyptian-led negotiations are progressing and perhaps on what the UK Government are doing to facilitate those negotiations.

Not surprisingly, there is considerable debate about the current situation in the Gaza strip and the resulting increased levels of tension, which make the ongoing negotiations for prisoner exchange even more difficult than they might have been. I ask also that the Minister gives us his Department's up-to-date assessment of how the current situation in the Gaza strip affects the chances of Corporal Shalit being released in the near future.

In answer to a parliamentary question from Lord Turnberg in March of this year, Lord Triesman mentioned an unnamed facilitator working with all parties to secure the release of the two Israeli soldiers being held by Hezbollah. That facilitator was mentioned also in the UN Secretary-General's report on the implementation of Security Council resolution 1701 in March 2007. I should be grateful if the Minister would advise the Chamber on what, if any, progress the facilitator has made and on what the UK Government are doing to help.

The report on Security Council resolution 1701 stated also that Hezbollah were not only stalling the release of prisoners but placing

"prohibitive demands for proof that the two Israeli soldiers were still alive".

In December 2006, *The Independent* reported that at least one of the Israeli soldiers had been injured during the cross-border attack on 12 July, but Hezbollah have refused to allow access to the International Committee of the Red Cross or to the UN facilitator. It seems to me that the refusal of that basic humanitarian act by Hezbollah stands in marked contrast to the stance of Israel, which has allowed the Red Cross access to Lebanese citizens captured by the Israeli defence force and authorised that prisoners be allowed to write to their families. As other hon. Members have said, that makes a significant difference to the treatment of the respective captives. I should be grateful if the Minister would tell the Chamber whether any negotiations are taking place to encourage Hezbollah to allow the UN facilitator and the Red Cross access to the imprisoned Israeli soldiers, and whether he can report on any progress in those negotiations.

In addition to calling for the release of the captive soldiers, Security Council resolution 1701 calls for the disarming of militant groups such as Hezbollah. I understand that the stand-off in the refugee camp of Nahr El Bared between the Lebanese Government and the Fatah rebels continues. Although we respect the work of the Lebanese Government and the United Nations Interim Force in Lebanon to disarm militias, we of course join international aid agencies in calling for a temporary ceasefire so that civilians and those who are wounded can be evacuated from the camp.

With regard to the disarming of militias, the UN Secretary-General, in the report on resolution 1701, stated that he is still waiting for the Lebanese Government to define a political process by which Hezbollah and other militias should be disarmed. Perhaps the Minister would inform us whether, during recent discussions with the Lebanese Government, that issue was raised, and whether they are close to creating such a political process. Will he also give us his assessment of how the disarming of militias in Lebanon is progressing?

The Minister for Trade, the right hon. Member for Makerfield (Mr. McCartney), in answer to a question on 5 July last year, stated:

"Israel has the right to take steps to secure the release of Corporal Shalit. Any military steps taken should avoid civilian

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casualties, abide by international law and observe the principle of proportionality."—[*Official Report*, 5 July 2006; Vol. 448, c. 1152W.]

However, for many Members on both sides of the House, it is a matter of great regret that, during the Israeli bombing of Lebanon last summer, the Government refused to join other European countries in calling for a ceasefire. In the light of the tragic loss of life and property that ensued, does the Minister still believe that military action was an appropriate step to take last summer? Does he agree that any attempts to free Israeli soldiers now should be made through wholly diplomatic and peaceful means, not through the use of force?

I sincerely hope that all three Israeli soldiers return safely in the near future and that the militant groups that abducted them are disbanded. The Government need to ensure that, through the UN and the EU, we play an active role in encouraging engagement between Israel and Palestine, because unless they continue talking, a peace settlement will be impossible. I look forward to the Minister's reassurance that the Government will continue to do all that they can to secure the release of those prisoners and to work for a lasting peace in the middle east.

10.30 am

Mr. Geoffrey Clifton-Brown (Cotswold) (Con): I am grateful to have caught your eye in this important debate, Mr. Gale. I pay great tribute to my hon. Friend the Member for North-West Cambridgeshire (Mr. Vara) for securing it and giving us the benefit of the first-hand knowledge that he and a number of my other hon. Friends have acquired from recent visits to Israel. In particular, they were able to meet and have discussions with the families of two of the kidnap victims and they have described poignantly the extreme anguish and hurt that their families are suffering. We urge all those close to Hezbollah and Hamas, which may be holding the three hostages and, indeed, Alan Johnston, to release them as quickly as possible. Many hon. Members have said that what is needed is at least some news of those four victims. It would provide huge reassurance if their families could be told that they are alive and well and being treated well. That would be a great step forward, and I urge all those holding them to do just that.

I am filling in for my hon. Friend the Member for Mid-Norfolk (Mr. Simpson), who, sadly, cannot be here today, although he normally deals with middle eastern affairs for the Opposition. The situation that we are discussing is particularly complicated, and this debate has been wholly constructive and almost completely unpartisan. The work of the House is often not viewed in that positive spirit.

We have repeatedly called for the release of the four hostages. I welcome the Minister's statement in a press release of 25 June, remembering Gilad Shalit's captivity. I join him when he states:

"Today marks one year since Israeli soldier Gilad Shalit was captured by Palestinian militants. Likewise, the fate of Ehud Goldwasser and Eldad Regev, captured from Israel by Hizballah on 12 July 2006, remains unknown. Our thoughts are with these men's families, as they continue to deal with the daily uncertainty over the fate of their loved ones. We also condemn the release of today's audio tape of Gilad Shalit which can only add to the anguish of his family.

We call for the immediate, unconditional and safe release of all three men. Violence only serves to further increase the tension and frustrate efforts to find lasting peace."

We would all totally agree with that.

My hon. Friend the Member for Beaconsfield (Mr. Grieve) rightly said that kidnapping is beyond all the norms of international behaviour—all the norms that we would expect of a civilised society and under international law. We ourselves have taken prisoners in war situations, but we always treated them in accordance with the Geneva convention, and I urge all parties holding these people to do the same.

We deeply regret the recent attack on UN peacekeepers in southern Lebanon, which killed six Spanish and Colombian soldiers. The attack underlines the difficulty and danger of the work undertaken by UNIFIL—the United Nations Interim Force in Lebanon. We must do everything that we can to ensure that Lebanon remains as stable as possible. We call on all parties to abide by UN Security Council resolution 1701, which, among other things, refers to

"the need to address urgently the causes that have given rise to the current crisis, including by the unconditional release of the abducted Israeli soldiers".

That refers to Ehud Goldwasser and Eldad Regev. We must give every possible encouragement to the Siniora Government to try to ensure that Lebanon remains as stable as possible.

In relation to all four cases, the Opposition urge the Government—perhaps the Minister is prepared to say something about this today—to keep all channels of communication open to all the parties. Those channels may be official or unofficial. We always did that in Northern Ireland and it produced results. Will the Minister say something about that? My hon. Friend the Member for West Suffolk (Mr. Spring) made the particularly important point that Turkey has a role to play. Indeed, any other countries that may be interlocutors should also be involved in the process.

Hezbollah appears to have increased its activity recently, particularly after the soldiers were kidnapped. We have seen the disturbing rise of Islamic militantism in Lebanon in the form of the Fatah al-Islam group. What efforts has the Minister made, along with colleagues in government and our American allies and EU partners, to secure the release of Israeli soldiers held captive by Hezbollah, and for the full implementation of resolution 1701? In particular, what impact have UK efforts to rebuild Lebanese security forces had on their capability to keep order in that country, enforce resolution 1701 and uphold the authority of the Lebanese Government?

There are disturbing reports that Hezbollah is succeeding in rearming by way of shipments from Iran over Syrian territory. That is in direct contravention of resolution 1701, which both Iran and Syria signed. What is the Government's latest assessment of Hezbollah's military capability and what action is being taken to secure Lebanon's border with Syria? What progress has been made in Government efforts, beginning with the visit by the Prime Minister's envoy to Syria last year, to persuade the Syrian Government to clamp down on such activity? Will the British

Government make further contact at a high level with the Syrian authorities? What representations has the Minister made to our EU partners about the kidnapped soldiers and what action is the EU taking to secure their release?

The Opposition's view is that, to achieve real results and the release of the kidnap victims, we should open up all channels. I have asked the Minister a complex series of questions in that respect. We should also, as part of our complex relationship with Iran, bring pressure to bear on Iranian financial support for Hamas, which was estimated last year at a staggering $250 million. Indeed, former Hamas Foreign Minister Mahmoud Zahar was quoted telling a German news magazine that he had personally carried $42 million in cash from Iran across the Gaza-Egypt border—thereby increasing the instability in the area.

The Opposition support the Government's efforts to ensure that the Sharm el Sheikh summit this week involving Israel, Egypt, Jordan and Mahmoud Abbas and leaders from the Palestinian Authority brings about a further settlement and, in particular, the release of the kidnap victims. What action have the Government taken to prevent further divisions between the differing groups in the Palestinian Authority?

The Opposition warmly welcome—if it is to happen—the Prime Minister's appointment as an envoy to try to bring about further stability in the middle east. That is obviously critical. If the appointment comes about, we wish him well.

This debate has been very constructive. I hope that, in the very, very near future, the kidnap victims will be released. The Opposition call wholeheartedly for all those who have information that could in any way lead to their release to come forward and act now with the authorities to secure their release and stop the ongoing anguish of the families.

10.38 am

The Minister for the Middle East (Dr. Kim Howells): I join hon. Members who have thanked the hon. Member for North-West Cambridgeshire (Mr. Vara) for the opportunity to discuss this extremely important issue. He described vividly what happened in this troubled region a year ago and what continues to happen now. I also echo the remarks of the hon. Member for Cotswold (Mr. Clifton-Brown) in reminding us that that is one of the most important functions of these debates. Hon. Members have given eye-witness accounts and related to us accounts of discussions with people who are suffering and witnessing day to day the dreadful problems. The House should regard that as extremely valuable. I have enjoyed listening to hon. Members' observations and I was struck by how important they are. The hon. Member for Cotswold is right that we as Front Benchers, and indeed the hon. Member for Cheadle (Mark Hunter), often do not get a chance to speak to people in that way, and I would like to have more systematic reports back from the many trips that right hon. and hon. Members make. That is very important.

The hon. Member for North-West Cambridgeshire described how Israeli soldier Gilad Shalit remains in captivity a year on from his abduction by Palestinian armed factions on 25 June 2006. Similarly, the fate of Ehud Goldwasser and Eldad Regev, who were captured by Hezbollah on 12 July 2006, remains unknown. The hon. Gentleman and colleagues met the families of some of those soldiers in Israel, and I extend the Government's sympathy to them—our thoughts are with them at what must be a particularly difficult time. I also condemn Monday's release of an audio tape of Gilad Shalit, which can only add to his family's distress.

We have heard about many of the other grave issues. We know all too well of the litany of appalling incidents that have occurred in the region—Palestinians being held without charge, houses being demolished, rockets being fired at civilians and intimidating overflights. We also heard specifically about the kidnappings and their terrible consequences not only for those who are kidnapped, but for their families, who are denied any knowledge of the welfare of their loved ones. Kidnapping is a vile crime, as Alan Johnston's family and friends will testify all too readily.

The Government utterly condemn the abduction of the three Israeli soldiers, and I take this opportunity to reiterate our call for their immediate and unconditional release. I fully underline my support for the efforts of those who have been working hard to secure the soldiers' release, and particularly the UN. Acts such as these kidnappings are counter-productive wherever they occur, and drive a cycle of violence and retribution. This is a particularly difficult time in the middle east, and abductions serve only further to increase the tension and to frustrate efforts to promote peace and stability in the region through dialogue.

I am glad that the hon. Member for North-West Cambridgeshire raised the case of Alan Johnston, and many hon. Members have asked exactly what is going on. I would very much like to be able to tell everyone about the efforts that are being made, but much of what is being done must remain confidential. I can say, however, that the Palestinian Authority of President Mahmoud Abbas and the Israeli authorities have worked closely with our superb diplomatic representatives in Tel Aviv and Jerusalem, our contacts in Ramallah and the Egyptians, who have played an important role in trying to secure Alan Johnston's release, and I shall try to say a little more about that in a moment or two.

We especially condemn the release of Monday's video, which can only add to the distress of Alan Johnston's family and friends. Those holding Alan should release him. I cannot remember which of our colleagues said a moment ago that Alan has been a very fine reporter, and he certainly has. I find his kidnapping particularly perplexing because the Palestinian people cannot have had anybody who reported on events in such a vivid and clear way. Hamas is a repulsive organisation—a very nasty bunch of people—but even it recognises that Alan Johnston's kidnapping sets the Palestinian people's cause back considerably.

We understand some of the problems that beset the region, and they are not just ideological or religious; there is also that cloud of criminality. I saw that clearly in Belfast—not so far from home—where terrorist organisations began funding themselves through drugs, smuggling petrol, protection rackets and kidnapping. The members of the clan that is holding Alan Johnston

[Dr. Kim Howells]

are well known as guns for hire and kidnappers, and they have a nice little sideline in kidnapping. These are terrible people, and this is a terrible crime, and we are working hard to secure the release of Alan Johnston.

Let me now address the substantive part of the debate and answer some of the questions that have been raised about the soldiers who were abducted in Gaza and, separately, in northern Israel. Let me start with those who were abducted by Hezbollah in northern Israel. Securing the release of Ehud Goldwasser and Eldad Regev remains a high priority for the United Kingdom and the international community. Since they were captured last summer, we have called consistently for their unconditional and immediate release and we have strongly supported international efforts aimed at securing it.

As part of the mandate set out in UN Security Council resolution 1701, the UN is leading negotiations to secure the release of Regev and Goldwasser. On 1 December 2006, the then UN Secretary-General, Kofi Annan, reported that he continued to make the unconditional release of the captured Israeli soldiers and the issue of the Lebanese prisoners detained in Israel a top priority, and I am glad to say that the current UN Secretary-General, Ban Ki-Moon, reiterated that on 14 March 2007.

The hon. Member for Cheadle asked some specific questions about the UN facilitator. The facilitator was appointed by Kofi Annan as part of resolution 1701, and his/her identity has been kept secret. I can, however, say that the facilitator has had a range of contacts with Hezbollah since his appointment by Kofi Annan. He has met the Hezbollah leadership and emphasised the need for humanitarian access to the soldiers and for their release. So far, Hezbollah has—publicly at least—rejected his request, demanding instead the release of large numbers of prisoners held in Israeli jails, which goes beyond the framework of UN Security Council resolution 1701. Negotiations continue, and the facilitator continues to urge compassion in Hezbollah's demands; in other words, he is trying to inject not only some humanitarian considerations and compassion, but some realism. We very much support the facilitator's work.

The hon. Member for Arundel and South Downs (Nick Herbert) put his finger on something important when he said—I tried to scribble it down, and I hope that I have recalled it properly—that the dispute was no longer about territory, but increasingly about ideology, and we must remember that in the case of the kidnapped soldiers. The hon. Gentleman is right that the activities of Sunni Jihadists, which the hon. Member for Cheadle also mentioned and which include Fatah al-Islam—the group responsible for the fighting at the Nahr El Bared refugee camp near Tripoli in the north of Lebanon—are a worrying development. These people are the self-appointed representatives of a movement inspired by the belief that there should be an Islamic caliphate from Manila to Madrid. It is a movement that considers the kidnapping, torture and murder of infidels and non-Sunnis to be a duty for jihadists if it assists in building that caliphate and destroying the structures and notions of sovereign states and democratic institutions, including the United Nations. It has murdered some of the best that the United Nations had, in Baghdad and since. Added to that mix, as hon. Members have hinted, we might consider the nefarious work of Iran and the Shi'a theocracies, which work ceaselessly to support the violence and terrorism perpetrated by Hezbollah and Hamas. Help is also being given to the Taliban in Afghanistan, although I cannot go into that in this debate, and our soldiers are being murdered too. I understand the hon. Gentleman's observation. It is important to the discussion about what to do to get the soldiers out.

We continue to work closely with the UN, and have offered it the Government's continued support as it works towards a successful outcome. What is needed as a first step, as hon. Members have said, is humanitarian access to the captured soldiers. That has been requested repeatedly by the International Committee of the Red Cross, which is a very important player. We second the call of the ICRC to Hezbollah and others to give that access.

Of course, the abductions by Hezbollah last summer precipitated a wider conflict with Israel. I was there during the terrible violence last July in Lebanon and Israel. I was in Palestine and Jordan and witnessed the horrific consequences of those kidnappings. As the hon. Member for North-West Cambridgeshire showed in his remarks, it is easy for such an event to spark off a calamity. A ceasefire was eventually constructed, but it took a lot of doing. It is very easy—the hon. Member for Cheadle raised the point—to call for a ceasefire; it is a different matter to construct one. I heard calls at the time for a UN peacekeeping force to fight its way into Lebanon. I would like to see nations do that. I have heard questions such as, "What militias have had their weapons taken from them?" Try taking the weapons off Hezbollah in southern Lebanon. It is an alternative Government—a self-appointed group of terrorists who act as if they are the Government of Lebanon. We must understand that Hezbollah has a hybrid relationship with Lebanon. It has Members of Parliament but it also has its own army. If it decides to go to war with Israel it drags Lebanon into that war. There should be in Lebanon, as the United Nations resolution made very clear, one Government and one gun—the Lebanese army, which should be the representative of, and controlled by, the Lebanese Parliament.

I have been watching, week by week—as we all have, I am sure—the majority in the democratically elected Government of Prime Minister Siniora in Lebanon being systematically murdered; its majority is being reduced by murder—and it is not just Members of Parliament who are being murdered by whoever is responsible. It just happens that the people who are being murdered at the moment are all anti-Syrian. I shall not add two and two and make five, but we should ask who is doing the murdering. In the last murder the victim's son was killed as well, because those responsible knew that if there were a by-election the son would win it. That is how ruthless the opponents of democracy in Lebanon are. That is how ruthless Hezbollah is. Those Hezbollah hit squads are capable not only of kidnapping soldiers but, in sophisticated ways, of murdering even the most important people in Lebanese politics, such as Hariri.

Mrs. Ellman: I congratulate the Minister on his firm grasp of the complexities of the situation in Lebanon and the middle east generally. Does he share my concern about the continuing reports on the build-up of arms by Hezbollah in Lebanon since the ceasefire agreement, and the growing concern that, with such a build-up and the intention to start firing on northern Israel again, the seeds of a new conflict have already been sown?

Dr. Howells: It is an important question. I recently travelled to the Israeli border in Lebanon, an area to which the Lebanese army had not been for a long time, south of the Litani river. I spoke with General Graziano, who is in charge of the UNIFIL forces there. He told me that the forces had not intercepted any significant smuggling of arms across that part of the border from Syria into Lebanon, but that he had no way of knowing what arms had been smuggled across the rest of the Lebanese-Syrian border, especially in the north.

I am sure that many people are watching those borders carefully. Syria has said that if it sees, for example, German peacekeepers moving too close to the border, it will regard it as an act of war. That does not sound to me like the policy of a state that is interested in creating a sustainable peace in the region. General Graziano's view was that in the interregnum between the creation of a ceasefire and the UNIFIL force's managing to go down into southern Lebanon, Hezbollah had rearmed itself. Its Iranian and Syrian backers had ensured that it had its 107 mm rockets and everything else that it required, in case it wanted to begin once again to attack Israeli towns. That is a very worrying situation and my hon. Friend is right to raise it.

Mr. Clifton-Brown: In the few minutes left of the debate, will the Minister say something about contacts that have been made with Hamas and about the release of Corporal Shalit? In particular, what discussions did the British consul general in Jerusalem have when he met Ismael Haniya, the Hamas Prime Minister? We know that the case of Alan Johnston was raised. Was the case of Corporal Shalit raised? What continuing contact is being made?

Dr. Howells: I am happy to speak about that. We have been working mostly, as the hon. Gentleman probably knows, with the Egyptians. They continue to mediate between the Israelis and Hamas towards the release of Corporal Shalit. We understand that the stumbling block continues to be the names and overall numbers of Palestinian prisoners that would be released in exchange. A very large number has been given. Recent events in Gaza are certainly one cause for concern in the context, but we continue to support the Egyptians in their efforts.

I think it was the hon. Member for West Suffolk (Mr. Spring) who said that it might be a good idea if Turkey were to become involved. We have been trying wherever possible to persuade the regional powers that they should become more involved. I was very glad, as the hon. Member for Cotswold knows, because we have debated this issue before, to see a renaissance in Saudi international diplomacy; it is very important, and I hope that they will put the kind of energy into getting Corporal Shalit released that they tried to put into the broader middle east peace process last month and the month before. I think that it is a good suggestion that Turkey should be involved.

By way of a precise response, our diplomats have not raised Shalit in face-to-face discussions, but only Alan Johnston. It was a UK consular issue.

Sentencing (Retail Crime)

11 am

Ann Coffey (Stockport) (Lab): First, I should like to explode some common myths about shop theft. There is a view that shoplifting is a petty or victimless crime of ordinary people taking a few bits off the shelves on impulse, and that it is not really criminal behaviour and shoplifters are not really criminals, but that is by no means the entire picture. We should all be concerned that shop thefts are increasing: 296,044 were recorded by the police in 2005-06, which was up by more than 14,200 on the previous year. Official figures show that shop theft increased by 1 per cent. between 2000 and 2006, but data collected by the British Retail Consortium indicate an increase of 70 per cent. in that period. That huge discrepancy could be down to under-reporting to the police.

We should also be concerned that there were 10,000 physical assaults on shop workers last year, 7,000 of which were linked to shoplifting. Behind those statistics lie horrifying incidents involving the assault and abuse of shop workers. I recently met two brave women who work in Asda. One of them had been the victim of an armed robbery, in which a gun was held to her head, and the other had been attacked with an axe. Since the attacks, they have felt frightened to go to work every day.

The local paper in my constituency, the *Stockport Express*, reported in March that there had been a spate of 19 armed robberies of late-night shops and off-licences. In April, there was an awful case in which a woman shop worker suffered horrendous injuries when she was hit in the face with a hammer for four bottles of vermouth and a few packets of cigarettes. Other Stockport cases that have recently been reported to the Union of Shop, Distributive and Allied Workers include that of a youth who attacked a shop manager when he was challenged for stealing beer. The deputy manager went to assist the manager, but the youth broke free and produced a hypodermic syringe, saying that he had AIDS, and started chasing staff members, before eventually escaping. In another case, a woman was confronted for stealing magazines and said that she was going to pay for them. When she was told to leave the store and not to return, she became abusive and threatened to come back and stab the sales assistant.

Sixty per cent. of violent incidents occur when staff attempt to detain criminals or to protect property from theft. Many shop workers are faced with that dilemma every day, and there are many cases of traumatised workers leaving their jobs. In order to deal with shoplifting, it is important to understand the link between it and other criminal activities, such as organised crime. Much shop theft is done by people who are desperate for cash to buy drugs or alcohol. A Home Office report entitled "Strengthening powers to tackle anti-social behaviour" said that people who commit retail theft are 85 per cent. likely to be drug users and to live "chaotic" lifestyles.

A recent report by the Centre for Retail Research found that the biggest shoplifters are men. It said that shoplifters are

"older, more organised and are often stealing higher value goods to order which explodes the myth of store theft being a largely opportunistic and 'harmless' offence".

Mr. Andrew Smith (Oxford, East) (Lab): I congratulate my hon. Friend on securing this important debate, and she makes a powerful case. She said that there were 10,000 physical attacks on shop workers last year. Given those attacks, the antisocial behaviour in shops and the fact that some shoplifting is driven significantly by large-scale organised crime, is not it crucial that the full force of the law is brought to bear on the perpetrators of those crimes? Any signal that the seriousness of the offence of shoplifting might be downgraded sends entirely the wrong message. Would not it be good to get some reassurance from the Minister ahead of the national respect for shop workers day on 11 July that has been organised by USDAW, which has done much to campaign for shop workers on this issue?

Ann Coffey: I thank my right hon. Friend, and I agree entirely with that important point about the message that is being sent about the seriousness of shop crime. I know that he has a long record of campaigning for shop crime to be treated more seriously, both to make shops safer for shop workers and to make communities safer for constituents to shop in.

Mr. Philip Hollobone (Kettering) (Con): I congratulate the hon. Lady on securing the debate. She makes an excellent case, particularly in highlighting the vulnerability of many female shop workers. Is not it incredible that, against that background, the Sentencing Guidelines Council should suggest that even persistent shoplifters should no longer be sent to prison?

Ann Coffey: The hon. Gentleman makes a good point. All sentencing options should be open to the courts when dealing with shoplifters, and there should not be a presumption that offences are trivial before they are dealt with in court.

Shoplifting has also been linked to gun crime and terrorism. A report on Operation Trident, which investigated shootings within the Afro-Caribbean community, said that a generation of young people had moved from shoplifting to gun crime within six years. There have also been many reports of terrorists raising funds through organised shoplifting. Far from being a trivial offence, shoplifting may be a visible sign of a shoplifter's more extensive criminal activity, or of his or her link to organised crime. It is hardly surprising, therefore, that many shop workers are assaulted, because they often have to challenge people who are not novices in crime.

If sentencing policy is to be effective in preventing retail crime, it is important to recognise that shoplifting is not the victimless, petty crime that it is portrayed as, and that shoplifters are often hardened criminals. It is also important that sentencing policy should take account of the fact that people may start as shoplifters but end up involved in more criminal activities. That is why it is vital that first offences are treated appropriately.

That brings me to fixed penalty notices for disorder. In 2004, the scope of PNDs was extended to include shop theft offences. Many people expressed concern that shop theft was being trivialised and put on the

same level as parking offences or litter dropping. PNDs were intended to be used in cases of the theft of goods worth less than £200, and they were not meant to be used for repeat offenders. Victims' views were also meant to be taken into account when deciding whether to use PNDs instead of prosecuting. More importantly, they were meant for first offenders, although the length of time since any previous offence could be taken into account. The idea was that they would provide a quick penalty for shoplifting and would discourage further offences, but regrettably they seem to have been much misused. Businesses claim that some offenders collect notices like parking tickets.

Police officers are not supposed to give on-the-spot fines to drug users. If a drug offender is not identified and is given a PND, they stand no chance of receiving treatment or coming off drugs. An offender who is given a PND will not be drug-tested on the scene and so probably will not be identified. That is important, because the reason that people are tested on arrest is to identify underlying problems and to stop the spiral of crime.

PNDs have a part to play in the overall system, but I remain concerned about their overall effectiveness and about the consistency of their use. The British Retail Consortium has dozens of examples in which police guidance on PNDs has been flouted, including cases in which multiple PNDs have been issued to persistent offenders, sometimes in the same day, and two cases in which PNDs were issued to offenders wearing electronic tags, one of whom was a previous employee and was on parole. Those are clear breaches of guidance, as PNDs should not be given to repeat offenders.

Other examples of guidance breaches include the issuing of PNDs to aggressive and disorderly individuals and to those using foil bags, indicating that the offence was planned. For those who do not know, a foil bag is lined with layers of aluminium foil, which enables the carrier to shoplift because it blocks out store sensors. PNDs have been issued in cases involving goods worth well in excess of the recommended £100 limit and even in excess of the £200 exceptional circumstances limit. In other cases, PNDs have been issued without the victim's consent. Victims should not be pressurised into accepting the issuing of a PND simply because it makes life easier for the police. A PND disposal removes the possibility of the criminal court awarding a compensation order in the victim's favour.

A recent survey of solicitors for BBC Radio 4's "Law in Action" programme found that some people racked up as many as five fixed penalty notices in a matter of months without getting a criminal record. Parliamentary figures show that in 2004 only 2,072 PNDs were issued for shop theft. In 2005, the number leapt tenfold to 21,997. In the first six months of last year, the number was 16,807; new figures from the House of Commons Library suggest that it will rise to 37,463 for the whole of 2006. That could mean that PNDs have been effective and that more shoplifters are being caught, but it could equally indicate a level of abuse and that PNDs are being handed out like confetti. Even if we accept that PNDs are being issued legitimately to first-time shoplifters, it is staggering that only 41.2 per cent of related fines are paid.

There is no national system for recording PNDs—the figures are collected by individual police forces—so it is not possible to say how many have been given to repeat offenders. Police forces are supposed to record the issuing of PNDs on the police national computer, but there is evidence that that does not always happen.

A report from the Office for Criminal Justice Reform published in February 2006 confirmed that the way in which PNDs are issued is not consistent from area to area. The report refers to the poor quality of notices, which are mainly hand-written, and to problems with recording information on the police national computer. Those things make it easier for an offender to get away with multiple offences, because they could, for example, move between police authorities.

On a national level, the jury is out about the effectiveness of PNDs as a deterrent for would-be first-time shoplifters. The recent announcement that police will be able to defer payment of PNDs for shoplifting for three to six months has been met with consternation because of the message that it sends out. I understand that deferments will take place only when the police feel that a community will benefit from the shoplifter signing, by way of an alternative, an acceptable behaviour contract. I welcome that, because it will enable us to pay some attention to underlying social problems, but it is important that people have confidence that deferments will be effective, which means having confidence that PNDs are being used effectively. Before the measure is introduced, will the Minister undertake a thorough, national evaluation of PNDs? Such a review would include collecting information on the extent to which guidelines are adhered to, including on the recording of offences; the number of people who reoffend having been issued a PND; and what action is taken against the high proportion who do not pay PND fines. The evaluation should also include evidence from stakeholders.

There is anecdotal evidence that criminals move into retail crime because there is less risk and penalties are lower. I should like to see an assessment of whether the perceived weakening of punishments for shop theft is making retail premises more attractive to thieves than domestic properties such as houses and cars.

The Sentencing Advisory Panel is currently drafting advice to the Sentencing Guidelines Council, which it is expected to publish in the autumn. The proposal to remove or cap custodial sentences for shop theft at 16 weeks for even the more persistent offenders has caused anxiety among businesses, especially when combined with the increased use of PNDs. It will be helpful if the Minister confirms that the full range of sanctions under the criminal justice system will remain available, from PNDs to antisocial behaviour orders and drug treatment orders, and custodial sentences of whatever length a court believes to be appropriate.

This year, the national respect for shop workers day, which is organised by USDAW, will be held on Wednesday 11 July. To emphasise the important part that local shops play in the life of the community, the theme of the day will be that safer shops make for safer communities. A shop that is the target of persistent crime and antisocial behaviour is not a safe place for staff or customers.

Communities would benefit if reducing retail crime, including shoplifting, was made a key police performance

[Ann Coffey]

indicator. Will the Minister consider that? It would encourage local crime and disorder partnerships to use the full range of their resources and available measures to tackle retail crime. I congratulate the Government on introducing a wide range of measures that may be used to tackle retail crime, including shoplifting, but there needs to be better co-ordination at both national and local level. Will the Minister consider writing to crime and disorder partnerships to draw their attention to the available measures?

As a result of my concerns, I would like the Minister to consider instituting a review of the current and future sentencing framework for retail crime. The review should involve all the major stakeholders, including USDAW, the British Retail Consortium, and big employers such as Morrisons and Tesco.

Nobody wants a situation in which the retail environment is increasingly seen by thieves as a place where they can act with impunity. Preventing crime and antisocial behaviour in and around stores and shopping centres is vital for the regeneration and strengthening of our communities, and for the well-being of shop workers and customers.

11.15 am

The Minister of State, Ministry of Justice (Mr. David Hanson): I thank my hon. Friend the Member for Stockport (Ann Coffey) for her positive contribution on the issue of retail crime. I also thank my right hon. Friend the Member for Oxford, East (Mr. Smith) and the hon. Member for Kettering (Mr. Hollobone) for taking part in the debate.

First, I declare an interest: I am a member of USDAW, the shop workers' union, as were my father, mother and grandfather, so I am fully aware of the support for USDAW's campaign to tackle retail crime.

The Government take retail crime seriously, and I am grateful to my hon. Friend for bringing it to our attention today. We recognise that retail crime causes disruption to retailers and involves the threat of physical violence to staff, and that it can have a knock-on effect on communities and, by increasing costs, on consumers. When I worked for the Co-op in Plymouth and south Devon many years ago as a retail manager, losses from shoplifting were of great concern to the organisation, in terms of both the knock-on costs for consumers and the company's profit margin, so I take my hon. Friend's points seriously.

Sadly, there has been an increase in shop crime from 275,000 cases in 1995 to a little under 300,000 cases in 2005. I hope that I am able to assure my hon. Friend that the Government take the matter seriously, by pointing out that only 2.6 per cent. of those convicted of theft from a shop were sentenced to imprisonment in 1993, but the figure had increased to 19.5 per cent in 2003.

My hon. Friend made some valid points about the impact of the threat of violence that shop workers bear as a result of shop-related retail crime, and she gave some extreme examples from her constituency. I take the issue of violence against shop workers very seriously, as do the Government. There are a number of measures available in the criminal law with which to deal with violent behaviour, and I hope that they will be used accordingly. Guidelines issued by the Sentencing Guidelines Council ensure that courts take account of the seriousness of offences, and sentences will reflect the fact that violence is an aggravating factor.

The Government are working with the Health and Safety Executive and other key stakeholders to help reduce incidents of workplace violence, primarily through the partnership on work-related violence, a stakeholder group. We want to target those sectors, including retail, in which there is the greatest risk of violence to staff. As a constituency Member of Parliament, I recently visited my local Co-op in Flint and spoke with USDAW members at a local level, and I support the USDAW campaign. Violence against shop workers is totally unacceptable, and I give a commitment from the Government that we fully support USDAW's "Freedom from Fear" campaign, through which the union is collaborating with employers, local authorities and the police to help promote the health, safety and well-being of shop workers. Sadly, many retail business do not report crime to the police. I hope that we can encourage people to report that crime to the police when they discover it.

According to the Sentencing Advisory Panel, research has shown that the average sentence has increased during that period from 11 months to just under 13 months. More people are in prison for longer periods now than 10 years ago, but there are still more offences, and we must address that problem.

We must consider whether prison is always the most appropriate venue for someone who has been convicted for certain crimes. That involves fine judgment. I share the message from my hon. Friend and my right hon. Friend that it is unacceptable for the courts not to have the full sentencing options for organised crime, persistent offenders and violence-based crime, but for some people a community-based sentence with action on some of the issues that my hon. Friend mentioned, such as drug and alcohol abuse, may be appropriate to help them not to reoffend. The Government are trying to ensure that we take action to prevent reoffending by people who are currently undertaking activity that is distasteful to all of us.

In community terms, that means that sentencing can involve individuals being subject to intensive supervision, surveillance, unpaid work, curfews, drug treatment and alcohol referral orders, which might help to prevent reoffending. Many women are involved in shop crime, and prison may not be the most appropriate place for them. I take my hon. Friend's point that sentencing is key.

We are considering the question of custodial sentencing. On 24 August last year, the Sentencing Advisory Panel issued a consultation paper on sentencing for theft. The consultation closed towards the end of last year, and is being examined by colleagues. Recommendations will go to the Sentencing Guidelines Council and will ultimately come to Ministers. I take very seriously my hon. Friend's strength of feeling on behalf of her constituents and her union that we must maintain a range of sentences appropriate for the crime.

My hon. Friend also referred to penalty notices for disorder. They were introduced under the Criminal Justice and Police Act 2001 to target low-level offenders, not to avoid the issues of high-level sentencing. PNDs

were designed for a speedy response to minor incidents, if we can define them as such, of shop theft. Serious and violent offenders will not and should not be issued with PNDs, and my hon. Friend is particularly concerned that we look at alternative solutions.

Since November 2004, the police have been able to issue PNDs for an offence of retail theft that is normally under £100. Since the start of the scheme in 2004, we have issued 400,000 penalty notices, and 61,000 were for shop-related theft. There are problems with that—I must be honest with the Chamber—because there is a difficulty about the payment level of some fines, and the lack of continuity if individuals commit crimes, for example, in Greater Manchester and then in Cheshire.

I am aware of the concerns raised by the British Retail Consortium about the inappropriate use by some forces of PNDs for repeated and prolific shoplifting and those with drug and alcohol problems. We must review those issues positively, and we are already taking steps to examine the effectiveness of the PND scheme, and to consider an action plan to evaluate it. I hope that my hon. Friend will be party to discussions about that.

We are also looking at how we record offences. All penalty notices for recordable crimes are logged on the police national computer and while there is no central record of criminal convictions, the information is used as intelligence by local police forces to ensure that they operate positively I agree that a 24-hour national facility for the police to check for previous PND issue notices is necessary. That is why the Ministry of Justice and my colleagues in the Home Office are considering introducing a national PND database from 2009 to allow forces to track individuals, and to determine whether PNDs are the most appropriate penalty or whether there should be referral for further action in due course. PND payment rates and fine enforcement are a difficult issue and we still have some difficulties in enforcing those fines, but I hope that we can look at that.

I hope that my hon. Friend agrees that our approach is not making retail premises more attractive for thieves. We have jailed more thieves, and we have issued penalty notices to many people who would not have had them previously. However, as I said, recorded shop crime has, sadly, increased. We must look not only at existing options for custody and community sentences but at new disposals to deal with low-value shop theft, which formerly went unpunished. Since 2004, PNDs have been available, but we must look particularly at individuals who have a low level of reoffending and how to deal with them with other out-of-court disposal options.

We have introduced conditional cautioning, which is available to the police and the Crown Prosecution Service. A simple caution has been used for a long time, allowing the police to deal quickly and simply with people who have admitted to a less serious offence. It records individuals, and again the purpose is to try to reduce reoffending in total. Under the Criminal Justice Act 2003, the police and the Crown Prosecution Service can offer adults aged 18 and over conditional cautions with attached conditions covering drug and alcohol treatment. I hope that that will prevent reoffending in the longer term.

Retail crime is important, and my hon. Friend made a number of valid suggestions. She mentioned the police key indicator, which is a matter for my hon. Friends in the Home Office, and I will draw this debate to the attention of my colleagues there who deal with the police. There is no appetite in the Government for expanding the key performance indicators, but I will draw the matter to my hon. Friends' attention.

My hon. Friend asked whether we would agree to examine the calls from USDAW, the British Retail Consortium and major employers such as Morrisons for a review of sentencing for retail crime. They have been active in pressing the Government, Home Office Ministers and now the Ministry of Justice to look at the police response to shop theft as well as sentencing options. We are trying through the Under-Secretary of State for the Home Department, my hon. Friend the Member for Gedling (Mr. Coaker), to ensure that we examine those issues seriously. We are considering an effective review of the PND scheme, and there will be meeting on 24 July involving my Department and the Home Office to consider these issues.

My hon. Friend asked whether we could contact crime and disorder reduction partnerships. I hope that we can do so as part of the business crime strategy, and widen understanding of available penalties and what the Government can do to help with crime reduction, as well as giving greater prominence to the need for local crime and disorder reduction partnerships to tackle business crime. I will certainly consider, with Home Office support, highlighting the importance of business crime in public service agreements. My hon. Friend stated clearly and coherently that we must consider that as a key issue for the future.

We will look into the advent of local area agreements, which I hope will mean that, more than ever before, funding decisions will be made at local level, and that the crime and disorder partnerships can consider how to support positive developments in working with shopkeepers, businesses and the police to reduce the level of crime by having high-visible-impact, targeted actions in the community at large.

I shall be happy to meet USDAW, if my hon. Friend wants to investigate that possibility, to discuss the wider issues of sentencing for retail crime. We will shortly face the outcome of the Sentencing Advisory Council's consultation and the guidelines and comments following that.

From my perspective, my hon. Friend's points have been extremely valid. Retail crime affects us all, and it is often a hidden crime. It puts up costs for consumers and creates difficulties for staff who work in stores. It attacks the profits of British businesses, and the Government should not tolerate that. As the Minister for sentencing, I must consider how we can most effectively prevent that crime. That means a menu of options, from imprisonment through to community orders, according to the severity of the crime.

I thank my hon. Friend and my right hon. Friend for bringing these matters to the Chamber today, and I hope that we can continue this debate positively outside.

11.30 am

Sitting suspended until half-past Two o'clock.

East London Line Extension

2.30 pm

Martin Linton (Battersea) (Lab): I shall be bold and leave my phone off during this debate. I do not know whether everyone else will follow my example, but we live in stirring times that may distract a few people from this very important debate. I am glad to see in the Chamber hon. Friends and colleagues who are giving their minds over to the issue.

I am glad of this chance to put the case for the East London line to the Minister at a time when she and her colleagues at the Department for Transport are having talks with Transport for London and with the Treasury, which is preparing its comprehensive spending review for the autumn. She knows that phase 1 of the East London line is going ahead, and that phase 2 is dependent on further funding from the Treasury in that spending review. She may remember that I last raised the issue with the Secretary of State at Transport questions only last week, and he promised to pass my point on to the Treasury. I need hardly tell the Minister present that I shall make the same request of her. I should not want to leave Treasury Ministers in any doubt about the importance of the project to Clapham Junction, south London as a whole and the entire London region.

Few infrastructure projects can claim that their price tag has gone down since they were first discussed, but the East London line phase 2 can, because its cost was first put at £250 million. The most technically difficult and expensive part of phase 2 is known as the Dalston curve. I am sure that my hon. Friend the Member for Hackney, South and Shoreditch (Meg Hillier) will explain what it is.

Jeremy Corbyn (Islington, North) (Lab): It is in Islington, so be careful.

Martin Linton: My hon. Friend is an even greater expert on it.

The curve will be accomplished alongside phase 1, although it is technically a part of phase 2, so the additional cost of phase 2 is now only £100 million, which includes an allowance for contingencies and for rolling stock. The pure infrastructure cost is now only £70 million, and the scheme has become so cheap that it may fall below the Treasury's radar. Treasury Ministers may not even have heard of it, which is why I feel that it is necessary to make absolutely sure in the Chamber today that the Minister and her colleagues at the Department for Transport are fully aware of the project, its importance to London and the importance of ensuring that the comprehensive spending review provides sufficient capital for TfL to proceed with the scheme's second phase.

I am sure that the Minister will remind us that TfL now has responsibility for its own priorities, and I fully support the devolution of that power to TfL, which has done a million times better job of taking the project forward and looking after London's railways than the late and unlamented Strategic Rail Authority. TfL has many competing priorities, from cooling overheated tube tunnels to the Thames Gateway bridge, but the Mayor of London has assured me that he is fully committed to the East London line extension project, and that he regards it as one project in which phase 1 should be followed seamlessly by phase 2.

TfL has also assured me that it is fully committed to phase 2, and that it has been able to advance the project completion date, which was due to run from the end of phase 1 in June 2010, taking three years to complete by June 2013. The last time we discussed the project, I pointed out that the date meant that the project would end 10 months after the completion of the London Olympics, which would have been a missed opportunity to say the least. However, now TfL is talking about a completion date—if the finances are available—of December 2011, which is nine months before the Olympics. That would make a lot of sense for the Olympics, for people from south London travelling to the Olympics, and perhaps for special trains running from the Olympics tennis tournament at Wimbledon to the main Olympics at Stratford. Who knows?

I pay tribute to TfL's Ian Brown and Peter Field, and its commissioner, Peter Hendy, for their commitment to the scheme, and the energetic and imaginative way in which they have pressed ahead with it. They have been able to advance the project by nine months, which demonstrates their commitment to it. However, they can complete phase 2 only if they receive sufficient capital grant from the Treasury. Phase 2 has always been dependent on the comprehensive spending review, because it runs beyond the time frame of the original spending review. That is why we are making the case today.

Meg Hillier (Hackney, South and Shoreditch) (Lab/Co-op): I am sure my hon. Friend agrees that because Transport for London is a relatively new body with a very good double A credit rating, it is a very good and sure investment bet for the Treasury. TfL counts the paperclips, but seriously, as a public body, it is a model of how to manage finances. Does he not agree that the Treasury ought to consider funding TfL for the extension?

Martin Linton: I fully agree with my hon. Friend, and I shall make a few comments about the scheme's value for money later.

First, some people might build their case on the fact that we made a promise in our 2005 manifesto to

"support...the extension of the East London line."

It is important that we carry out that promise, but I accept that we must make the case at every level—in value for money, transport, regeneration and social terms. There are strong arguments on each ground, and I shall allude to them briefly.

When the London underground was first built, it left out many poorer parts of London. It stretched far out into the suburbs of Hertfordshire, but it did not get as far as Hackney, and it hardly made it across the river into south London. On top of that, the middle classes have tended to migrate along underground lines, which reinforces that fact. Lord Rogers once said that if one wanted to know where the middle classes live in London, one should look at an underground map. That is not completely true, and we can think of exceptions, but it is true that many parts of London were left off the tube map when the underground was first built, and that they have suffered ever since. They include most of

south London, such as Battersea, Clapham Junction, Southwark, Peckham and Lewisham, and parts of north London, such as Hackney and Finsbury Park.

The East London Line Group, a consortium of local authorities that support the scheme, is launching a campaign on Monday called "Connect South London". The group points out that most of south London is poorly served by the underground, and that it suffers badly as a result. It suffers economically because all the railways go in a purely radial direction to London termini, which is okay for getting to and from work but useless for getting around town. People find it much more difficult to get to shops, restaurants and entertainment centres in south London than in north London.

The campaign launch will be held at Battersea arts centre, which is one of the best arts centres in London and a regular pick of the week in *Time Out*.

Jeremy Corbyn: One of the best in the world.

Martin Linton: My hon. Friend from north London agrees with me.

The arts centre suffers because Battersea does not appear anywhere on the tube map. Tourists, and indeed many north Londoners, simply cannot work out where it is, even though it is near a railway station.

The network will be launched in November. In December, the current East London underground line will be closed while works for phase 1 of the extension are carried out. When that is complete, it will form part of the London overground network.

Phase 2 is our particular concern today. It is an extension described by the Mayor as the regeneration express, because it will link all the deprivation hot spots of south London—including Deptford, Peckham, Camberwell, Brixton, Clapham North and, of course, north Battersea—and put them all within easy reach of the docklands. Almost 168,000 people live within 15 minutes' walk of those stations, one in six of whom live in the most deprived parts of London.

When both extensions are complete, the London overground will have 60 stations covering 20 boroughs and connecting 80 per cent. of the most deprived parts of London. The extension will bring rapid transport to both the docklands and the City, as 14 per cent. of City jobs are located within a mile of the planned Shoreditch High Street station.

That is the social and regeneration case. I turn to the transport case, which is particularly important when discussing phase 2. Only when phase 2 is completed and the whole line is built will London have an orbital route—an outer circle that transport engineers have been discussing for the past 30-odd years. The orbital network will make it possible for the first time to travel across and around London without going through the centre. It will help not only Londoners but commuters and through-London travellers who want to avoid the centre. For instance, they will be able to get off a Southampton train at Clapham Junction, go around the orbital and catch a Hastings train from Peckham, catch a Glasgow train at Watford or go to Finsbury Park to catch a train on the east coast main line, if my geography is right. They will be able to do all that without needing to go through the centre, alight in a congested terminus, get on the congested Circle line and fight their way through the crowds.

Another important point is that the completion of phase 2 and the East London line will have a very good effect on the rest of the transport system. It is projected that 6 million people will shift from buses, cars, the tube and other rail services on to the line, and another 2 million new trips will be made that were not possible or feasible before. Because it will take pressure off Victoria and London Bridge by re-routing lines around them, if it is delivered before Thameslink works at London Bridge commence, it could significantly reduce the disruption to rail services during the construction, making it particularly attractive to TfL.

ELLX2—I have not referred to it that way before, but it is easier than saying "the East London line extension, phase 2" every time—will carry 8.7 million passengers, and the East London line as a whole will carry 48 million. It will lead to 400,000 fewer car journeys annually and 470 fewer tonnes of carbon dioxide emissions, as well as cutting journey times for millions of Londoners.

I shall come to the point raised by my hon. Friend the Member for Hackney, South and Shoreditch about value for money. We must remember that it is costing £500 million just to renovate one tube station, Victoria, to take more passengers. How much better value for money would it be to let people get off the train before Victoria and go much more directly to where they want to go, at a fraction of the cost? Much more could be achieved within relatively low cost margins in transport project terms. All that is required for ELLX2 is a small amount of new track between Surrey Quays and the proposed Surrey Canal Road station, some improvement to existing railway lines and an increase in train frequency. ELLX2 is a quick win with huge dividends for London transport. For those who want the technical argument, the benefit to cost ratio is 1.7:1.

As though that were not enough, an important population argument can be made. London's population is predicted to increase by 800,000 by 2016. That will be the highest growth rate that London has experienced since the Victorian era, and I need hardly say that the Victorians knew what to do about increasing population. They built the underground system, the trains and railway termini and our sewer system; they built infrastructure at a fantastic rate. If we are now to experience the same level of population growth, it stands to reason that we should be carrying out major infrastructure projects, and ELLX2 is the cheapest, the quickest and the best.

The East London Line Group calculates that the population in the four south London boroughs through which ELLX2 will pass can be expected to grow by some 116,000 between now and 2016. That is more than the entire population of Cambridge, or indeed of Lincoln, I say to my hon. Friend the Minister, in just four boroughs. It is important to accommodate that growth—20,000 more people in Wandsworth, 25,000 in Lewisham, 30,000 in Lambeth and 40,000 in Southwark.

I look forward to hearing from my hon. Friends representing north London constituencies. I am sorry that my immediate neighbours cannot be here. Hon. Members will understand. The south London branch of ELLX2 will run through the constituencies of my

[Martin Linton]

right hon. and learned Friend the Member for Camberwell and Peckham (Ms Harman) and my right hon. Friend the Member for Dulwich and West Norwood (Tessa Jowell), both of whom are unable to speak as members of the Cabinet—

Jeremy Corbyn: Or not.

Martin Linton: They are at the moment. They are probably sitting behind their telephones. They are precluded from joining debates such as this, but I know that they have strong views on the issue. The hon. Member for Wimbledon (Stephen Hammond) is here as well, so we have another south Londoner to join the debate, but I am sure that colleagues will understand why they are not all here. It does not understate the scheme's importance.

I shall start with Clapham Junction. It is the busiest railway station in the country—indeed, probably in Europe—and it is an anomaly bordering on injustice that it has never been put on the tube line. We have waited 100 years for Clapham Junction to be put on the tube line; people have been campaigning to connect it for at least that long.

Meg Hillier: Does my hon. Friend agree that another good reason to put Clapham Junction on the tube line is that, thanks to Transport for London and the Mayor, children can travel free on the tube but must pay at least £1 to travel just one station from Clapham Junction?

Martin Linton: My hon. Friend hits the point exactly. Since the London Underground has been part of TfL, it has been part of a London system that not only includes cheap and free fares for young people but has been reclaimed for Londoners. The railway system is still struggling to come to terms with its role as a means of transport for Londoners around London. I applaud the Department for Transport for devolving more power to TfL, and I regard the launch of the London overground as a big step forward in making London's railways work for Londoners.

There are 1,300 people in the Clapham Junction area who work at Canary Wharf. It is one of the biggest local employers, even though it is on the other side of London. A huge regeneration area in north Battersea will benefit from a Clapham Junction-Docklands link.

As a railway station, Clapham Junction is already bursting at the seams, and passenger growth at the station is expected to be 30 per cent. higher in the next 10 years. The new route will offer an opportunity to serve the huge population of 12,000 in north Battersea who are remote from stations because of the 1.8 mile gap between Clapham Junction and the next station. I shall certainly work—with Wandsworth council, I hope—to make a business case for a station between those two. The Mayor has already promised to prepare a business case for a station at Brixton, where there is a gap of 1.9 miles between stations. The populations of Battersea and Brixton live in precisely the kind of areas that would benefit from a regeneration express; given the role of the extension in promoting regeneration, it is difficult to see how they could be left out and not get stations.

I shall say a word about Denmark Hill and Queen's Road Peckham stations, which are in the constituencies of my right hon. Friend the Member for Dulwich and West Norwood and my right hon. and learned Friend the Member for Camberwell and Peckham, who are unable to take part in this debate. They have an equally strong case for a link between their very deprived communities, docklands and the City. Their constituencies have high proportions of ethnic minorities and are among the most deprived communities in south London.

The hon. Member for North Southwark and Bermondsey (Simon Hughes) has said that the East London line has the greatest potential for regeneration at the least possible cost, and he is right. Some 125,000 additional jobs would be within 16 minutes' travelling time of Peckham, for instance. The same applies to Surrey Canal Road, a new station in Deptford—right next to Millwall football ground, and that will no doubt have advantages. The station will be in a regeneration area, for which tens of thousands of new homes and jobs are planned.

In conclusion, the Clapham Junction link—or, as we refer to it in my part of the world, ELLX2—is vital for the whole of south London. It is a quick-win transport project that delivers economic growth, accommodates population growth and adds much-needed access to Canary Wharf and the huge number of jobs being developed in east London. The East London Line Group, a consortium of London boroughs led by Archie Galloway of the City of London, has been campaigning for the East London line and continues to campaign for ELLX2. It has made what I consider a reasonable request: that the Government should end the inevitable uncertainty of the past few years and give the second phase of the East London line project the approval that it needs as a part of the comprehensive spending review.

2.52 pm

Meg Hillier (Hackney, South and Shoreditch) (Lab/Co-op): It gives me great pleasure to serve under your chairmanship, Mr. Gale. I have to take issue with one point made by my hon. Friend the Member for Battersea (Martin Linton); he undermines his case by suggesting that anyone might want to travel on the East London line to see Millwall play—people might think that that is an argument for not having it. My constituents are happy to see Arsenal and West Ham.

Stephen Hammond (Wimbledon) (Con): Did the hon. Member for Battersea (Martin Linton) not make an excellent case? A lot of people probably try to get away from the area when Millwall are playing.

Meg Hillier: That is a fair point. Those people are welcome at Arsenal or West Ham—or, indeed, in Hackney. I shall canter through some of the reasons why people may wish to travel to my constituency of Hackney, South and Shoreditch, on the East London line. However, it is worth remembering that, as my hon. Friend the Member for Battersea has said, Hackney has long suffered as the inner London borough north

of the river without tube connections. I should say that although one of our postcodes is N1, in Hackney we consider ourselves to be emphatically in the east end of London.

We have not had a tube station. If we look at a map of London and mark the tube stations, there will be a blank spot in the shape of the borough of Hackney. I think that we can claim the one staircase at Old Street station, in Shoreditch in the south of my constituency; the rest belongs to the constituency of my hon. Friend the Member for Islington, North (Jeremy Corbyn).

Jeremy Corbyn: There are two staircases at Manor House.

Meg Hillier: There may be two staircases at Manor House, which is in the constituency of Tottenham.

We in Hackney have not had a tube. We have battled a long time for the East London line; we have taken on the great and the good, including the Prince of Wales, who was keen for Bishopsgate goods yard to be listed. I am a veteran; I have the scars of those campaigns on my back. One of my constituents told me, "Ever since I have been in Hackney, the East London line has been about four years away." Well, for that constituent and the rest of us, it is now less than four years away—in June 2010, we will have the East London line in Hackney. It is almost unbelievable, and a fantastic achievement.

Of course, the line will be part of the new London overground system, thanks partly to our colleagues at the Department for Transport, who gave the powers to the Mayor; it will be run by Transport for London so that it is genuinely part of London's transport network. In London, we have long suffered from the difficulties of having disjointed rail services that are not part of the system. We still have battles over the use of the Oyster card; that affects many of my constituents, who travel on overland railway lines, including the North London line. It is important that that comprehensive overview and comprehensive running by one organisation should continue.

I have said for a long time and still believe that the biggest single triumph since the formation of the London government—the Greater London authority, of which I was a member from 2000 to 2004—is the existence of Transport for London. We have seen the results of giving power, through the Mayor and Transport for London, to Londoners so that we can determine our own transport future. I shall mention those results; I am sure that the Minister is well aware of them.

Phase 1 of the East London line brings us a new station at Dalston Junction, close to the North London line station of Dalston Kingsland, and links that to Haggerston, Hoxton and Shoreditch, slicing through the western part of my constituency. That is an important link to south of the river. However, it only goes so far; we also look forward to seeing the second phase of the extension so that my constituents can travel backwards and forwards and avail themselves of the facilities and jobs in other parts of London—just as, hopefully, people will travel to Hackney as well. We also need to recognise the Treasury's role. We are always asking it for things, but it is worth thanking it for its confidence in Transport for London.

As my hon. Friend the Member for Battersea said, that bit of phase 1 is not the only one that we are going to see. By February 2011, there will be a link from Dalston in my constituency to Highbury and Islington, which is on the cusp of the constituencies of my hon. Friends the Members for Islington, North and for Islington, South and Finsbury (Emily Thornberry). For my constituents, that will be a vital link to the Victoria line, which they currently access mainly by the North London line, which runs west to east across my constituency.

Tribute has been paid to a number of the people who have so far delivered successfully on phase 1 of the East London line extensions. In the past, I chaired a transport working group to improve the facilities at Finsbury Park interchange. I have seen and battled first hand with the many difficulties of delivering decent transport projects. I say to my hon. Friend the Minister that that was a model of some of the difficulties that we face, although in the end there was a good result, as my hon. Friend the Member for Islington, North, who represents the area, knows.

We have seen great discipline in the East London line and the East London Line Group, which is led by Archie Galloway of the City of London. All of us involved never asked for more than we felt was the minimum needed to get the line on track. Although many of us would like all-singing, all-dancing stations and other extensions around the tracks and the immediate stations, we have been cautious and united in asking only for what we actually need.

We can sort out the other things in other ways; the Department for Transport has put in money for a concrete platform that is being built at Dalston station, and that will help fund other things. However, we have not asked for many extra things such as extensions to platforms, although in some places we need them. We have been very disciplined.

I pay particular tribute to Ian Brown, who has taken up that baton from the East London Line Group. He is an officer of Transport for London and has shown that transport projects in London can be delivered on time and on budget. My hon. Friends, others and I have battled for many years, as did people before us, to get the extensions. It is thanks to Ian—his determination and "can do" approach—that the project was delivered. The political framework was there, through the Mayor and the Government, but he should be applauded in this place for his work.

The East London line—the extension that we know is coming and the one that we hope is coming—will do a great deal for my constituency. The Olympics will take place partly in Hackney, South and Shoreditch and that gives us an opportunity to boost tourism and visitors. My hon. Friend the Member for Battersea mentioned Battersea arts centre, that small venue south of the river—

Martin Linton: Will my hon. Friend not show the same generosity of spirit as her neighbour, our hon. Friend the Member for Islington, North (Jeremy Corbyn), by conceding that Battersea arts centre is one of London's premier arts centres?

Meg Hillier: I am sure that my hon. Friend will forgive me when I say that I believe Hackney to be the

[Meg Hillier]

centre of the universe. It is, of course, the home of the Hackney Empire, one of the great Frank Matcham theatres, which was recently renovated and which provides one of the best and most diverse programmes among London theatres. It attracts diverse audiences that include many people from the local area who—often for cost reasons—cannot access a west end theatre.

It is home also to Ocean, which is currently darkened, but which we hope will reopen as a major London music venue. I remember talking to Hackney's cabinet member for regeneration, a certain councillor Guy Nicholson, who was in Tottenham Court road one day and who heard a young couple who were keen to go and experience the facilities at Ocean, which were then open. They asked the man at the tube station how to get to Hackney, and he said, "Well, you hop on here, you get to Bethnal Green, and then I think you get a bus, but I can't tell you which one." At that point, the couple looked at each other and decided that it was too much hassle and that they would not bother.

Martin Linton: Does my hon. Friend not look forward, like me, to the day when we will be able to go to the Hackney Empire, get on a London overground at Hackney, Hoxton or—what is the other one called?

Meg Hillier: Haggerston.

Martin Linton: It sounds like something out of—

Jeremy Corbyn: Eliza Doolittle.

Martin Linton: Indeed. "In 'ackney, 'aggerston and 'oxton, underground 'ardly 'appens." As I was saying, people would be able to get on an overground train and go right round to Clapham Junction and see something at Battersea arts centre.

Meg Hillier: My hon. Friend is clearly determined that he and I launch a joint tourism battle for visitors to the London Olympics. My point, however—I think that he would say the same of his constituency—is that whether we like it or not the tube map is the way in which many people find their way around London, because of its simple approach. I happen to be chair of the newly formed all-party parliamentary group on urban walking, so I am aware that there are 40 pairs of stations in London between which it is quicker to walk than to travel by public transport. Nevertheless, first-time visitors to London and Londoners outside their own area do not always necessarily know how to get to places. I look forward to the time when people know that they will not wait longer to hop on a train than would be the case with a tube. The trains will be timetabled, but the waiting times will be akin to tube waiting times.

As well as the venues that I have mentioned, people can visit Sutton house, which just last weekend celebrated its 500th anniversary. It is a National Trust property and a real jewel in Hackney's crown.

Tom Brake (Carshalton and Wallington) (LD): I shall not make a bid to put the Charles Cryer theatre in Carshalton on the map. Does the hon. Lady agree that one of the big challenges for Transport for London in relation to the East London line is to make people aware of it? People are focused very much on the underground map, so TFL will have to work hard to raise people's awareness that the service is available.

Meg Hillier: I completely agree with the hon. Gentleman. Along with the mayor of Hackney and others, I launched a campaign to get Hackney on the map, and we have tried to ensure that the East London line will be on the maps that are on the tube and in other places. Currently, the North London line is marked in faint background on the larger maps, but we have pressed for it to be a link that is shown on every tube map, so that when people buy or pick up a map at a tube station every single version shows the line.

It is important to recognise the importance of including those lines. I ran a small competition, and young Frankie from my constituency drew me a picture of how he thought the East London line should look. That was very gratifying, but we need to make sure that it is not just a child's picture but something real and meaningful to people, so that they can tap into it. The London overground branding is a step in that direction.

When I first stood for election to the position of MP, and also when I was in previous roles, I campaigned on the platform of creating London's outer circle line, of which the East London line is a part. The branding will help to deliver that.

People might not be aware that Hackney has a plethora of art galleries and that we are the home of creative industries and of artists. We believe that we have more artists than any other local authority area in Europe. That is difficult for anyone else to challenge, so we continue to say it. We certainly have very many, and I believe that when the mayor of Hackney was asked whether he would consider a council tax or rates rebate for artists, such as they have in Ireland, he was not very happy at the idea of losing quite so many council tax payers, so a rebate will not be a runner in Hackney.

We have wonderful parks. My constituency is very similar in size to that of my hon. Friend the Member for Islington, North, which is geographically the smallest in the country but which feels bigger because of its parks. There is a new lido in London Fields, which is a full-length outdoor swimming pool that has recently opened thanks to the mayor of Hackney's input. It is a real destination—estate agents are now including it in their particulars. London Fields station is on a different line, but it has increased its passenger numbers since the opening of the lido. I hope that, when the East London line opens, people will make the short hop to the lido from the stations on that line as well.

There are Broadway market and Ridley road market, which are very different in nature but which are both places that people want to visit. We have our destination shops too. There is a Burberry outlet store, which means that Hackney councillors are remarkably renowned for having very smart coats at civic events, and there is Primark. I kid you not, Mr. Gale, but when I am on a bus in Hackney with people who look lost, they are usually looking for one of those two places, if not the Hackney Empire. We hope that all those many

and varied attractions are facilities that people will be able to travel to on the East London line.

Neither should the interrelated benefits of the Olympics and the East London line be underestimated. Hackney will gain a new media centre from the Olympics, which we hope will be a major venue for creative businesses and media after the Olympics. Although I am sure that most hon. Members would love to have every national journalist live in their constituency and hop to the neighbouring offices, I would be happy if many of them were content to live in Battersea and travel the short distance to Hackney on the East London line.

My hon. Friend the Member for Battersea referred to the Dalston curve, the exact ownership of which my hon. Friend the Member for Hackney, North and Stoke Newington (Ms Abbott) and I have disputed—as an argument among friends, that is. The curve is important because we needed to get a link to Highbury and Islington. There is also an important issue on the two Dalston stations that will be created, and some creative thinking is happening in the excellent TfL team. That is directed to linking up Dalston Kingsland, which is slightly to the north and west of Dalston Junction, to the new Dalston station, which is on the south-eastern corner of the junction.

So far, the £1.4 million that has been invested in London overground is remarkably good value for money. The benefits that I have listed are merely those that apply to my constituency, and it is important to highlight the overall benefits that will flow from the scheme. We need the southern link, to complete that London outer circle line for which we have been pushing for a long time. At the moment, we can go so far and then we sort of stop and have to hop on a bus or an indifferent train station. Putting everything together will give a coherence that London has long needed and that makes sense. It will make London a place that really is for everyone to visit, rather than a place where people on the outer lines stay in their own borough.

As has been demonstrated today, MPs might be territorial. Constituents, however, are not; they need access to jobs and facilities, and the scheme will assist in that. If the second phase comes about, there will be 16 trains an hour between Dalston and Surrey Quays, which will be significant for waiting times. It is clear that, if people conceive of the service as a tube, they will be more likely to use it.

That brings me to the important issue of what in jargon is known as modal shift, to which my hon. Friend the Member for Battersea referred. I shall not repeat his arguments, but London is growing, and we need to ensure that people move from a tube system that otherwise will be very overcrowded—a number of us experience that every day—to other modes of transport. The line will provide a vital outlet for some of that overcrowding. We should also ensure that more people start cycling. That already happens in Hackney—we have twice the number of cyclists of other London boroughs, so that Hackney really is the home of London cycling. We should make sure that people walk more as well. However, the extension would mainly shift people out of cars; about 400,000 fewer car journeys will take place.

There was a hot debate about the introduction of the congestion charge. It might have achieved a certain amount for inner London congestion, but some of the worst London congestion is in outer London, which is why phase 2 of the East London line extension is particularly important. To be parochial again, it will reduce the journey times from Hackney to Peckham for my constituents by 10 to 15 minutes, which is significant.

If the second phase were to receive £100 million, that would be money well spent. If the decision is made soon, money will be saved, which is why the issue is critical to the current spending round. Some of the preparatory works could be done in tandem with the works currently being carried out in phase 1.

In summary, the project is a real win for the Department for Transport. As I mentioned, transport projects can be notoriously difficult to deliver on time and on budget, as the many negotiations between the different public bodies, transport bodies—some public, some private—and political interests carry on. In this case, however, there is absolutely solid political determination across the parties, across the relevant geographical area in London and between the local authorities and the Mayor. The project is cost-effective and will be even more so if it is carried out quickly, and we have the benefit of a tightly financially disciplined Transport for London and the disciplined team led by Ian Brown. I have been in public life for more than a decade and seen several projects that have not been well run or very successful. However, if the Minister wants a good, winning project to hand on to her successor, if not for herself, I can assure her that the East London line will be genuinely well run and successful and that it will deliver for thousands of Londoners, including in my constituency.

3.10 pm

Jeremy Corbyn (Islington, North) (Lab): It is a pleasure to join in this debate, and I genuinely compliment my hon. Friend the Member for Battersea (Martin Linton) on his incredibly hard work on the issue and on the effective campaign that he has waged to ensure that the line links through to Clapham. I totally support his campaign and I hope that the Minister will understand the importance of extending transport in that way and the opportunities that it will offer.

I also say a big thank you to my hon. Friend the Member for Hackney, South and Shoreditch (Meg Hillier) for the time she spent as a member of the Greater London authority. She worked incredibly hard at the difficult job of co-ordinating lots of competing interests around Finsbury Park station, none of which wanted to co-operate with one another most of the time, although they eventually all did. The station now has a refurbished exterior, and Transport for London is at last investing £40 million or £50 million in completely rebuilding the station to make it compliant with the Disability Discrimination Act 1995 and to improve its interior and security. That did not happen for nothing, but because a lot of people worked very hard over a long time. Now that we have an effective London authority, which can make such investments, things can happen, which must be some kind of success.

[Jeremy Corbyn]

I have been in the House long enough to remember the dark days when the Greater London council was abolished and London Transport was grossly underfunded. We could not get decisions about anything out of anybody and we spent most of our time campaigning against closures—the idea of campaigning to open things was like something from fairyland. I therefore pay warm tribute to my two hon. Friends for their incredibly hard work on this issue and I hope that my hon. Friend the Member for Hackney, South and Shoreditch will be present when we reopen Finsbury Park station in a few years' time, once the rebuilding work has been done.

It is also worth placing on the record the fact that the extension of the East London line—as part of an outer London overground circle railway, which is a good idea—has been a dream for a long time. Shortly after I was elected in 1983, the then Member for Stepney, the late Peter Shore, asked me to join him in signing a blocking motion against a private Bill so that we could protect the route of the East London line. He said, "There's no chance the Government will give us the money for it at the moment, but if we can at least protect the route, there's a chance of getting the money at some point in the future." One should therefore pay tribute to those who have taken such a farsighted view of the subject.

We now have Transport for London and the development of London overground. London overground's leader, Ian Brown, is very good, and the idea of branding something as London overground to promote real transport integration in London is an important one. As my hon. Friends said, strangers to London do not generally go somewhere if they cannot easily find it on the tube map. If somewhere is not on the tube, they do not go there, because although they can understand the tube map, they have difficulty with anything beyond that. Transport for London has introduced the idea of London overground, which will make using the various routes more acceptable and ensure that there is much better information about buses, routes and so on. In that regard, I hope that we will have a more comprehensive London travel map. I am pleased that the North London line is on the tube map in a semi-tone, but why the North London line and nothing else? *[Interruption.]* I see an excellent map appearing before me in glorious Technicolor, so there we go—I thank my hon. Friend the Member for Battersea for that. I hope, therefore, that the rebranding will be accompanied by improved information systems.

I want to say three or four quick things about the East London line extension. First, it is happening, and that is welcome. The work is being done at the moment, and one can see it going on day to day, and that is welcome. As has been said, I represent Islington, North, and people in my constituency use Highbury and Islington station—the station entrance is actually in the constituency of Islington, South and Finsbury, although Canonbury station, on the North London line, is in my constituency. I was worried when I saw that the work from Dalston to Highbury and Islington had been put down as part of phase 2. I am always alarmed when something is labelled "phase 2", because it sounds as though it is in never-never land—"Phase 2? Yes, that's some time in the future." I am pleased to say, however, that we now have clear undertakings from Transport for London that the phase 2 link to Highbury and Islington will follow on immediately from the completion of the expensive works necessary to reopen the Dalston curve, and that has been endorsed by the Mayor.

I endorse again what has been said about the need for a lot of imaginative thought to be given to the stations. If that does not happen, we will end up with two stations very near each other on broadly the same routes. We need slightly better thought to be given to that, and I am sure that that can be achieved.

I have raised on many occasions, and I do so again now, the question of possible links to Finsbury Park, although I realise that that is not part of the immediate scheme. Although Highbury and Islington provides a good link to the Victoria line and the line through to Moorgate, it would be very useful to use existing tracks to run services to Finsbury Park. That would give us the possibility of a link to the Victoria and Piccadilly lines, as well as to a large number of overground services, including all the east coast lines. If we are after reducing pressure on the inner London termini, any link to Finsbury Park would be a great advantage. That will not happen immediately, and I recognise that there are complications, but such a link is not impossible, and I hope that the Minister can at least give me some comfort and some idea of whether the Department is looking at the issue.

Martin Linton: Does my hon. Friend not regard it as inevitable that many people will not take a train to a London terminus in future, but get off at a hub station three or four miles short of the terminus and use the outer circle to get to another hub, thus avoiding the need to travel through central London, which will become even more congested? In addition to all the local benefits, putting Finsbury Park on the London overground system will therefore have a great benefit for through-London travellers.

Jeremy Corbyn: My hon. Friend makes a good point. The problem with London's transport system has always been that it is radial—all routes run in and out of central London. It was presumed 120 years ago that most people wanted to travel from outer London to work in central London, and that might have made some sense at the time, but it simply does not make any sense now. As a result, there are real problems with car congestion the further one gets from central London, because the orbital routes are so ineffective and inefficient. Creating an orbital railway is part of that issue, but we need to go a lot further. We also need to go a bit further out. Enfield to Barnet should be an easy journey, but it is not, and there are plenty of other examples from all around London.

Stephen Hammond: I listened carefully to the intervention by the hon. Member for Battersea (Martin Linton), who was surely making the point that one of the great disappointments of phase 2 is that Wimbledon has been left out, even though the original plan was to include it. It would have been an obvious place to include. As a hub station, it could have relieved

Clapham Junction and allowed people to move around the London overground more easily.

Jeremy Corbyn: That is a fair point. I am reluctant to discuss south London in too much detail, because there is a bit of territorial trouble, and I am doing my best to be fraternal to my colleagues in south London. Yes; it is an obvious point that we must see what is happening as part of a stage in the process of developing a much better transport system around London. If we are to reduce car congestion and pollution, it can only happen by means of a much better public transport system—partly through information and partly through usage, but above all through improved developments such as the one that we are discussing. I remain a strong supporter of the East London line extension and I pay tribute to those who have brought it thus far. I look forward to its opening.

I hope that the Minister will be able to give us good news on the Clapham link and all the other benefits that that will bring to south London. If there is to be good news about it, it will make an awful lot of sense to have the work done before the Olympics. There are all kinds of obvious reasons for that, but no doubt we shall hear whether it will be possible.

There are two final matters that I want to ask the Minister about. First, Transport for London owns the route—although Network Rail owns the tracks, in some cases—and has made the capital expenditure for the trains to run on the East London line. I have raised this question with the Mayor and with TfL and I raise it again now: why is it, then, necessary to bring in a private operator to run the trains, when London Underground and Transport for London have proved themselves very capable of running the underground system and the network in general? I am concerned that we seem to be moving along a route of creeping private finance running the service.

Meg Hillier: Like my hon. Friend, I have looked into the matter, but although in Hackney we think about what is happening as the East London line bringing the tube to Hackney, it is not, of course, the underground. It is not akin to adding on a bit of the underground line and extending the service of its trains. The extension will use a different gauge and different types of trains, and there is not really the expertise in Transport for London to run that. Surely it is better just to get on with it and provide it. I am concerned that my constituents should have a service, and that it should be properly managed, contractually, by the public sector, rather than about exactly who will run it.

Jeremy Corbyn: I agree that we want the service; that is why we are all here. London overground is a new development. I welcome it. I just question why it is necessary to bring in a private operator to do the work. I believe that a lot of expertise is available to make sure that the service is properly run. I make this point because I strongly believe that if the public own something and pay for it, they are also quite capable of running the service. We run the underground very efficiently.

My final point is that what is happening is a new departure for Transport for London—the taking of some overground facilities, as my hon. Friend the Member for Battersea pointed out, into its orbit. That is very welcome. Ian Brown has proved a very good leader of the whole operation. I hope that the attitude and mood in the Department for Transport is one of preparedness to concede that it makes a lot of sense to bring as much of London's rail network as is reasonable and feasible under one roof, so that it can be run with linked timetables and services. I see the current project as the first of what I hope will be many good developments in London, when London overground takes over other routes in other parts of London. There should also, where appropriate, be transfer of stations. Finsbury Park is an obvious example of one that it would be helpful to transfer to Transport for London, because the majority of the services there are related to Transport for London in some way.

We are in a good period. It is exciting, but I hope that the Minister will give us some good news.

Martin Linton: I am grateful to my hon. Friend for mentioning the issue of Transport for London taking over more London railway routes. Although he would not claim any expertise on this, I think that the point is particularly relevant to south London, where, because there are so few tube lines, many local stations have developed on a radial basis, and are of little use. However, there are some lines that could easily be taken into an overground system, such as the one from London Bridge to Victoria via Crystal Palace. Also, no doubt, some of the lines in the Mitcham and Hackbridge area could serve Londoners better if they were controlled by TfL in the interest of Londoners, rather than being thought of as appendages to commuter routes into London.

Jeremy Corbyn: That is a very good point. I study old railway maps and think about those matters quite a lot. It would make sense to encourage many of the routes in south London into orbital use. There are real opportunities for development of that kind. We greatly under-use our overground railways in London, and with more imagination we could achieve what my hon. Friend describes.

I welcome everything that has happened so far. I hope that the Minister will be able to give us good news on the extensions, and I hope that she will bear in mind the point that I made, which I consider a serious one, about the longer-term option of a link to Finsbury Park. That would improve the ability of that station to act as an effective regional hub for transport interchange.

3.25 pm

Tom Brake (Carshalton and Wallington) (LD): It is a pleasure to follow the hon. Members for Battersea (Martin Linton), for Hackney, South and Shoreditch (Meg Hillier) and for Islington, North (Jeremy Corbyn), who have made an articulate case on behalf of their constituents for the East London line and extension. I thank the hon. Member for Battersea for initiating the debate and drawing the matter to the attention of the House. Clearly, he regrets that Battersea is not on the map, but I think that today's debate has, if nothing else, put the Battersea arts centre on the map.

[Tom Brake]

The hon. Gentleman has done a good job of drawing the attention of the House to the fact that the cost of the phase 2 extension is relatively small. When I say that, I note that it is clearly the prerogative of Labour Back Benchers to request from the Government additional funding that is not currently supported by the Government, in a way that the Opposition may not be able to do. We must be much more serious in our approach and cost our budgets accordingly. However, I hope that the Minister will respond positively and identify how the funding will be secured.

We have heard a lot today about the Dalston curve. I was wondering whether it had anything to do with the bagel shop at the end of Reighton road where I used to live in the late 1980s. I am pleased to hear that it is actually about extending the East London line to Highbury and Islington station. I know Dalston very well, having represented the area as a councillor in the late 1980s when there was a campaign to extend the tube line, rather than the train line, to Dalston. That was 21 years ago, and I am pleased that 21 years on we are nearly there—albeit that the destination is slightly less than four years away; it has taken some time.

We campaigned for it then mainly because of the regeneration benefits and improved transport links that would result. Those arguments are still extremely valid today, and the hon. Member for Battersea has made a very good case both for the transport benefit, including reduction in the pressure on key stations such as London Victoria and London Bridge—something that my constituents, who use both stations, would appreciate—and for the orbital rail routes. I only regret that in my part of south London, where there is no tube—there is no tube station in my constituency or in the borough of Sutton where I live—we do not, either, have the orbital rail links that would be needed, ideally to places such as Kingston and Richmond or Beckenham and Bexley. There is a need for those routes and I hope that if the East London line extension proves successful and London overground can get it on the map and make people use it, so that it becomes a central feature of the transport network in London, that will strengthen the case for extending orbital routes in south London through to west London.

The hon. Member for Battersea highlighted the regeneration impact of the developments; 80 per cent. of the most deprived parts of London would be served. That would be a fantastic opportunity for creating ease of travel for people who wanted to find jobs in other parts of London, and would be extremely welcome.

It is worth briefly considering the wider London transport context. The East London line would contribute significantly, but we are awaiting a big decision on Crossrail. I agree that the cost of Crossrail is of a different order of magnitude, but it would create 40 per cent. of the additional rail capacity that London will need by 2015 to accommodate the extra 800,000 people who are soon going to be living in London. That would be a huge contribution. The relatively small-scale improvements that will come from the East London line extension could be swamped if those 800,000 people were trying to get on to that line and we did not have the capacity that could be provided by extra routes such as Crossrail. We will need Crossrail as well to support the project.

Hon. Members have set out clearly the time scales for the project, both phase 1, which, as the hon. Member for Hackney, South and Shoreditch said, will be complete by 2010, and the proposed phase 2, which would provide an additional link from Clapham Junction to Surrey Quays. That would be welcome and mean that a lot of the commuters going principally to London Victoria would be able to avoid the centre of London. As someone who travels almost exclusively by public transport, I would welcome being able to go through to London Victoria or London Bridge.

Meg Hillier: At the beginning of his comments the hon. Gentleman said that in his position he cannot plead for extra money as firmly as Labour Members have. He said that he has to be more careful. He is about halfway through his comments. I stressed to the Minister that there was good cross-party support, so will he make his party's position on the funding of the scheme a little clearer?

Tom Brake: The hon. Lady will be pleased to hear that I am certainly going to do that in a way that I hope will satisfy her. It will relate to ways and means of funding other projects such as Crossrail.

Phase 2 of the project would make a huge contribution and provide an additional link. To pick up on the hon. Lady's point, an opportunity has been missed in London in such projects as the Jubilee line extension, from which huge benefits have been derived by businesses and commercial premises along the route. They have benefited from the increase in the value of properties, which have become that much more attractive because of the improved transport connections. Whether in relation to Crossrail or projects such as the East London line, it is surely not beyond the wit of man or woman to identify a way of capturing the increased values of properties. That might be by asking businesses to contribute over a period of time—

3.33 pm

Sitting suspended for Divisions in the House.

4.12 pm

On resuming—

Tom Brake: We were discussing finance and I was touching on the point that many freeholders and businesses clearly benefit very substantially from infrastructure improvements in the vicinity of where they operate. It is high time that the Treasury showed some flexibility to allow some of those profits to be captured. Whether it is through businesses in a voluntary way, as with Crossrail, supporting the concept of a supplementary business rate or through land value taxation, we need to capture those profits. At the moment, the taxpayer pays but sees no return; others make the profit. I hope that that addresses the concerns expressed by the hon. Member for Hackney, South and Shoreditch about how the project would be funded.

The Minister may have had an opportunity to consider the report that the RMT—the National Union of Rail, Maritime and Transport Workers—commissioned from Peter Raynor on the East London line and its concerns about the privatisation, as the RMT put it, of the line. I do not necessarily share those concerns and that is clearly not the subject of the debate, but I hope that the Minister, if she cannot deal with the point now, will consider writing to hon. Members present to inform us of the Government's view on that report.

Clearly, the East London line extension and phase 2 would contribute very significantly to the transport infrastructure in London. We have seen the potential for increasing the number of passengers on that line from 10 million to 50 million. I hope that the Minister will respond positively to the requests that have been made and perhaps confirm that if the Treasury is not willing to fund the proposal itself, it might show some flexibility to allow other means to be used to raise the funding needed for this important transport project.

Mr. Roger Gale (in the Chair): Order. The question has quite reasonably been asked, in the light of the Divisions, when the debate will finish. The answer is 4.39 pm.

4.14 pm

Stephen Hammond (Wimbledon) (Con): It is a great pleasure to serve under your chairmanship, Mr. Gale, and to participate in this important debate. I am grateful to the hon. Member for Battersea (Martin Linton) for introducing it and for making the case so clearly for his constituents and for the line. I enjoyed immensely the contributions by the hon. Members for Islington, North (Jeremy Corbyn) and for Hackney, South and Shoreditch (Meg Hillier). I enjoyed the hon. Lady's insights into a number of things, but particularly into the shopping habits of her constituents, which I am sure were interesting to us all.

I have to declare an interest up front. I am the Member of Parliament for Wimbledon, and the East London line extension was originally designed to come to Wimbledon in phase 2. It would have made more sense for it to come to Wimbledon. Wimbledon should be the secondary transport hub in south-west London to Clapham Junction. It was unfortunate that the Mayor, with a lack of wisdom, vetoed that on the basis of cost—that point is highly significant and I want to return to it.

The withdrawal of the proposal to take the East London line to Wimbledon led to Merton council withdrawing from the East London Line Group. I note that the Mayor has said that, with the East London line extension, it will be easier for people to get quickly and safely to Olympic venues. I was just thinking, "Isn't it a shame that my constituency doesn't have some sort of summer sporting event that 100 countries around the world televise, that 1 billion people watch and that 400,000 attend? Isn't it a shame that my constituency won't be one of the major Olympic venues, hosting—I don't know, perhaps the Olympic tennis tournament or something?" Perhaps then the Mayor would consider that bringing the East London line extension to Wimbledon had some merit.

Wimbledonians are, understandably, pretty angry about the situation. I have already made the point that we consider that Wimbledon should be the secondary transport hub in south-west London to Clapham Junction. That would have the great advantage of relieving pressure on Clapham Junction. The example has already been cited: people could get off at Wimbledon and go round the orbital side, particularly if they were coming from the south. It would also increase capacity. In addition, thousands of my constituents travel every day to jobs in east London, principally at Canary Wharf and in the City.

Martin Linton: I cannot pretend to sympathise with the hon. Gentleman's view that the line would be better routed to Wimbledon through Dulwich, but I suggest to him that the interests of his constituents might equally be served by pressing for the extension to Clapham Junction to be extended through Southfields to Wimbledon. Under plans for Crossrail 2, that route has already been investigated, taking trains up through Southfields, East Putney and Wandsworth Town to Clapham Junction. Surely that could be started at the time of the Olympics, to create a quick link between the events in Wimbledon and the main arenas.

Stephen Hammond: I am grateful for the hon. Gentleman's intervention. Certainly that is one of the things that we considered. Equally, I believe that TfL is considering again the Hackney-Chelsea line; a minor consultation document has already been issued. However, none of that takes away from the point that the East London line extension could as easily have come to Wimbledon in phase 2. I am not asking the hon. Gentleman to support me in that case at this stage—I am sure that he is very happy with where it is going at the moment.

To return to my point, a number of my constituents travel to work in the east. The Mayor, in his initial plans for housing for London, designated the borough of Merton as an area of housing development. We have talked about populations that would benefit. The populations that would benefit include those of Longthornton and Colliers Wood, which are not technically in my constituency, although part of Colliers Wood is, and of South Wimbledon, which is.

We have heard the arts tributes. Wimbledon theatre has the seventh largest stage in London. The Polka theatre is the only south-west London theatre dedicated to children. The area also has the Cannizaro festival, the Wimbledon literary festival, which I am pleased to be attending the opening of this evening, and Wimbledon college of art. All those and other places in south-west London indicate a thriving arts community.

Tom Brake: Does the hon. Gentleman advocate that the extension to Wimbledon should be pursued? If so, is he adopting that position in his capacity as the Member of Parliament for Wimbledon or in an official capacity? If it is in his official capacity, is it an officially funded bid?

Stephen Hammond: I declared an interest at the beginning of my speech. I am speaking as a constituency MP before I move on to my comments as

[Stephen Hammond]

a Front-Bench spokesman. I accept, with great disappointment, that Wimbledon will not be part of the phase 2 extension, so there is no funding implication to my remarks. I am deeply upset about this matter, but am not embittered and certainly am not blind to the benefits of the scheme.

The phase 1 extension of the East London line north to Dalston Junction and south to New Cross should be open by June 2010. The further extension to Highbury and Islington will open in February 2011. It is proposed that phase 2 will extend services further west to Clapham Junction via Surrey Canal Road, where a new station is to be built. We have heard from hon. Members that there will be an extra four trains an hour, thus increasing dramatically the frequency of the core section.

We have talked about funding for all that, but we have not yet had the timetable, part of which is inextricably linked to funding. The June 2007 briefing note from the East London Line Group says that phase 2 could be operational by the end of 2011, but according to the TfL investment programme, it is planned to follow the 2012 Olympics and Paralympics. One answer that I seek from the Minister is which of those is correct. I expect that the answer will depend entirely on whether she can give us any comfort regarding funding.

I accept that the scheme will bring great benefits: 168,000 people will potentially benefit from living within 15 minutes of a station, as will the 80,000 people who work within 15 minutes of those stations. The ridership is expected to grow to an estimated 8.7 million within five years. It is estimated that the environmental benefits will be a reduction in total traffic congestion of 400,000 vehicles and in carbon dioxide emissions of about 470 tonnes per annum. Those are significant benefits.

If our capital is to continue to be the world's greatest city, we must continue to expand and invest in our public transport network, but we must also ensure that those schemes offer value for money. The East London line extension is one such scheme—London needs it in order to continue to be the economic powerhouse of the UK, and it offers value for money—but it is not the only scheme.

I accept that it is difficult to group priorities, but the scheme is predicated to have a cost-benefit ratio of 1.7:1, which is lower than that of several other schemes. It is impressive, but not as impressive as others. Will the Minister tell us about the scrutiny of those sorts of cost-benefit ratio, and what part such scrutiny will play in the consideration of various London schemes? Notwithstanding that, the important point is that which was made by the hon. Member for Hackney, South and Shoreditch—40 per cent. of those who live within 1 km of several stations involved in the scheme live in some of the most deprived areas of London, so the scheme will have a huge overall benefit for social inclusion.

By the time it is finished, the London overground service, which is a combination of the North London line and the East London line, will have involved a total investment of £1.4 billion. Obviously, that is going on infrastructure such as new trains, new staff and new stations.

I shall dwell on stations for a moment, because it would be interesting to get a commitment from TfL about stations. The Mayor has said that every station should be manned during its hours of operation and should have improved CCTV, but that is proving to be something of a hollow promise and a joke in many parts of the underground system. No one was manning my local underground station, which I use on most days if I come via the underground, rather than the overground, during the later hours of operation on Monday night. One supposed benefit of the scheme is that all the stations will continue to be manned; along with the funding promise should come a promise from TfL that it intends to do that.

Jeremy Corbyn: I understand from TfL that the London overground will have staffed stations that are secure, which is a great improvement on the current situation.

Stephen Hammond: Yes, but the hon. Gentleman will accept my premise that London Underground says that it has that at the moment, and that simply is not true. Indeed, it is shutting 40 more ticket offices, which will inevitably mean that there is a threat to passengers and staff. I accept that that promise is in the London overground document, but it is not being met at the moment, and we need to be absolutely certain that it will be kept.

Meg Hillier: Does the hon. Gentleman agree that there is a difference with underground stations? I have been in the control room of underground stations and have seen how effective CCTV can be. One can see everything that is going on at the station from the control room, so people are not needed in every part of the station. There might be concerns about access to tickets, but more people are using Oyster and the number of people who need to purchase tickets is reducing. It is right that TfL should look into that matter, although we might not agree regarding the outcome.

Stephen Hammond: I take the hon. Lady's point, but there is, none the less, a commitment for stations to be manned. One can look at CCTV pictures all one likes, but if there is an incident and one is in the control room and there is no one on the station, and the transport police are some way away, then one cannot get to the incident.

Going back to funding, TfL—or, more properly, the Mayor—spent sums of money last year that did nothing to improve the lot of the travelling public. It is particularly important to consider a few things that he spent money on and whether that money might have gone some way towards alleviating the request for Government funding. For example, the Mayor gave the previous chief executive of TfL a golden goodbye of £1.165 million and a consultancy contract worth £737,000, but no one at TfL knows how often he turns up or even whether he is turning up.

That is only £2 million, but let us consider other elements of the Mayor's profligacy. Last year, he spent

£210 million on consultants. That is twice the cost of the East London line phase 2 extension. For that £210 million there has been not one extra passenger, metre of track or new train. That £210 million profligacy could easily have funded the extension to Wimbledon or built the scheme that we are discussing twice.

However, let us concentrate, because phase 2 is unfunded and currently has no time scale. It is expected to cost about £100 million, of which, we have heard, about £70 million is for the infrastructure. I have three or four questions for the Government, and therefore the Minister, which I hope will bring some clarity at the end of the debate. Will the funding for the phase 2 extension be included in the HLOS—high level output specification—which involves Network Rail, and inside the comprehensive spending review? Will she confirm that the HLOS is due on 18 July?

Will the Minister also confirm that the East London line extension is one of several other south-east schemes, including those involving Thameslink, Reading station, Crossrail and Waterloo station? Will she give some indication of the criteria that she is using to assess those schemes, particularly in relation to the total funding requirement and value for money?

Will the Minister confirm that any announcement on the East London line extension will not be one similar to that on Thameslink, which simply contained the Transport and Works Act 1992, but will be accompanied by funding announcements? Finally, will the Minister look at the total cost of the scheme, which is a mere £100 million? It is an extremely manageable sum in terms of the overall budget for the railways. Will she therefore assure us that the Department for Transport will press the Treasury to find the money?

4.30 pm

The Parliamentary Under-Secretary of State for Transport (Gillian Merron): I congratulate my hon. Friend the Member for Battersea (Martin Linton) on securing this debate, which provides a further opportunity for us to talk about rail services in London, and particularly the proposals for the funding of phase 2 of the East London line. I am aware of the numerous representations that my hon. Friends the Members for Hackney, South and Shoreditch (Meg Hillier) and for Islington, North (Jeremy Corbyn) have made to my ministerial colleagues in the past regarding the importance with which their constituents regard the project. They stand to accrue interests and benefits from it.

Having listened carefully to my hon. Friends, I can say that I regard them as a powerful triumvirate—I was going to describe them as a three-headed campaign machine, but I think that "triumvirate" is more diplomatic and better reflects their contribution to the debate. Led by my hon. Friend the Member for Battersea, my hon. Friends have made a persuasive case in terms of value for money and regeneration, and the social, economic and leisure benefits of the scheme. I heard the debate about whether the Hackney Empire or Battersea arts centre should come out on top, but clearly there is a question about whether people should be fighting about that. The point is that Londoners and visitors should be able to move easily around the city, and to enjoy the many benefits of living in or visiting my hon. Friends' constituencies.

I am grateful for the generous words spoken by my hon. Friends about Transport for London, the Department for Transport and the Government. The Government showed foresight by giving TfL the powers and funding to do the work that Londoners and visitors have long sought.

Mr. Ian Brown was mentioned several times. I was wondering whether he would be declared as the newest member of the Cabinet—he has plenty of support in the Chamber. However, I suspect that he is committed to the job that he is doing, as are the whole team at TfL, and the officials at the Department for Transport and other Departments. I am grateful to my hon. Friends for their comments. I recognise that phase 2 of the East London line extension is particularly important in the light of developments on the London overground network.

As my hon. Friend the Member for Battersea pointed out, the extension would complete the last piece of an orbital rail network for London. Indeed, it would significantly improve the accessibility of deprived areas of the city. I like the term "regeneration express", which was borrowed, I believe, from the Mayor of London. That is what we are about.

As I said, the funding and autonomy provided to TfL by the Government have produced dramatic improvements throughout London's transport network. Although my hon. Friend's constituents may not yet have access to a London Underground station in Battersea, they have much improved bus services and a steadily improving heavy rail network. As he and others predicted, I am bound to say that deciding when and whether any particular transport scheme goes ahead is a matter for the Mayor and TfL. I understand that, at present, there are no guarantees on phase 2. The Mayor and TfL need to reassess their budgets and transport priorities for the spending review this year. I assure my hon. Friends that the East London line extension phase 2 is being discussed in the spending review, but I should say that it is one of a number of London transport projects that TfL would like to take forward. I wish to put on record an assurance that I shall draw the Mayor's, TfL's and the Treasury's attention to the constructive and persuasive points that have been made in the debate.

I listened carefully to the points made by my hon. Friend the Member for Hackney, South and Shoreditch about the importance of information to people who travel overground as well as underground in London. From the quality of her contribution, I now know that it is not only a matter of extending the line, but about working with the extension. I am grateful to her for making that point.

I am sympathetic to the points that have been made, and I was interested to hear about the "Connect South London" campaign run by the East London Line Group. On orbital travel, it is important to encourage passengers to choose routes other than those that go through central London, but volumes of passengers travelling in to main hubs are probably far larger than the number of people who will travel orbitally. My hon. Friends made the point that as hubs develop and properly integrate—that is the key—to the TfL network, they will have a significant impact.

Jeremy Corbyn: The Minister will have heard my remarks about the possibility of joining the East

[Jeremy Corbyn]

London line to Finsbury Park station to develop the sub-regional hub. I should be grateful if the Minister would give some indication of her views on that, and on the related matter of transferring stations to TfL.

Gillian Merron: That is not in the current plans, as my hon. Friend is aware. However, the Government are committed to the devolution of London transport services. That is evidenced by the creation of TfL and the powers that have been further devolved to it following the White Paper on "The Future of Rail". It is possible that there may be further devolution in future.

On the timetable, TfL will take responsibility for the North London railway in November, and we will see a gradual improvement of services. The East London line extension opens in 2010, and the Dalston curve, which will connect east to north London, will open in 2011.

Concerns were raised about the use of the private sector once the East London line extension is complete, and I can tell the hon. Member for Carshalton and Wallington (Tom Brake) that I shall be happy to write to hon. Members about the National Union of Rail, Maritime and Transport Workers report. It is for TfL to decide how it specifies and operates services on the East London line and the forthcoming extension.

It is incorrect to suggest that TfL's current plans mean that the East London line is being privatised—that is not the case. The infrastructure assets that make up the line will remain under the ownership of TfL and Network Rail. TfL will also own the rolling stock on the route. A concessionaire will be appointed to run the services on the line and, unlike the national rail network, the revenue risk attached to services on the East London line, including income from fares, will remain with TfL, which will also set fares. I hope that that is reassuring.

I shall be happy to write to hon. Members on the issues that I am unable to address today because we are short of time. In conclusion, the Department will continue to work with TfL, Network Rail and other stakeholders to examine opportunities to enhance London's rail network for Londoners and visitors alike.

Transformational Government

4.39 pm

Margaret Moran (Luton, South) (Lab): We are here at a transformational moment in history. I am of course referring to the fact that the debate is an extreme rarity in the House—it is only the second debate on transformational government that I can remember from the past three or four years. There is, by the way, another little event going on elsewhere involving a new Prime Minister which, I guess, means that the assembled masses are elsewhere. I shall perfectly understand if the Minister has to respond to a pager message from No. 10, because he is extremely worthy of aggrandizement and I would not deny him a move up the greasy pole, but I hope that some of our Cabinet Office Ministers will remain in post for some time because one issue with transformational government is the need for continuous leadership.

The masses are not here for this debate on transformational government, because it is not a sexy subject but a techie, geeky subject. Far too often, the debate concerns IT and technology, rather than the real purpose of transformational government, which involves outcomes for people. That is what I want to focus on, because transformational government is about using IT as a tool to achieve the best outcomes in public service delivery for all our people, but particularly those who need public services most. The issue is fundamental to all MPs, and we must get that message across.

I know that the new Prime Minister is committed to this agenda. He commissioned David Varney's report, and I am sure that he will implement it with all speed when he gets his feet under the desk at No. 10. I want to speculate beyond Varney, and on where the transformational government agenda should go next. I am chair of EURIM—the European Informatics Market—which you know well, Mr. Gale, as one of its founder members and a great supporter. We are doing a Select-Committee-style inquiry into transformational government, which is a subject that crosses Departments and sometimes falls between the cracks of Select Committees. In my short contribution, I want to say a few words about some of the policy strands that need to be brought together, and which we will explore in that inquiry. I also want to ask the Minister some questions.

Transformational government is about using technology to achieve the best outcomes for our communities, particularly those who need our public services most. It is an intensely political debate. People have told me that there is consensus on what transformational government is about, and there is to a degree. We all want our public services to provide greater value for money and greater efficiency, and we all want to ensure that we can use technology to free up resources for greater front-line working and to ensure more streamlined service delivery.

However, I believe passionately that politics is about trying to ensure two things. First, those who need our services most should receive excellent quality public services. That is hard to provide in a joined-up way. Secondly, we should create confidence in our public services so that everyone has a buy-in to them. In the

modern world, people expect 24/7 services from the private sector. They want services when they want them and where they want them. They expect efficiency, value for money and technology. Public services should deliver no less, and preferably greater excellence, so that there is a buy-in from the big tent—the middle classes—while enabling more resources to go to those who need them. I do not want to aggrandize the subject too much, but the agenda is about the future of public services.

What issues should we address? First, there are a couple of myths and legends. Too much of the debate about transformational government focuses on failed Government IT projects. One can look at *Government computing weekly* every week and find a litany of disasters, but that is not the whole story. There are excellent examples of what works both in central Government—in the Department for Work and Pensions I cite pension credits—and in local government. A recent exhibition by EURIM and SOCITM—the Society of Information Technology Managers—exemplified some of the good work, particularly in local government, to join up service delivery.

I heard from a carer who was over the moon that the help that her father received from social services and the national health service was linked seamlessly with help from carers with one point of contact, so that she did not have to run around. More important, her father did not have to run round to a number of agencies to receive the care and support that he needed. There are some good examples, but too often we hear about the failed examples.

Let us be clear. There are failed examples in the private sector, and many of the largest and most complex IT projects are in the private sector. Some work extremely well—for example, Voca for financial services and BT for commission billing. Some projects are immensely complex, but we do not hear so much about the many private sector projects that fail.

We must learn. Many EURIM reports and a recent Public Accounts Committee report picked up some of the lessons that we still have to learn after all this time. First, IT skills are scarce in the public sector, and we must nurture and retain them. There is concern in the private sector about the skills shortage in information and communications technology, which must be addressed urgently. Secondly, continuity at the top is required at both ministerial and senior civil service levels. Thirdly, we must look at projects involving incremental changes rather than a big, centralised bang. In that context—dare I say—are identity cards, although I support them, and we need clarity of outcome. Those are some of the lessons to be learned.

In terms of where the agenda goes next, I want to suggest three strands that should be integrated if we want to transform—I emphasise "transform"—Government and public services. The first is social inclusion. All the strands fall neatly within the Cabinet Office's remit, which is a happy coincidence. If we are to transform, we must have social inclusion at the heart of everything that we are doing.

We have had processes, e-envoys, tsars and so on to look at life episodes and the equivalent of the moose licence—let us go online and do whatever is easiest, whether it is relevant or not. We must be more sophisticated, and look at services that need to be joined up, but which are complex and include the most difficult problems. I chair the all-party group on domestic violence, and a social enterprise within the equalities network that I am involved with is an online domestic violence project. In a crisis, a domestic violence survivor must contact between eight and 10 different agencies, which often give the same information over and over again. Survivors may have to cope with losing their home and the whole terrible situation while trying to care for their children. If we target such a complex problem rather than picking on the easiest subjects, and make the technology work for that person, everything else will follow.

The digital divide or social exclusion in technology has been written and talked about for what feels like millennia. The issue is not lack of hardware—certainly not in my constituency. Hand-holding rather than hardware is needed. We proved that again in the Womenspeak project with the Hansard Society and Women's Aid in 1999. We targeted the hardest to reach—domestic violence survivors. The first people online were Irish women travellers in the north-west of England and Bangladeshi mums in my constituency, neither of whom would normally go anywhere near public agencies or talk about their situation. They were online using technology, and the Bangladeshi mums are still using that technology to learn online. We were able to reach out. It was said that those people would never go online and never participate, but they did because they had support and we ensured that that was available to them.

We must target the hardest to reach and ensure that we have genuine joined-up service delivery for those with the most complex problems. Of course, we must get certain services online because we need to shift the easy services online. Forty per cent. of people now do their tax online, which is great because it releases resources for the front line and those most complex problems. Social inclusion is one strand.

Diversity and choice in public service delivery is another policy imperative that we must discuss, involving appropriate service deliverers to meet the needs in the community. Social enterprise is another Cabinet Office priority. Do we have models that enable us to ensure that social enterprises can deliver those services? Are IT suppliers and projects geared to dealing with that mixed economy? That is a question to the Minister.

A third strand is democratic delivery. In any private sector company, people build up relationships—R2R—and get feedback on their services. That is basic. It should be integral to transformational government, and I believe that it is coming. However, we should do more than that if we want to build up public confidence, which means that we should involve people who use our services online not only in helping us to maintain the excellence of public service delivery, but in designing and having a say in those services.

Again I quote Womenspeak, because in a legislative and parliamentary context, the evidence that we received undoubtedly helped to influence at least seven pieces of legislation, not least the domestic violence legislation itself. We could use it as a model to think about ways of engaging people in designing public services.

[Margaret Moran]

I pose some of those questions to the Minister. Are we geared up to tackle the issues that I have raised? We still have issues about data sharing, largely because of ignorance about the Data Protection Act 1998. However, there are some good examples, so why do we not learn from them and spread them? There are in public service delivery too many nay-sayers who use the Act to prevent joined-up services.

We must also consider ways in which we can ensure that when cost savings are delivered through IT projects, and the cost is attributed to one Department but the benefits are shared throughout several, we have models that enable us to evidence that situation, so that it can be built into the comprehensive spending review process. I understand that it does not happen now, but it will be fundamental if we are to join up service delivery and end departmental-itis.

We must also have some resource—a small pot somewhere—to encourage innovation and democracy in public service delivery. I hoped that digital challenge would be part of that process; I was involved in the early discussion with the Institute for Public Policy Research. Sadly, however, it is not, as we hoped it would be, a pot for innovation, experimentation, learning and the rolling out of good practice. There is excellence in some of those areas, particularly at a community level. I hope that even if the Minister has a very brief life left in the Cabinet Office before he goes on to greater things, he will take some of those messages back with him.

4.53 pm

The Parliamentary Secretary, Cabinet Office (Mr. Pat McFadden): I thank my hon. Friend the Member for Luton, South (Margaret Moran) for initiating the debate. She is a great believer in the possibilities of using technology to improve service delivery, she is a serious commentator on the issue, and she has shown a great commitment to positive and productive dialogue with Ministers on the issue. I, like her, think that today is an appropriate day to debate transformational government. Yesterday, I challenged the Cabinet Office press office to give me the communications plan for the debate, but I fear that even its talents may keep us from the front pages tomorrow. We will do our best.

The issues are important for quality of life and for good government. My hon. Friend rightly said that they are not only about IT, but about change to the way in which things are done, services are delivered and, I hope, change for the better for the citizen who is in receipt of the Government's service. Change is rarely easy. The systems that we work with are complex, we are dealing with large numbers of people, and the services that we provide are often critical. They are not things that we can afford to get wrong. A private company may take a risk on launching a new product, and the customer may buy it, they may not. However, if we are talking about paying people benefits or pensions, we must get it right for their livelihoods, so great care must be taken to ensure that we get it right.

You will be relieved, Mr. Gale, to know that I shall not go through all the Government's IT and transformation projects, but I shall make a few general points and pick up on a few points that my hon. Friend raised. As she said, the record is better than some reports and impressions suggest. There are significant successful examples of the change that technology has enabled: millions of benefit payments are made accurately every week, which sustain millions of families; online payment of car tax has been taken up by about 9 million people so far; online tax returns were filled out by almost 3 million people last year, an increase of some 45 per cent. on the previous year; and I am sure that my hon. Friend regularly visits schools in her constituency, as I do, so she will have seen the IT investment there, which places us ahead of many other countries, given its scale and intensity. It is crucial in helping pupils expand their own horizons and future opportunities. I could go on, but they are some of the successful investments and projects that have been made.

I agree with my hon. Friend that the Government must respond to the changes that are taking place in other parts of people's lives. If goods and services are available 24 hours a day, seven days a week, it is immensely empowering. People are booking flights online, so fewer go to travel agents and they are downloading music and taking part in social networking sites at a time of their own choosing, all of which is empowering. Owing to the transactions that can be carried out, the old concept of opening hours is rendered obsolete. If people are being empowered in the private sphere, the state has a duty to respond, and to try to do things that fit with people's lives.

The issue is not just about the internet and we must remember that one third of the population are not online. In the provision of services, they cannot and should not be left out or left behind. Even as we use IT to make service better, we must get the right mix of service delivery channels, so that people who need personal or face-to-face help can still get it. Like my hon. Friend, I believe that we can combine the two effectively by doing the easy things online and concentrating face-to-face help more on the locations where it is needed than it has been in the past.

Another crucial issue, which I spoke about earlier this week, is time—the citizen's time and the country's time. If we can improve services through the application of new technology, we can give people more time spend productively, and if we can organise our staff time to maximise the use of new technology, and if their time is spent more productively, there will be national benefits.

I agreed with my hon. Friend when she spoke about social inclusion and the people to whom the issue is important. There has perhaps been a stereotype that Government service improvement enabled by IT principally benefits the cash-rich and time-poor—what might be called the BlackBerry man or woman. It certainly does benefit hard-pressed, busy tax-paying citizens—so it should, because public service should respond to their needs—but it is also critical to those further down the income scale, who often find themselves in more contact with different parts of Government than those who are a bit better off. If technology can enable service to work better and, as my hon. Friend rightly said, reduce the need for people to tell the same story over and over again to

department A, department B and department C of their local authority, that is a significant gain.

The issue is relevant across the income scale. I believe that if we can reduce the time it takes for hard-pressed people to access the benefits and opportunities that they need, that in turn will empower them to take opportunities that they might not otherwise have been able to. My hon. Friend is absolutely right to raise the aspect of social inclusion. I reject the view that Government and IT cannot go together; that they will always fail and, implicitly, that we would be better off not trying. It is in the public's interest and the country's to make progress.

Questions have been raised about the governance of some projects. We have a duty to ensure that we get the governance right—I shall say something about that in a moment—but we also have a duty to be wary of a default nostalgia for the status quo. Paper systems, boxes of files and so on are not always the best way to run things. Change is often difficult, but equally, the status quo is often not perfect.

I welcome my hon. Friend's comments about a Select Committee-type approach. It is always good when she and other Members of this House show an interest in exploring such issues and contributing positively to a dialogue with Ministers. We have our official Select Committee structure, of course, and one or two Members might say that that is their turf, but maybe I should not comment too much on that.

My hon. Friend mentioned significant life events, an important issue that David Varney mentioned in his report. She may know that my colleagues at the Department for Work and Pensions are working on a project called "Tell Us Once" to examine some of those life events. Considering it from that end of a telescope—from the point of view of a citizen's experience—is exactly the right way to do so.

I shall blow the trumpet for a moment for my local authority. I recently visited a bereavement centre in Wolverhampton. It is in some ways a pioneering project. I believe that the DWP knows about it and is learning from it. When a family must go through the painful process of registering a relative's death, the bereavement centre offers a range of services to notify the different departments and Government agencies that must be informed in the event of a death. One of the employees summed it up well when I visited. He said, "Our approach is to say, 'We'll do that for you.'" If we take that approach more during those significant moments when a family finds that it must contact government a great deal, that will be a step forward.

I endorse what my hon. Friend said about private and third sector involvement in the delivery of public services. It is one thing for the state to be responsible for ensuring a good outcome in public service; it is another for the state always to have to provide it directly. I do not believe that the two are the same. I chair the Public Services Forum. We have invited the Minister for the third sector, as well as representatives of the CBI and the Business Services Association, to recent meetings to discuss the third sector's involvement in public service provision. That dialogue, not only with direct state and state-employed providers of public services but with other providers, is important.

To enter a little into the political frame, what the Government will not do is retreat from responsibility for ensuring good outcomes. It is one thing to hold the view that different providers can provide public services; it is another to say that the state should retreat from areas of responsibility. This Government are not likely to do so.

Margaret Moran: I absolutely endorse the Minister's last point. Ensuring good outcomes for our communities is fundamental to good government and good governance. Will he say something about how the social enterprise action plan, for example, integrates with the transformational government action plan? It is difficult to see how the two mesh together and how we can ensure that capacity is built into social enterprises for them to be part of the mixed economy and to deliver transformational government in the way that we are discussing. As secretary of the all-party group on social enterprises, I have a particular interest—

Mr. McFadden: Never let it be said that the Cabinet Office is not a seamless and coherent Department, or that one part does not work closely with another. I assure my hon. Friend that the Minister for the third sector is an active and loud voice on the third sector's behalf, and that he is working with the sector to identify and deal with any barriers that might exist to its involvement in the field.

We are always trying to improve the governance of projects. We have published the transformational government agenda and established the Chief Information Officer Council. We are taking forward the recommendations of the Varney review and concentrating the number of Government websites to make them easier for the public to use, and we will keep trying to improve the governance and management of such projects. We are aware that the Public Accounts Committee recently examined the issue and made recommendations, to which we will respond in due course, but for today, I stress that the matter is crucial to the quality of public services. Our twin duties for the agenda are to be both ambitious about what we can achieve and rigorous about how we manage implementing it.

Margaret Moran: To reinforce the point, the Minister has not mentioned—I appreciate that he has limited time available—the democratisation of public service delivery. I commend to him a project with which I am involved, and of which I have been the architect for some time, called Kidspeak. It involves children's charities talking to children online about their experiences of domestic violence and the services that they receive. Could he look at some of those examples and integrate them into the transformational governance programme?

Mr. McFadden: My hon. Friend makes a good point. I point her to the recent report "The Power of Information", commissioned by the outgoing Chancellor of the Duchy of Lancaster. Even today, the Cabinet Office website is inviting comments from the public on the issue of time and public service. Online dialogue is extremely valuable.

Rail Services (Devon)

5.9 pm

Richard Younger-Ross (Teignbridge) (LD): In the short time available, I hope to touch on a couple of issues relating to health and safety concerns about the rail service provided in my constituency. Time permitting, I shall then talk about some general issues and concerns about the future of rail services for those who commute to, travel to or holiday in what has always been known as glorious Devon. It is known as that because 1930s British Rail advertisements for services to the west country were emblazoned with words urging people to travel to "glorious Devon".

My particular concerns relate to two stations in my constituency, Starcross and Dawlish Warren. It could fairly be said that the issues that I am raising with the Minister are for Network Rail to resolve, but they have been raised with the company for a number of years. We may be making progress on some of those issues—on others, we may not. I am hoping that, because of his influence with Network Rail, the Minister can say that health and safety concerns should be paramount and that disabled access and the ability to get on to trains are a concern to him as a Minister.

Starcross is a small station on the banks of the River Exe overlooking east Devon. It even has a connecting ferry service across the river. The station platform is straight until it bends in its latter half. The station had served its local community without problem for a number of years. In an effort to shorten travel times and improve the service, the rails were banked through the curved section of the platform to allow the trains to travel faster. The trains subsequently stopped on a banked curve.

The result was twofold. A gap was opened up between the platform and the train and because of the tipping motion and how they are banked, the trains sit higher above the platform than they used to. As a consequence, there is a large gap that makes it difficult for anybody with walking difficulties to get into or off trains. Anyone with a severe such handicap would probably avoid using Starcross as a station if they could. Constituents tell me that because of the difficulties on the platform, they prefer to use the bus service or their cars to travel into Exeter or down the line towards Dawlish or Teignmouth.

The resolution to the problem is straightforward. Most of the trains that stop—99 per cent. of them—are at most only four carriages long. The platform is designed for trains of eight or 10 carriages, so all Network Rail has to do is stop the trains halfway down the platform. Ian Coucher kindly visited my constituency and we considered a number of issues together. He accepted my point and said 18 months to two years ago that the company would consider the problem. However, it has still not come back to me, and that is why I bring it to the Minister's attention today.

The platform does not need to be raised, as was originally proposed; the halt sign needs to be put halfway down, and a shelter and some lighting need to be moved—that is all that is required. I would have thought that, given the effect on those using the service, such changes would be small change. There would be a difficulty in respect of the occasional high-speed train that stops at Starcross, but that could probably be accepted by people with a disability; they could get used to using only one end of the platform.

I ask the Minister to ask Network Rail about that station and others with difficulties of access and safety which colleagues in the House have raised with me. The safety aspect is that small children, dogs or others could fall into the gap between the train and platform. Some pets already have.

The next station down the line is another small halt at Dawlish Warren, where, I am pleased to say, some changes have been made—trains stop closer to the shelter, making things slightly more convenient for passengers. However, there is a different safety issue at the station. The Dawlish Warren area includes a bird sanctuary, a popular bathing beach, an amusement arcade and other facilities that local tourists like to visit. All that is accessed via a small tunnel, through which ambulances and fire engines cannot go to service the other side. However, there is a crossing, to which Network Rail and its predecessor have refused emergency vehicles access. The company's argument is that it is a health and safety issue and that it would be dangerous to allow such vehicles to use the gate. However, I argue strongly that if anyone is fit to judge health and safety risks and whether to use a crossing, it is the emergency services. I am fairly certain that a way could be found for that gate to be used by them; it could be pulled back to allow them to access the Dawlish Warren area.

The current situation is not without risk. I say that for two reasons, one of which is personal. Sadly, a good friend of mine, Councillor Bill Buckle, had a heart attack and died while walking on the warren. The ambulance had to stop on one side and its crew had to leg it nearly half a mile across the sand dunes to Bill, who was dying. Vital minutes could have been saved if the gate had been accessible. It is unlikely that the buildings destroyed by two fires on the warren would have been saved by the fire crews getting there that much quicker, because of the nature of the fires, how quickly they spread and the fact that the buildings were structured with timber. However, the fact that there have been two major fires there highlights the need to allow full appliances to gain access to the warren.

I have corresponded with Network Rail on the issue and it is totally intransigent about it. When the Minister has opportunities to discuss funding with Network Rail, will he ask about its health and safety record on such matters and what health and safety improvements it thinks need to be made? Is there any chance of the Minister asking the company, or even insisting, that it give greater priority to such health and safety concerns?

Not all the concerns are easily reconciled. There are concerns about the walk along the sea wall between Teignmouth and Dawlish. Sadly, there is not an easy solution to some concerns and some compromises have to be made. We have to accept that; I am not saying that the world should be wrapped in cotton wool in such instances. However, in the two cases that I have outlined, there are clear examples of how things could be done.

I mentioned the sea wall. The last time I was fortunate enough to secure an Adjournment debate in this Chamber, we discussed the sea wall at great length.

For the record, I should say that there has been progress on the issue. Network Rail has indicated that it believes that maintaining the line along the sea wall—the one through Dawlish and through to Teignmouth—is the best option. The line featured spectacularly on the BBC's "Coast" programme three weeks ago. Sadly, I did not get to see it and I have not been able to see a recording, but the waves crash over the line. Network Rail believes that the line can and should be maintained as the best link to the west of the county and Cornwall, and for those areas it is essential that the line remains open. I am glad of the company's continued investment in and commitment to that service. However, there are risks from weather change, as we have seen from the horrendous storms that have affected some northern parts of the country this week. No matter what pre-planning is done, services will be always put out of action for a period by such storms.

On that point, it is always better to have two options to access a destination than just one. I am not seeking a firm commitment now, but I ask the Minister to consider representations that might be made to him by the regional development agency and by others to consider the cost of reopening the old line from Okehampton to Plymouth. That would provide relief in the event of problems with the other line, and the same would be true in reverse in the event that there were problems with the small commuter service, because the coastal alternative could substitute.

Let me say something else about relief. One of the Bills that has been making its way through the House is the Crossrail Bill, although, from the faces of the hon. Members who emerge from the Committee sittings, it appears that progress on it is slow. I make no comment on the benefits or otherwise of the Bill, because Crossrail is not a matter on which I have particularly strong views. However, my constituents are concerned about the impact of Crossrail on their ability to get in and out of London.

Again, I do not press for firm commitments one way or the other. However, will the Minister consider what could be done to alleviate the potential problems that might exist, in particular during the construction phase? Two thoughts come to mind, both of which revolve around the capacity of Waterloo and whether it can be improved. First, some alleviation could be achieved from improvements to the Exeter to Waterloo line, which are in any case much needed for the benefit of the service to the west country and Devon. Secondly, if First Great Western maintains its service to Reading, why cannot feasibility studies be undertaken to consider improving the line from Reading to Waterloo? There is already such a service, but it is one that could perhaps be made even better.

I hope that the Minister will respond positively to the matters that I have raised.

5.22 pm

The Parliamentary Under-Secretary of State for Transport (Mr. Tom Harris): I congratulate the hon. Gentleman on securing the debate and on getting to the Chamber on time following his endeavours in the Westminster boat race. I am delighted that he did not fall in.

The hon. Gentleman raised some important issues and I shall address some specific ones before moving on to some more general comments. I understand that there might shortly be a Division, so I shall try to keep my comments brief. He is understandably concerned about health and safety in stations in his constituency—particularly at Starcross. He prefaced his own comments by correctly pointing out that that matter is one more for Network Rail than for the Department for Transport. However, I shall be happy to make representations on his concerns to Network Rail at my next regular meeting with the chief executive designate, Ian Coucher.

As the hon. Gentleman said, health and safety matters are normally dealt with by Network Rail, by the train operating companies—in this case, First Great Western, or occasionally by the Office of Rail Regulation, which is the industry safety regulator. However, he has made his case extremely well, and I should be more than happy again to raise the matters that he has mentioned with Network Rail. I say that particularly in light of the fact that the hon. Gentleman invited Ian Coucher to his constituency 18 months to two years ago, yet still nothing seems to have materialised.

The hon. Gentleman takes a pragmatic and realistic view of what can and cannot be achieved on the budgets that are available to the railways. The Department for Transport subscribes to the so-called low-hanging fruit theory, which is the theory that it is often better value for money to spend fairly modest sums to achieve modest change to infrastructure, because that can result in disproportionate benefit to passengers. I know that he subscribes to that theory too, so I am more than happy to encourage Network Rail to pursue that course and find out whether the stop sign on the platform can be changed so that people can enter and leave trains more easily.

The hon. Gentleman mentioned the lack of emergency access at Dawlish Warren. I extend my sympathy for the loss of his friend—I am unhappy to hear of any such incidents. Again, the matter is one for Network Rail and perhaps for the ORR.

5.25 pm

Sitting suspended for a Division in the House.

5.30 pm

On resuming—

Mr. Harris: The hon. Gentleman also raised concerns about the Dawlish sea wall. I am aware of concerns that the main line between Exeter and Plymouth, which runs along the sea wall in the Dawlish area, is, as he said, vulnerable to storms and flooding. Some have been pressing for the reinstatement of an inland route to allow services to avoid the Dawlish area in the longer term, but that is a matter for Network Rail rather than for my Department. I apologise to the hon. Gentleman if that sounds like a recitation of buck-passing. Network Rail continues to monitor the likelihood of risks to the safety and operational integrity of the railway in the Dawlish area.

The hon. Gentleman referred specifically to the reopening of the Okehampton to Plymouth line. There

[Mr. Tom Harris]

is a well established process in the Department whereby, provided that the initiative for the opening of a line comes from local stakeholders such as local authorities or business interests, that they work with Network Rail and that they provide a robust business case including an explanation of where the finance will come from, the Department should and will look sympathetically upon it. He would not expect me to undertake today to reopen the line.

If the hon. Gentleman has raised any issues that I cannot respond to directly, I shall be more than happy to write to him. More generally, I can say that after a number of difficult years Britain's railways are a success story. Performance has improved and Network Rail and the train operators have a renewed focus on punctuality. The franchise system is delivering; more than 1 billion passenger journeys were made last year, 40 per cent. more than 10 years ago, and we have the fastest-growing network in Europe, with that strong growth expected to continue.

The hon. Gentleman will have heard me say on a number of occasions that in the current control period we are spending £88 million a week on the network. Network Rail has embarked on a nationwide infrastructure renewal programme worth more than £2 billion a year. We are basically running to catch up on the decades of under-investment in our railways by previous Governments of both colours.

Increased investment in such initiatives as integrated control centres has improved punctuality to pre-Hatfield levels. In the past 12 months, more than 88 per cent. of trains have run on time, as measured by the industry-standard public performance measure. Further improvements are targeted for March 2008. The rail industry has committed to achieve 89.4 per cent. on the public performance measure by then and 90 per cent. a year later.

The hon. Gentleman's constituency is served by First Great Western. I have said on a number of occasions, and first in this Chamber, that it is not my role to defend First Great Western—I am not the Minister for FGW. I am determined that appropriate action will be taken to ensure that its performance improves substantially. There is evidence that the worst of the problems experienced at the beginning of this year have abated to an extent, but the situation remains poor. I shall continue to look for further improvements to match those elsewhere in the rail industry.

First Great Western, Network Rail and other train operators in the area, including freight train companies, have an important part to play in improving performance. Under its existing franchise, First Great Western is contractually committed to spending substantial sums on improving the reliability of its whole train fleet. Following problems earlier this year, it has also published in conjunction with Network Rail a recovery programme comprising 40 additional action points.

As the hon. Gentleman will know, the First Great Western franchise is not just about long-distance services. Its local services in the west of England are an important part of it and serve the needs of commuters, tourists and other passengers travelling to towns, villages and cities in the area, including key regional centres such as Bristol, Exeter and Plymouth. They also provide connections to longer-distance services to London and other parts of Britain. I confirm that the new franchise also commits the company to a series of reliability modifications to all the trains used on the west of England services. Their passenger accommodation and exteriors will also be refreshed.

Network Rail is carrying out a lot of work to improve performance in the area. It is renewing and improving its infrastructure across the whole area in which First Great Western operates train services, including on lines in the hon. Gentleman's constituency. That covers track, signalling systems and civil engineering structures such as bridges and embankments. It is perhaps in that context that I shall raise the issues that he has raised today. I meet Network Rail regularly to discuss performance across the network.

I do not wish to embark on a more general discourse on the state of the railways that might not be entirely relevant to the hon. Gentleman's concerns, so I shall end with a commitment to raise with Network Rail the matters that he has mentioned in a bid to speed up the work that, understandably and correctly for a constituency MP, he wishes to be done in his constituency.

Question put and agreed to.

Adjourned accordingly at twenty-four minutes to Six o'clock.

Westminster Hall

Thursday 28 June 2007

[MR. GREG POPE *in the Chair*]

India Country Assistance Plan

Motion made, and Question proposed, That the sitting be now adjourned.—*[Tony Cunningham.]*

2.30 pm

The Parliamentary Under-Secretary of State for International Development (Mr. Gareth Thomas): I am grateful to Mr. Speaker for selecting the subject of our future aid programme to India for consideration today. As hon. Members know, India is a great nation, rich in history. The world's largest democracy, it has strong economic growth and understandable ambitions, which we support, for a seat on the UN Security Council. However, despite its progress, the country is still scarred by terrible levels of poverty.

Although it is often poverty in Africa that makes the headlines, and with good cause, poverty in India is also stark. Let us consider some comparative figures. Some 30 per cent. of children under five years old in sub-Saharan Africa were underweight in the five years up to 2005; the figure for India was 50 per cent. In 2003, some 320 million people in sub-Saharan Africa were living on less than a dollar a day; in India two years ago more than 350 million people were in that position, and a further 500 million people live on between $1 and $2 a day. Despite its image, India is still a low-income country, yet on a per capita basis, India receives little aid from the rest of the world. Total aid to all sources is only the equivalent of $1.50 a head, which is very low compared with other aid-recipient countries. On average, low-income countries receive about $17 a head in aid and middle-income countries just $15 a head, but, as I said, India receives just $1.50 a head.

The Government of India are committed to reducing poverty, and I wish to put on the record my appreciation of the strength of leadership in that area from Prime Minister Manmohan Singh and Finance Minister Chidambaram. India continues to welcome funding and dialogue from international donors and the UK accounts for about a quarter of all aid to India. Our combined financial and technical assistance allows us to play a key role in supporting India in its large health and education programmes and in its efforts to generate income and jobs. The job of being the UK Minister responsible for promoting development in India, which is by some way our largest country programme, is a privilege because India is a remarkable nation of myriad landscapes, cultures, traditions, languages and people. It is an extraordinary place.

In two months' time, all those different traditions will come together to celebrate the 60th anniversary of India's independence. As the Government, we look forward to joining in those celebrations and, in so doing, recognising a relationship between our two countries that runs far deeper than the many treaties and summits that we have signed and taken part in with the Indian Government. There is a shared history, and a shared set of values and institutions. There is also a rich cultural exchange that has produced arguably some of the great literature, music and architecture of the last century. It is a relationship of interdependence, which, I suggest to hon. Members, means that we have a responsibility to do something about the poverty, injustice and inequality that still faces much of modern India.

Jeremy Corbyn (Islington, North) (Lab): Will the Minister refer to the Government's approach to the problem of discrimination by caste and descent—in other words, the treatment of Dalit peoples in India? What influence can the British Government bring to bear on the disgraceful situation that faces 200 million people around the world, the majority of whom are in India?

Mr. Thomas: I recognise that my hon. Friend has been a great champion of the need to do more to support Dalits' aspirations to be part of the success of modern India. If he bears with me, I will come to that later in my speech.

When I was last in India in January with our new Prime Minister, it was impossible to miss the jarring contrasts that it presents. On the one hand, there is a vibrant hi-tech sector that services global businesses and, on the other, there are vast numbers of landless people in rural areas who have hardly enough to eat. India is home to world-class universities, but struggles to get all children into primary school. There are luxurious hospitals for medical tourists, yet half of women in India still give birth without a midwife.

That is a side of India that many forget or simply do not see. Our TV screens and newspapers are, perhaps understandably, awash with India's many successes. However, I suggest to hon. Members that it is our responsibility not to forget that India is also home to more than 350 million poor people, which is more than five times the size of the entire UK population and represents one in three of all the poor people in the world. People live in misery and have to scrape some kind of survival from one day to the next.

The broader truth that the international community also needs to recognise is that the millennium development goals to which all parties in the House subscribe will simply not be achieved without more progress in India. Given India's size and the uneven progress that I have described, it is a particularly complex country for donor agencies to engage with.

Peter Luff (Mid-Worcestershire) (Con): I welcome the changes to the machinery of government that have been made today, as they mean that trade policy is now shared between the Department for International Development and the new Department for Business, Enterprise and Regulatory Reform. In that context, will the Minister address the important role that fair trade can play in the development of India and the alleviation of the poverty that he has described?

Mr. Thomas: I will digress at this point to answer the hon. Gentleman. India has a crucial role in the current Doha round of world trade talks. Through work that we have funded with the United Nations Conference

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on Trade and Development—a key UN agency that works on trade issues—we have supported some of the research that India has wanted to do to understand the implications of particular negotiating positions that it might present as part of those trade talks. That is an issue on which we will continue to engage with India, because it is significant not only to India's population, but to India's position on the talks in relation to the many poor people in other countries.

There are, broadly, three Indias that we need to acknowledge as part of our future aid programme and three different types of development challenge. First, there is global India where people participate in a dynamic economy, are often connected to the rest of the world and enjoy comfortable incomes. Relatively speaking, that India consists of a fortunate few. The challenge there is how to work with India on some of the big global development issues such as the Doha round, as the hon. Gentleman made clear, and on issues such as climate change and access to medicines, where India's actions and views matter for its own poor and for the poor in other countries.

Secondly, there is developing India, where people still live close to or below the poverty line, but for whom there are options and the possibility of links to the growing economy. There, the development challenge is how to work to drive better links to economic success, improve access to public services and tackle the governance challenges that have perhaps held back some parts of India from enjoying the same success as those who can be counted as part of global India.

Finally, the third and greatest challenge is poor India, where people struggle to survive from day to day and have no obvious way out. Their plight is made worse because they are often the same people who are shunned on the basis of their ethnicity or caste, as my hon. Friend the Member for Islington, North (Jeremy Corbyn) made clear.

I suggest to the House that in looking forward, we need to continue to engage with all three Indias and to work with our partners in the donor community behind India's own development priorities. We have achieved a great deal in the past five years through the £1 billion of aid that we have delivered.

Jeremy Corbyn: I welcome the Minister's comments on discrimination. I am sure that he is aware of the Ambedkar principles on investment strategies in India, to which a number of British companies have voluntarily agreed. He will be aware also that many people who suffer discrimination have no real recourse to law in India because of the lack of infrastructure for them to do so. Are our development plans related to those problems?

Mr. Thomas: Indeed. I commend those principles and the companies that have signed up to them and I am grateful to my hon. Friend for the opportunity to encourage more companies to do the same. We engage with businesses and want them to be socially responsible; signing up to those principles and putting them into practice is a further demonstration of that point.

I was mentioning briefly progress made as a result of our aid over the last five years. Polio is close to being eradicated in India. Each year, partly as a result of our aid, some 1 million fewer women and infant children die. More than 5 million people living in the slums of Calcutta and other major cities in India now have access to water and sanitation and other services. Indeed, our slum upgrading programmes are being used as a model by the federal Government across India. Some 7 million people, mainly women, have been given the finance that they need to kick-start their own businesses, and there are some 15 million more children in school today than there were three years ago, again, in no inconsiderable part thanks to our aid programmes. Those are significant results and a powerful demonstration of the effectiveness of aid in general, and British aid in particular.

We cannot afford to relax, however, and challenges remain: to improve the quality of education by, for example, ensuring that more children complete their education; to work towards eradicating the invisible barriers that mean that a young Muslim girl or young Dalit boy have less chance than their peers of receiving a decent education; and to work to secure a better health service and to drive down still further maternal and infant mortality rates. After all, how is it still possible that half of India's children are undernourished, or that every five minutes a woman dies giving birth because she has no medical help?

Thankfully, HIV numbers might turn out to be lower than previously estimated, but we know from experience elsewhere that this is the moment in a burgeoning epidemic when decisive intervention can make a real difference. We recognise that now is the time to support the Indian Government's efforts to close down the possibility of a full-blown epidemic. Clearly, we must keep pushing the international community to act on polio, because although it is contained, there are seasonal outbreaks in poverty-stricken areas, which means that we have not yet gone far enough. India's eradication of the virus would benefit not just its own people, but the world. We are close, but have not yet completely succeeded in meeting that challenge.

Tuberculosis—a menace across the globe—thrives in a country where millions of people still live in squalid slums and cram on to packed trains in search of work. Treatment is available, but we need to increase access to it to prevent the 370,000 deaths that result every year in India from the disease. Again, we propose to continue to support the Indian Government's nationwide diagnosis and treatment programme.

As my hon. Friend the Member for Islington, North made clear, certain groups face discrimination and exclusion. Women are usually worse off and despite India's vast affirmative action programme, which I commend, lower caste and tribal people suffer still from marked discrimination and deprivation. A recent report by the Indian Government drew attention to the unequal opportunities for many of India's 150 million Muslims. Some 20 million severely disabled people face enormous challenges in accessing public services and the sorts of incomes that we want them to have. The Indian Government have welcomed our continuing support—not only our money, but our style of working—in providing Government partners with the

resources that they need to tackle their priorities. Those priorities are inevitably about meeting the most basic needs of the Indian people, giving them the opportunity to learn and a fighting chance when sickness strikes.

That is why I was pleased to announce earlier this month that we will spend an additional £250 million on a series of new health initiatives across India over the next five years and a further £35 million for the expansion of the Indian Government's highly successful programme for the empowerment of women through education. I draw hon. Members' attention also to the announcement by our new Prime Minister back in January of a further £200 million of assistance for investment in primary education.

Against that backdrop of renewed commitment to basic services for today's most needy, and in looking ahead to the India that we want to see in 2015, we will ask those in India and in the UK who know about India—civil society groups such as Oxfam and Indian non-governmental organisations—as well as other donors, for their views on questions such as how to ensure that India's phenomenal growth is shared by all of its citizens; how to help slum dwellers have a say in the quality of services that they receive, or, too often, do not receive; how to tackle India's appalling under-nutrition rates, and what can be done on issues of global significance affecting the poor, such as climate change.

As part of that consultation exercise, we will ask also how we should provide aid. We have a substantial £27 million programme—the poorest areas civil society programme—that channels support directly to Indian NGOs and community organisations to help people to access Government programmes, the benefits of which, of course, are theirs by right. That programme operates in 100 of India's poorest districts and has helped people to claim their entitlements to food and employment programmes.

Mr. Andrew Dismore (Hendon) (Lab): I was pleased to be at the launch of the consultation process a few weeks ago. The figures that the Minister is announcing for these new programmes are very impressive indeed. On the health initiative, will the money be focused primarily on the sorts of killer diseases that he mentioned, such as AIDS and, more likely, TB, or on local work in the villages and slum communities—at a real grass-roots level—to reach the very poorest people?

Mr. Thomas: My hon. Friend makes a good point: too often, large amounts of donor assistance go towards particular diseases, as opposed to building up the health system more generally. We hope that our aid will do both and enable us to tackle killer diseases such as AIDS, TB and malaria, as well as to strengthen health systems more generally, because without doing that we cannot reduce infant and maternal mortality rates.

Furthermore, we are starting a £20 million programme, channelled through international NGOs, that will work with the most socially excluded groups to advocate on their behalf and to ensure that Dalits, Adivasis and other minority groups can participate in India's growing economy as well. Most of our aid, however, is channelled through Government systems, both centrally and at state level—in Andhra Pradesh, Madhya Pradesh, Orissa and West Bengal—because we recognise that the Indian Government are responsible for ensuring access to basic services and fostering the right environment for improving people's incomes. Only the Government can enable the supply of services on the vast scale required. We believe that our job is to support them in that endeavour and, in that way, to help India progress towards the millennium development goals.

Jeremy Corbyn: I support the direct aid for national and state government in India and all the other aid programmes. The Minister mentioned the problems with discrimination. Has he been assured by the relevant recipients of aid and aid programmes that they will not allow any discrimination on the basis of caste, descent or anything else when the British aid is disbursed to particular education or health projects?

Mr. Thomas: My hon. Friend raises an important question about tracking aid to ensure that it gets to where we want it. For the national aid programmes, we have a series of targets and indicators that are monitored twice a year. He will be pleased to hear that one target, particularly for our education programme, involves the extent to which socially excluded groups such as Dalits—a particular concern of his—are reached. We also have a poorest areas programme, which targets the areas of most need.

Our analysis of the government system in India is that there is a positive trend in the development of the Government's capacity to deliver basic services but, as the Government of India recognise, a huge amount remains to be achieved.

Stephen Pound (Ealing, North) (Lab): Almost since 1948 and the inception of the national health service in this country, it has been immensely fortunate in attracting a huge number of Indian doctors and health professionals. Every single person who values the NHS values the contribution of doctors and health professionals from south Asia. However, is my hon. Friend the Minister comfortable with the problem that may exist in some areas whereby doctors are trained and graduate in India but then leave the country? Does his brief include working with federal, state and national agencies to ensure that there is not a skills deficit in India because of our needs, and perhaps the needs of the west?

Mr. Thomas: My hon. Friend is right to draw attention to the skills deficit in many parts of India in respect of health care. One aspect of the role that our technical assistance advisers play in health involves helping the Government to ensure that they are clear about their human resources needs—that they are examining how many nurses and doctors they need and that they have the right training programmes in place.

More generally, my hon. Friend draws the attention of the Chamber to the fact that there is a problem internationally whereby developing countries too often see their nurses and doctors poached by developed countries. Thanks to the agreement that we have in the UK, poaching by the NHS or by private recruitment agencies that serve the NHS has stopped. We are

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seeking to encourage other countries in Europe and around the world to develop similar codes of conduct. That is being debated in the European Union and we hope that we will secure agreement on it later this year.

Stephen Pound *rose—*

Mr. Dismore *rose—*

Mr. Thomas: I give way first to my hon. Friend the Member for Ealing, North (Stephen Pound).

Stephen Pound: I am extremely grateful to my hon. Friend for answering my question extremely comprehensively and I do not wish to divert the Chamber from the main subject of today's debate, but has the Department for International Development received from Indian doctors or nurses or their representatives any representation expressing concern about the current changes in immigration rules, which will certainly have an impact in this respect?

Mr. Thomas: I know that there is concern more generally, and we continue to explore these issues. I was remiss in not joining my hon. Friend in paying tribute to the considerable talents of those of Indian origin who work in our public services and, in particular, in our health services. My own constituents, like his, benefit from that commitment.

Mr. Dismore: I wanted to raise a similar point. No doubt my hon. Friend the Minister, because he has a large Indian community in his constituency, as I have in mine, has received representations about the changes in the immigration rules, which have affected trainee doctors in particular. The issue cuts both ways. It is our responsibility to help to train doctors who may ultimately return to the subcontinent to work on the type of projects that he is talking about. Has his Department had discussions with the Home Office about the changes? Will there be any light at the end of the tunnel for those who have been caught, in particular in the transitional period?

Mr. Thomas: My hon. Friend draws attention to an issue that I think will become increasingly important internationally—global migration. There is increasing dialogue internationally on that issue, in which we participate along with colleagues in the Home Office, considering not only short-term issues and immediate concerns, such as the ones that he describes, but longer-term trends. With the rise in the world's population, India will have a very sizeable increase in population. It is clear that migration is likely to increase.

We recognise that we cannot be everywhere but, depending on the outcomes of the consultation, we will need over time to drill down to the very poorest districts in India in providing aid and support. In the short term, that means building on the early successes that we have witnessed in Orissa and Madhya Pradesh by slowly introducing more funding to those deprived states. For example, our new rural livelihoods programme for Madhya Pradesh means that we will be able to provide £45 million of assistance to lift remote tribal communities out of the spiral of poverty. It also means designing a brand new programme for Bihar—a state that is in desperate need, although traditionally it has been unattractive to donors because of its record on corruption and crime. There is now in Bihar a state government that is demonstrating a growing commitment to development and to addressing the needs of its people. We are working on a partnership with the government of Bihar, the World Bank and the Asian Development Bank.

We hope in the future to find a way to work at state level in Uttar Pradesh, which is the state with the largest number of poor people in India—50 million people. Less than two months ago, the world witnessed a major political upset as a party led by a Dalit woman swept to a convincing victory in the state elections. We will watch how the new administration settles in and develops, because if we can continue to develop confidence in the work of that administration, we can potentially work alongside it to help to tackle poverty in Uttar Pradesh.

India has growing global significance, and not only for its economic and political clout.

Stephen Pound: I apologise for interrupting my hon. Friend, but he mentioned those states in which he hopes that his Department will be more active in the future. I think that every single person in the House would applaud his plans for Bihar. Has he given any thought to working in Jammu and Kashmir? That is an area where traditionally there have been difficulties, albeit perhaps not quite as terrifying as the Naxalite presence in Bihar, where my hon. Friend is well aware of the difficulties. Might DFID feasibly work in Jammu and Kashmir in the future?

Mr. Thomas: We liaise closely with the Government of India, and the states in which they want us to work are the states that I have identified. I should make it clear to my hon. Friend that we do not only have the state-level programmes that I am describing; we also work at federal level, trying to make the Government of India's own health and education programmes more effective across the whole of India. In that way, our support for education and health should help to catalyse better support for the poorest people in Jammu and Kashmir and in states such as Gujarat, which I know is also of concern to my hon. Friend and, indeed, many of my constituents.

As I was saying, India has growing global significance, not least because of its potential importance on issues such as climate change and access to medicines. On climate change, our primary concern is to help to protect India's 30 million vulnerable people from the adverse effects that climate change is already having, which include floods, drought and other natural disasters. All our rural programmes are designed with that guiding principle in mind. That is why we are designing a £12 million climate change innovation programme to pilot new ways of helping the poor to respond to climate change. In that respect, collaboration with Whitehall colleagues is essential, and we are working with the Foreign Office, the Department for Environment, Food and Rural Affairs and the Treasury. We are committed to working across

Government not only on climate change, but on issues such as access to medicines.

I believe that British aid has had a profound impact already on the poorest people in India—I believe that it has achieved strong results. However, we cannot afford to grow complacent, because new challenges face India. We have launched a consultation document on the future of our aid programme, and I welcome the opportunity that Mr. Speaker has provided today to hear the views of hon. Members on how we should help India to move forward.

2.59 pm

Mark Simmonds (Boston and Skegness) (Con): I am delighted to see the Minister in his place. I hope that the debate is not keeping him away from his telephone; I am sure that his pager is firmly switched on.

The Opposition take very seriously the importance and significance of the relationship between the UK and India. That was clearly evidenced by the recent visit to India of my right hon. Friend the Member for Witney (Mr. Cameron), the leader of the Conservative party, and my hon. Friend the Member for Tatton (Mr. Osborne), the shadow Chancellor. They went to India to understand in more detail the relationship between our two historic nations and to put on record their firm commitment to enhancing it.

The Minister was absolutely right to point out that India is the world's largest democracy. It has made significant economic and political progress in recent years, and we in the UK should welcome that. I very much hope that there will be further significant co-operation not only in relation to the Department for International Development and the country assistance plan, but on such significant issues as terrorism, energy co-operation and environmental sustainability, which the Minister mentioned. I shall return to that issue if there is time.

DFID has published a consultation paper, and I hope that there will be significant input into the consultation not only from Members of this House, but from the wider international development community. The Minister is right to point out the economic growth that India is going through—an increase in gross domestic product of roughly 8 or 9 per cent. per annum—but a significant proportion of Indians are being left behind by that economic miracle. The three categories in the consultation document—global India, developing India and poorest India—provide a structured way of synthesising the issues and the potential solutions that have to be evaluated. There are enormous inequalities, and it is absolutely right that DFID's long-term aim in India is, as it should be elsewhere, to move toward contributing to dialogue and technical expertise, rather than just giving financial assistance.

The interrelationship between our two countries is becoming more entwined, particularly in the economic and trading fields. Almost 50 Indian companies have been floated on the London stock exchanges, and last year, for the first time, more money was invested into the UK by Indian companies than the other way around—by UK companies into India. Some 400,000 people from the UK visit India every year, and more British tourists go to India than to any other country. More than 1.3 million people living in the UK originate from the Indian subcontinent, and those people have made an enormous and significant contribution to the UK not only in the national health service, which has been mentioned, but in business and by using their entrepreneurial flair.

The Minister was right to highlight that despite the economic growth, significant numbers of Indians still live in abject poverty. There are 300 million Indians living on less than $1 a day and more than 500 million living on less than $2 a day. Some 47 per cent. of children in India are malnourished, and every year, 1 million females and children die due to lack of health care. Only 30 per cent.—when I say "only", I mean it comparatively—of children in sub-Saharan Africa are underweight, compared with 50 per cent. in India. Those figures start to deconstruct the argument that India should now be in a position to facilitate and enable the alleviation of poverty without outside help, which some have made. I do not agree, and we certainly want to play a significant role in helping India to build its governmental capacity by giving financial and technical support.

Peter Luff: On malnourishment and malnutrition, does my hon. Friend agree that one of the great scandals in India is the huge proportion of its agricultural product that does not reach its market and goes to waste? Does he agree also that British companies, particularly logistics companies and retailers, have a lot to give to India to ensure that that dreadful waste of food is discontinued?

Mark Simmonds: My hon. Friend is absolutely right. He has an intricate personal knowledge of India. Not only is there significant wastage of food there, but there are still barriers between states to the free transportation of agricultural produce, which, of course, hinders the free market and creates a false value in agricultural products, which is part of the problem that my hon. Friend highlighted.

As the Minister said, DFID has made a significant contribution to India. Other organisations have also made a significant input. About five years ago, India harmonised the donor community to enable it to co-ordinate more effectively and efficiently those donors and what the money is spent on. There is a lesson there for other parts of the developing world. I am pleased to see the Minister nodding. So, there are other significant contributors to the alleviation of poverty in India, namely multilateral institutions, such as the World Bank, which contributes mainly to transport and agricultural projects, and currently has 56 active projects. The Asian Development Bank is another contributor that has traditionally focused on infrastructure.

In his speech about India the other day, the Minister acknowledged that DFID is not particularly engaged in infrastructure. However, given that it is so intricately intertwined with economic growth, the alleviation of poverty and the removal of supply-side constraints, particularly in the rural parts of India where most of the poverty lies, there has to be co-ordination and co-operation between DFID and the multilateral institutions that are pumping large sums of money into the Indian infrastructure.

Jeremy Corbyn: The hon. Gentleman will acknowledge that the worst poverty in India is often among the day labourers and landless people in the rural areas. I am sure that he welcomes the law that the Indian Government introduced to guarantee a number of days' work each year for all landless people, which lifts some of them out of poverty. Does he recognise that the issues of access to productive land and of land ownership are absolutely crucial to the alleviation of poverty among the poorest people who live in remote villages?

Mark Simmonds: I am grateful for the hon. Gentleman's intervention. He is absolutely right to say that the national rural employment guarantee scheme that the Government recently introduced, despite criticisms that it might be unworkable and too expensive, could make a significant contribution to guaranteeing work and a minimum income to many individuals, so that they can provide for their families. He is also right to highlight the issue of land ownership. Has he read Hernando de Soto's book about wealth creation and the way in which capitalism was generated by land ownership, which enabled land to be used as collateral to borrow money from banks as seed corn to help their businesses to grow or to move enterprises from being small to medium and, ultimately, to being large? If he has not read it, I suggest that he does, although I am not sure whether he would agree with it.

Jeremy Corbyn: I have not quite finished Adam Smith, so perhaps I shall move on to that book later. The hon. Gentleman raises some fairly fundamental issues, such as the promotion of co-operatives and giving access to land. Giving all workers access to productive land is probably likely to lead to greater success than lecturing the landless people of India on the benefits of rampant capitalism. I do not know whether the Conservative party currently stands for rampant capitalism or whether it has moved on a bit, but it is important to have co-operatives, co-operation and community values, which is why I drew attention to the minimum work guarantee that has been produced by the Indian federal Government.

Mark Simmonds: The hon. Gentleman is being slightly unfair.

Jeremy Corbyn: No, never.

Mark Simmonds: He is being unusually unfair for him. He makes a reasonable point about people having access to land of reasonable quality, which ties in with his earlier point about the discrimination against the many vulnerable groups who are not allowed access to such land. Nevertheless, there is also an opportunity to have a greater spread of land ownership in rural India, which would enable small farmers to act as co-operatives, to work individually, with their families around them, or to combine those ways of working, to enable them to have some stake in their own communities and societies. That would go a long way to removing much of the discrimination in some parts of India.

Peter Luff: I understand, although I am happy to be corrected, that one problem is the fragmentation of land ownership in much of rural India. The co-operative route that is being advocated is therefore a way to reconcile the differences of opinion that are being moderately expressed across the Chamber.

Mark Simmonds: My hon. Friend is absolutely right. I hope that he did not get the impression that there is significant disagreement on this issue. There is an alignment of views that a combination of the two factors that we are discussing might provide a solution that would go some way towards alleviating some of the poverty that exists in many parts of rural India. I want now to suggest a number of issues that the Minister and his civil servants might like to look into.

Mr. Thomas: Before the hon. Gentleman moves on to those suggestions, and in the spirit of trying to bring all sides together on the question of land ownership, let me reassure him that we have rural livelihoods programmes in all the key states in which we work, including Orissa, Andhra Pradesh, Madhya Pradesh and West Bengal. Those programmes work to ensure that poor people have better access to land and, in particular, to the resources found in forests, which are often a key source of income for the poorest.

Mark Simmonds: I am grateful to the Minister for that intervention.

The suggestions that I shall make need to be put in context. DFID's contribution to India is its biggest bilateral programme, and Conservative Members acknowledge the significant contribution to progress that has been made by senior figures in the national Indian Government and by many significant figures in the regional and local governmental structures that DFID supports. Indeed, my first suggestion relates to the issue of governance.

The country assistance plan states:

"It is widely recognised that implementing governance reforms effectively is the greatest challenge in the delivery of the 10th Plan"—

a Government of India initiative. Has DFID considered helping to make progress on tackling corruption? How will it make a contribution to building up governance, particularly transparency and accountability? I am, of course, aware that some states are better than others, but governance is still a significant issue in some, although I will not mention them for the record. The Minister has not mentioned the particular state that I have in mind, but I hope that DFID will look at the issue closely.

The World Bank is particularly concerned about the issue. Indeed, it has said that it has self-regulating triggers, which means that when a particular province demonstrates better governance and is proved to have achieved greater transparency and accountability, that province can draw down more money from the World Bank. Has DFID thought about introducing similar structures to assist in the effective and efficient delivery of aid? As we all know, we are talking, ultimately, about British taxpayers' money.

To that end, perhaps the Minister can say a little more about the monitoring mechanisms that will be put in place. How will those that have been in place for the past four or five years—particularly those used to

monitor local governmental structures—be enhanced and improved? How will DFID work with the Government of India to ensure that that actually happens?

Other hon. Members have rightly mentioned the importance of the economic and trade relationship between the UK and India, but there are issues about widening trade deficits and potential inflation. Is DFID giving India any technical or advisory assistance to improve the economic system and thereby reduce risks to fiscal stability? The Department has expertise in that area. It is important that the Government of India reform India's co-operative credit structure so that economic growth is inclusive and not confined to just one section of the population. We want the maximum number of people to benefit from India's economic growth.

DFID's wish to focus the majority of its resources, quite rightly, on low-income countries has resulted in tensions. Of course, it is true that India is still classified as a low-income country, and I accept that there is a debate about the exact date when it will move from being a low-income to a middle-income country, but will that be built into the consultation procedure? There is a suggestion that India's rate of economic growth means that it may well hit MIC status by 2009 or 2010, which will be bang in the middle of the time scale for the latest consultation process.

My hon. Friend the Member for Mid-Worcestershire (Peter Luff) rightly mentioned agriculture. Two thirds of India's population depends on rural employment for a living, but current agricultural practices are neither economically nor environmentally sustainable; yields and technological inputs are low, practices are labour intensive and irrigation needs to be significantly improved, but that is expensive and needs to be co-ordinated with water and sanitation. There is also the need to address the issue of economic diversification so that people in rural areas are not dependent solely on the vicissitudes of the agricultural market and fluctuations in agricultural production prices.

Another big issue that needs to be looked at is remittances. Two per cent. of India's population lives abroad, and India receives $18.2 billion in formal remittances per annum, which represents 3.5 per cent. of its GDP. Remittances are many times the value of developmental assistance support, but some companies still demand large charges and commissions for transferring funds back into the country. I am sure that the Indian Government would value DFID's expertise and input in dealing with that issue.

The Minister rightly highlighted the issues of the environment and climate change, and the problems in India have been well documented. For example, people now fly more as their affluence grows. Climate change has already had an impact, and sea level rises will impact on coastal areas in particular. In addition, the country will have to put significant adaptation mechanisms in place to minimise water scarcity. There are also the issues of changes in agricultural productivity and the salination of previously productive land. Dealing with those issues will require finance and technical assistance from the developed world, but it will have to be done in a pro-economic growth way; we must protect the environment without hindering economic success. Has DFID considered how it might help India adapt to climate change financially and technically? In particular, has it considered the issue of technology transfer and of providing technology that will enable low-carbon energy sources to help the economy grow?

Another issue that I want to raise is public services. Access to public services in India is not as limited as in many parts of sub-Saharan Africa, but the quality of services can be very limited and mixed, particularly in education. In 2001, the United Nations human development report estimated that the cost to India of the brain drain mentioned by the hon. Member for Ealing, North (Stephen Pound) is $2 billion annually, which impacts on the country's ability to provide public services. The problem is particularly acute in the health care sector, as we have discussed, and it would be helpful if the Minister could put into the consultation process the fact that Opposition Members hang great importance on the idea that the Indian elite should make every effort to make a significant impact on public services in their country of origin. We in the UK would, of course, be delighted to train them as best we can.

We have talked about labour regulations, and the World Bank believes that better designed regulations can attract more labour-intensive investment. It is right that the Chinese economic model has been driven by inward direct foreign investment, but the situation is not quite the same in India, which needs to free up its economic base by increasing deregulation of its labour market and employment structures.

The final area that the consultation could look at relates to the issue of vulnerable groups, which was raised by the hon. Member for Islington, North (Jeremy Corbyn). Scheduled castes and tribes account for a quarter of India's population. I have met members of those groups who have travelled to Westminster, and some of them would acknowledge that progress has been made in the past four or five years, but there is still a significant amount to do. Indeed, the report by the Select Committee on International Development concluded not that long ago that DFID had

"done little to challenge the structural inequalities built into the system".

DFID needs to focus on that, while being sensitive and understanding the cultural issues that are often behind some of the problems for vulnerable groups. Many of the excellent microfinance and micro-insurance schemes exported from Bangladesh to India could be used with vulnerable groups and to support the national rural guarantee scheme, to which the hon. Member for Islington, North alluded.

In conclusion, I hope it has become clear that the Conservatives recognise the significance of the links between the UK and India. We want the UK Government, using UK taxpayers' money, to make a significant contribution to sustained economic growth so that more Indians will be caught in the economic growth that is taking place, and to allow the maximum number of Indian people to benefit from the creation of open access, market access and increased trade. We want them also to increase opportunity, particularly in regard to education and health care, which many Indian people need but do not get.

3.20 pm

Stephen Pound (Ealing, North) (Lab): I crave your indulgence, Mr. Pope. It would probably be appropriate, if not overly conventional, if you would allow me to say that exactly 24 hours ago my hon. Friend the Member for Middlesbrough, South and East Cleveland (Dr. Kumar) and I were present for the cremation service of the late Piara Singh Khabra, the former Member of Parliament for Ealing, Southall and a member of the Select Committee that shadows the Minister's Department. I do not want to give his eulogy—that has been done elsewhere. However, it is notable that he was a strong and determined advocate of the work of the Department for International Development. He would typically have been able to speak from a position of knowledge and expertise, and above all great support of the Department, about many of the points on which we have touched this afternoon, including the delivery of food from his own state of Punjab—one of the most developed agricultural states of India, where food distribution is a major issue.

It is a considerable honour for me to follow the hon. Member for Boston and Skegness (Mark Simmonds), who knows a great deal about a subject on which most of us can hope only to realise how little we know. His contribution was articulate and well informed, and I was pleased to hear it. I want above all to mention my hon. Friend the Minister. I have met him in India and walked some of the DFID projects with him. He has for years—four in his present role, and six in previous roles—undertaken exemplary work, which I admire, and which inspires great affection and respect in many of my and his constituents. To commit in the past five years a budget of what I was going to call £1 billion—but I shall say 100 crore sterling, as we do in west London—is immensely impressive, and we are extremely grateful.

I wonder, nevertheless, whether the debate, entitled "India Country Assistance Plan" might not have been retitled. Assistance almost implies the stronger brother helping the weaker, or the stronger helping the minor partner. I should have preferred a title about an India partnership plan. Frankly, I think that we have moved on. India is now not a net recipient. In many cases it is a donor. The figures for Indian inward investment to this country climb ever higher. It is something like the third largest inward investor to this country. Partnership, rather than assistance, should be our watchword, although I do not remotely imply that there should be any major changes in the Department for International Development, whether further personnel changes or changes to its nomenclature.

As we look at India as a strategic partner and a major global power, the role of DFID has in some ways to be recalibrated. DFID currently operates in four states of India—Andhra Pradesh, Madhya Pradesh, Orissa and West Bengal—but it also has federally targeted programmes working throughout India. I want to raise with the Minister the role of India in the UK, including promulgating the role of DFID, because it is not entirely a one-way traffic. The British taxpayer is acting not, certainly, out of colonial guilt and not entirely out of fraternal feeling, but in some cases, let us be honest, out of enlightened self-interest in seeking partnership with the world's biggest democracy, which is an emerging force for stability in a particularly unstable region—a country virtually surrounded by what some people might cruelly call failed states. It is a country that has much to teach us.

At present we are extremely fortunate in having people who will make the case for DFID in the UK. I invite the Minister to join me in praising, particularly, the work of Hindu Aid, including two people whom he knows extremely well: Ramesh Kallidai and Arjan Vekaria, who work to promote the work of DFID within the Indian population in the UK. DFID's work will be more fully understood and more effective in country when people of Indian origin are able to make the case for DFID here in the UK, not just as part of a diaspora but within the wider community. I hope that my hon. Friend will also be prepared to join me in congratulating Sewa International, a British charity that enjoys the overwhelming support of the Indian population in Britain for its work in promoting such initiatives as the one teacher school, in which core challenges such as literacy in India are addressed on a scale not readily matched by other non-governmental organisations.

We have not touched on the matter of DFID working with NGOs, but in many ways it is an area of added value. DFID is a funder of first resort, but in many cases it is a pump primer. The unsung work of the Department for International Development, which it would be appropriate to mention this afternoon, includes developmental work that it does with NGOs in India. The Minister's Department, acting particularly as a repository of advice, information and resource, does extraordinarily good work there, which is seldom acknowledged. I hope that the Department will continue to work with agencies such as Sewa International that have the experience required not only to help achieve the millennium development goals to which the Minister referred earlier, but to meet the transparency and compliance criteria mentioned by the hon. Member for Boston and Skegness.

On the matter of partnership—although I do not mean to rebrand the Department and move it from assistance to partnership—many of us visited Gujarat after the earthquakes and took a considerable sum of money which had been raised here. We were delighted to work with the Department and with NGOs from Oxfam to the Catholic Fund for Overseas Development, but that was all under the umbrella of Sewa International. Since its inception nearly two decades ago, the UK organisation has worked to promote public service and volunteering in Britain, in partnership with DFID. The Minister will be aware that this year Sewa International has involved the entire Hindu community in raising funds for local causes, such as Refuge and Macmillan Cancer Support.

3.27 pm

Sitting suspended for a Division in the House.

3.42 pm

On resuming—

Stephen Pound: I was talking about Sewa International's work with organisations, such as Refuge and Macmillan Cancer Support, and on blindness, old-age-related problems, learning difficulties and

conservation by providing skilled, able and willing volunteers. My point is that the Department for International Development's work in partnership with groups such as Sewa International is seldom acknowledged, seldom appears on the balance sheet and is difficult to quantify in actuarial terms, but the tangible difference that it makes to people's lives is beyond price. The Minister obviously has no alternative to being target-oriented and to working within the Department's brief, but I hope that colleagues on both sides of the House recognise that there is vastly more to the Department than simply the transfer of funds.

On the sustainability of some of DFID's projects, in which the Minister has taken a personal interest, it is a matter of some concern to those of us who are not unfamiliar with some of the donor organisations in India that schemes are often time-limited, for obvious reasons, and the sustainability element of such schemes is often overlooked. I was interested to note from the Department's last three years' reports that a policy seems to be emerging of taking snapshots of schemes in which DFID was involved and assessing how they stand up on their own. Is that now the Department's policy or is it a reflection of the Minister's deep personal commitment and serious analysis of the situation? We often think of sustainability in terms of the economy and the environment, but it is equally significant and important in terms of country assistance plans and country partnership plans.

My point above all is that DFID is doing a good job. The fact that everyone recognises that is not a reason for it not to be mentioned. The Minister is very much part of that process and he has the admiration not just of the wider community in this country, but of many people throughout the world, particularly in India.

My slight worry concerns the scheme's future as India becomes ever richer. We are talking about a country with more than 10 per cent. GDP growth per annum. If the problems with power supply and transmission are factored in, that is geared down, but if India were able to resolve those power supply, transmission and creation problems, its GDP growth would almost certainly be around 14 per cent. or 15 per cent. per annum, which would be both stunning and staggering. Some people might ask why this country, which is admittedly immensely wealthy, should provide support through organisations such as DFID to a country with such rapid growth, and I was cheered to hear the Minister refer to islands of abject poverty in the wider sea—in India they are probably islands of affluence in a sea of poverty.

Overall, India is growing and life is slowly getting better for the majority, although there is a particular problem in rural areas. With a number of imaginative schemes, such as computers and laptops in villages, distance learning projects and health provision, the Indian Government, working with DFiD, are addressing the specific issue. I implore the Minister and all my parliamentary colleagues not to think that we are at the stage at which India does not need partnership. It does. It needs assistance and it needs DFID. Equally significantly, I suggest that this country, our continent of Europe and the world need the emerging democratic superpower of India as a partner.

If one of the purposes of these debates is an examination or assessment of a Department, I would give DFID high marks in virtually every category. It could do more and it could do better, but what it is doing is of a very high standard. On behalf of my constituents and those of many other hon. Members, I thank the Minister and his Department.

3.47 pm

Jeremy Corbyn (Islington, North) (Lab): I thank the Whip, the Speaker or whoever chose this subject for debate, because it is very welcome, as there are huge issues relating to India that need discussion and debate. I am sure that hon. Members will agree that it is disappointing that more colleagues are not present this afternoon when there is a huge Indian diaspora in Britain that has an enormous interest in India, which is an enormous and important country.

I have been to India a number of times. I was most recently there last year for a Mumbai peace meeting—my visit is recorded in the Register of Members' Interests—about peace issues concerning India, which was organised by Focus on the Global South. It occurred to me during that and other visits to India that one cannot but be shocked, day in, day out, by the disparity between wealth and poverty. Mumbai is a rapidly growing city. It has fantastic affluence and wealth, and also appalling poverty alongside them. Indeed, on a previous visit to attend a World Social Forum meeting I saw in some parts of Mumbai a combination of almost feudal levels of rural poverty and the western-type problems of a post-industrial society.

The World Social Forum meeting was held at a former machine tool factory that had been closed down due to lack of orders because the work had essentially been taken over by the Chinese, who could produce identical machine tools considerably more cheaply. The paradox was a fast-growing, financially encouraged economy with a large number of highly skilled industrial workers who had been making machine tools, but were unemployed and had become hawkers on the streets. Only a few miles away there was dreadful rural poverty.

We must recall the tremendous issues faced by the state and national Government in India. As my hon. Friend the Member for Ealing, North (Stephen Pound) said, we must remember the relationship between this country and India. When I come through St. Stephen's, I always smile at the picture of Sir Thomas Roe presenting his credentials to the Mogul emperor because the legend underneath refers to him

"laying the foundation of British influence in India".

I am not quite sure whether the next 300 years were about British "influence" in India; they were more to do with empire and control. Some of our paintings should be slightly more honest about that relationship. We must understand both the history of India and the relationship between this country and India.

I support the aid programme for two reasons. First, it is right to do so anyway, because of the poverty in India and the blighted and wasted lives that it creates. Secondly, as a former colonial power in that country, we should do as much as we possibly can. A great deal of wealth was made for this country out of India, and

[Jeremy Corbyn]

the very least that we can do is assist Indian development. We should be very clear about that.

I shall re-emphasise the Minister's earlier point by quoting from the excellent briefing that was produced for the debate, because it cites a stark figure for the proportion of the world's poor who live in India:

"Across the world, 530,000 mothers die each year while giving birth. One in five of those deaths are in India. More than 10 million children die before the age of five every year, and one in four of all these deaths occur in India, with 1.2 million infants dying within a month of their birth."

The millennium development goals state that we will deal with those matters by 2015. That is an enormous task, and 2015 is not that far away.

As my hon. Friend the Member for Ealing, North said, the question is about developing a partnership, as much as an aid programme, which encourages and assists the Indian health and education services to conquer those problems. The poverty in the villages is dreadful, wasteful and quite appalling. When I intervened on the hon. Member for Boston and Skegness (Mark Simmonds), I welcomed the minimum labour scheme that has been introduced to rural areas. It has made a difference, which means that some of the worst aspects of absolute poverty have been reduced, although I should not say removed.

The issues of access to land, access to markets for goods and the prices that are paid to those producers for them must be addressed. There are literally tens of thousands of farmers in rural India living in the most appalling debt, and the suicide rate among them is terrifying. In many cases they have borrowed money from unscrupulous money lenders to try to develop their farms, but have not been able to achieve the prices that they deserve for their goods and investment. They still have to pay the debt, however, and if they cannot, the bailiffs arrive and all the rest of it. Suicide is often regarded as the only way out by those people. I do not suggest that the British aid programme can solve all those problems, but I know that the Minister is well aware of the issues. The rural development programme is geared towards those people and those issues.

I intervened on the Minister about discrimination on the basis of caste and descent, about which I feel strongly. Together with my hon. Friend the Member for Wolverhampton, South-West (Rob Marris), I am involved with the International Dalit Solidarity Network. Indeed, I am the honorary chair, so I do not have to declare it because there is not any money involved. It is an effective campaign that has done a great deal to expose the issues of discrimination against caste and descent, and the sheer numbers of people who are involved.

The recent Library briefing, "A political introduction to India", which I commend, makes the point that untouchables, as the lowest caste or the sub-caste of Dalit people are known,

"are twice as likely as other castes to work as poorly paid daily wage-labourers, twice as likely to be unemployed and twice as likely to be below the official poverty line."

It is a perverted form of Hinduism that encourages discrimination such as the untouchability of people of the lowest caste, and it has bedevilled much of Indian politics for a long time. Mahatma Gandhi was opposed to the untouchability aspect of the caste system, and Ambedkar was the author of the Indian constitution that specifically outlawed Dalit discrimination.

The legal rights of the Dalit people exist in the law and constitution, but any form of redress clearly does not. I have discussed poverty among Dalit peoples, but the other problems that they face are violence against them, murder and death. If any Dalit tries to marry outside the caste, unfortunately in some parts of India, one or both parties to the marriage are likely to be killed. This is a brutal source of discrimination against peoples. It is up to us not to solve that issue completely, but to support the organisations that draw attention to such abuses of human rights, and to ensure that the aid programmes, about which the Minister has reassured me, support human rights, access to law and justice and a campaign to end discrimination against a people on the basis of caste and descent. What happens to them is simply wrong.

Discrimination exists in the public and private sectors. I shall deal with the public sector first. In Indian law, there are reserved places for public sector employment, and election to the Lok Sabha, the national Parliament, and state assemblies for people of the lowest caste. I understand why it has been introduced, and on one level I support it because it ensures that the Dalit people are represented. Unfortunately, however, such quotas can act as a glass ceiling, meaning that as soon as the public authority has fulfilled its obligation to employ the specified number of people, it neither goes any further nor feels the need to do so. I hope that through the Department's aid programme for education, we will do our best to ensure that there is no discrimination concerning access to the schools that are involved in British or European aid programmes.

In the private sector, there has been a campaign for the adoption of the so-called Ambedkar principles of employment, which are non-discriminatory employment practices. When I intervened on the Minister earlier, I was again reassured by his response. Several British companies have voluntarily signed up to the principles, and the International Dalit Solidarity Network is in discussions with several of them to promote the Ambedkar principles to ensure that they do not become involved in any form of discrimination.

The other general point is that India's economy is growing rapidly and in many ways disproportionately, and many people fall by the wayside as the juggernaut moves ahead. There are in India forces such as the trade unions and others that are trying to ensure that economic growth is more cohesive, and that attention is paid to the needs of the urban and rural poor.

However, one must ask questions about India's level of military expenditure, which depends on its relationship with Pakistan since the foundation of both states at the time of independence. I am glad that both states now work much more closely together. The railway and bus service has reopened, and there is a degree of co-operation and good relations between both countries, but we must remember that the tension between them has provoked both into developing nuclear weapons, eating up a fantastic amount of resources that could have been used far better on education, health, water, housing and an awful lot of other things. One could make that argument almost

anywhere, but it is important that we draw some attention to those issues. Security comes from conquering poverty and giving opportunities to people, not from the possession of weapons of mass destruction.

India has grown very fast, and it contains all kinds of contradictions. I assume that if such development continues, it will make a lot of sense to make India a permanent member of the UN Security Council when the final agreements are reached about the allocation of seats.

John McDonnell (Hayes and Harlington) (Lab): I get some indication that my hon. Friend might be coming to a conclusion. I apologise to him for intervening now and for coming late to this debate; I had an interest in the debate in the main Chamber.

Like me, my hon. Friend signed early-day motion 1330 on Afzal Guru, the individual prosecuted for the attack on the Indian Parliament, who has been sentenced to death. It has been revealed that he was tortured during his interrogation. There are now significant anxieties about the prosecution of his case, and an appeal has been made to the Indian President. One of the issues about India's status is its relationship with human rights. Will he be raising that issue before he concludes?

Jeremy Corbyn: I thank my hon. Friend for that intervention, and I fully understand why he has only just come to the debate. I signed that early-day motion willingly, because I believe that one should pursue cases in which there appears to have been a lack of access to proper justice. Where torture has been involved in the extraction of evidence, such evidence is certainly not admissible in courts in this country or under the European convention on human rights. The issue of discrimination based on caste and descent has been raised with the UN High Commissioner for Human Rights and now the Human Rights Council. I fully expect that that case will end up there also, because it has been taken up by a number of human rights groups.

I was making the point that I see myself as a friend and admirer of India. I find its history, its cultural diversity and all that exists within it absolutely fascinating, and I look forward to its continuing growth. However, I also look forward to the development of a strong civil society and a strong adherence to the national constitution, the principles behind the universal declaration of human rights, to which India is a signatory, and the issues addressed by the UN High Commissioner for Human Rights. We cannot be blind to human rights abuses anywhere in the world. Unfortunately, the case mentioned by my hon. Friend is not a totally isolated example of such problems, and today's debate has given us an opportunity to talk about them.

I welcome what the Minister said in his opening remarks and the commitment that his Department has shown toward India, particularly the huge commitment to education announced earlier this year when he and the then Chancellor were in India. That is a real commitment to lifting the poorest people out of poverty. Poverty is a terrible waste of human spirit, human resources, human opportunities and human life. We should think of all the geniuses in very poor Indian villages who die before they have a chance even to receive a proper education, and all that is lost to the rest of us as a result.

We have a duty, an obligation and, I believe, a desire to continue the partnership with India to ensure the development of all the social and public services that we have talked about and of the civic society that will protect people from human rights abuses and discrimination, which unfortunately still exist in many parts of India.

4.3 pm

Richard Younger-Ross (Teignbridge) (LD): I shall restrict the majority of my comments to the India country assistance plan, but first I shall discuss a couple of the issues that have been covered.

I shall not give a description of the present situation in India: that has been described by the Minister and the Conservative shadow Minister, and particularly well by the hon. Member for Islington, North (Jeremy Corbyn), who in his usual way has blended fact and emotion to give a powerful picture of the situation. He also touched on the important issue of discrimination. In his intervention on the Minister, he used the term "tracking aid". That is particularly important. One criticism of DFID is that it has not always been able to say exactly where its aid has gone and how effective it has been. I shall return to that point in a moment.

As well as praising the hon. Member for Islington, North, I must praise the hon. Member for Ealing, North (Stephen Pound), who made some pertinent points. He paid a moving tribute to his friend, the former Member for Ealing, Southall, and I think that we all associate ourselves with those comments. He used an important word—partnership. Perhaps he was saying partly that assistance was not the right term. In any aid programme, we should work in partnership. One of the failures of western aid, and now eastern aid as well, is that it has imposed solutions rather than working in partnership with local communities and non-governmental organisations to be most effective. That has led to a vast waste of effort and funding, which in the long term creates resistance in western countries. I praise the Government for trying to cut that down and I think that in some ways we are leading the way in making that partnership work.

Mr. Thomas: I will tone down the comment that I was going to make by way of a question. If the hon. Gentleman is characterising British assistance to India or indeed to any country as top-down or imposed, I completely and utterly reject that accusation. Where we work with Governments, we work closely with them to put our aid towards their priorities under their poverty reduction strategy. I hope that he will recognise that where Governments are not committed to poverty reduction—one thinks of Burma, Zimbabwe and so on—we work in other ways, outside Government structures, with NGOs and UN organisations as he describes. I hope that he will accept that.

Richard Younger-Ross: I do accept it and that the Government are trying to work in partnership, which is why I thought that the points made by the hon. Member for Ealing, North were particularly pertinent.

[Richard Younger-Ross]

But it was worth putting on the record that not all Governments do exactly as we do. Aid, particularly emergency relief aid, is sometimes wasted due to imposed solutions.

I move on to commend the Government's work, in that it was the Labour party, during the last century and the beginning of this one, that showed a commitment to international development. The first Colonial Development Act was passed in 1929 and it was 35 years before a Minister for international development was appointed. That was Barbara Castle in 1964. It is the Labour party and Labour Governments that have maintained the independence of the Department for International Development, whereas former Conservative Governments have removed its independence and made it part of the Foreign Office. I am not too sure that the new huggy-huggy Conservatives would do the same. Perhaps the hon. Member for Boston and Skegness (Mark Simmonds) will confirm that.

Mark Simmonds: It is best to put on the record that Conservatives have made a commitment that DFID will retain its independence and separation from the Foreign Office. It will also have a Secretary of State at Cabinet level after the next general election, when hopefully the Conservative party will form the Government of this country.

I also say to the hon. Gentleman that significant contributions have been made by Conservative Members of Parliament who have been Ministers for overseas development, such as Linda Chalker and Chris Patten. Indeed, John Major's Administration initially led the debt alleviation that has now come to fruition under the heavily indebted poor countries initiative.

Richard Younger-Ross: The hon. Gentleman has put on record the point that he wished to make. I was not trying to criticise the Conservatives too much. I recognised in my statement that they have moved on.

Stephen Pound: Following on from the intervention of the hon. Member for Boston and Skegness, it would of course be remiss to overlook the extraordinary: the signal contribution made by the hon. Member for Grantham and Stamford (Mr. Davies) as a member of the Select Committee. I am sure that the hon. Member for Teignbridge (Richard Younger-Ross) will wish to pay credit to him.

Richard Younger-Ross: I shall leave others to have their discussions outside this Chamber afterwards if they wish.

There is concern among international aid organisations about the new Prime Minister's talk of the home agenda. I know that he is passionate about aid to the third world, particularly Africa. I attended a Catholic Fund for Overseas Development Pope Paul VI memorial lecture across the road, at which the Prime Minister, then Chancellor of the Exchequer, spoke. He spoke particularly passionately and well—very movingly, I will say—on the need to help African nations. I hope that that commitment will not be lost in his determination to change and have an approach different from the former Prime Minister's on foreign affairs; I hope that that commitment will continue. I am fairly sure that it will.

The hon. Member for Ealing, North said that DFID was doing a good job. By and large, we all recognise, as I have, that DFID and the Labour party do a good job, but my purpose and that of Back Benchers here today is not just to say that, but to say that the Department can do a better job and to suggest improvements.

I move on to the India country assistance plan. I understand that the budget of the aid programme for India is currently £266 million and will rise to £290 million next year. As India grows and transforms in the next five to 10 years, DFID will seek to work with the three Indias. The consultation is welcome, but there is still concern that DFID has a somewhat outdated world view. India is classified as a middle-income country. The programme supposes that poverty can be found everywhere and is not confined within state boundaries. DFID categorises poverty by country. Obviously, poverty varies across a country such as India, but an average has been calculated for all parts of India.

Mr. Thomas: For the record and to help the hon. Gentleman—although why I should when he described our aid programme as outdated, I am not sure—I should say that India is not a middle-income but a low-income country. One reason why we believe that we should continue to provide substantial assistance to India is that it is one of the least aided of the family of low-income countries worldwide.

Richard Younger-Ross: Clearly, our advisers and Government advisers have looked at different sources; the Minister has made his point.

The National Audit Office report entitled "Department for International Development: Tackling Rural Poverty in Developing Countries", which came out in March, made it clear that the Government need to abandon their outdated view of the world. The focus should be on communities themselves rather than on individual states. Due to economic growth, many states classified as middle-income countries still have extreme poverty, often in rural areas. The report shows that DFID's rigid view of the world does not necessarily correspond with that reality. It is therefore a welcome step for there to be focus on the three Indias, as there is in the consultation. However, how will DFID reconcile that with the fact that it still seems to focus its funding on a country-by-country basis? Nevertheless, as I said, that step is welcome.

In response to the consultation, two of the eight questions are of particular concern. How can DFID help strengthen the accountability of public services, from national down to local level, in villages and slums? How can DFID best work with other UK Government Departments to help India address climate change? That relates to the point about sustainability that was raised earlier.

The accountability of public services and true development should be handled on a local level. Local accountability will go further in tackling corruption. Donors such as the UK should therefore channel more funds through local government; that could strengthen local government and vital local democracy. Much large-scale corruption occurs through singular central elites.

4.14 pm

Sitting suspended for a Division in the House.

4.29 pm

On resuming—

Richard Younger-Ross: Much large-scale corruption occurs through singular central elites, which leads to single tribes and ethnic groups grabbing control of the reins of central Government. One central target that holds all the power and wealth of a nation is a much greater danger than strong local government that can respond to local needs and demands. That needs to be taken further into account in the assistance plan for India. DFID is obviously considering it, as it has asked questions about it.

DFID should therefore assess all its funding in India to ensure that as much of it as possible goes through local channels. That would go some way also toward mitigating the criticism made in the NAO report, as there would be a focus on communities rather than on the state. Perhaps the Minister will pick up on that point. Decentralisation saves money as well as improving delivery. The principles of decentralisation ensure democratic accountability and a closer working relationship between the public, who are the recipients of public services, and the authorities that provide them. Access to public services was touched upon earlier in the debate.

Climate change needs to be discussed. It is a welcome step that the consultation recognises that this is not merely a development problem and that DFID needs to work with other Departments on it, but how will help on climate change be funded? It is crucial that we understand that although development assistance agencies are the institutional vehicles for delivering financial assistance for adaptation to developing countries, the additional funding should not be part of existing commitments to development under the UN 0.7 per cent. GNP target.

Recent events in India have reminded us of the impact of climate change. It is a huge threat to development, especially in less developed and middle-income countries. In the past few days the southern Indian state of Andhra Pradesh has been working to reach the villagers worst affected by the heavy rains that have made more than 200,000 people homeless. That is yet another stark reminder that climate change needs to be taken into serious consideration.

There is a case for arguing that overseas development assistance from rich countries should include support for adaptation, but the obligation on rich countries, which are responsible for 70 per cent. of all greenhouse gases currently in the atmosphere, to help poor and vulnerable countries is based not on a moral obligation to help the less well-off but on the "polluter pays" principle enshrined in the UN framework convention on climate change. We therefore need to find funding outside the 0.7 per cent. target for overseas development assistance. It is particularly important in relation to the India country assistance plan that additional funding be found from outside that for the ODA.

We need to develop a framework that allows countries to accept different commitments according to their circumstances. Like India, each country should work towards the global stabilisation of emissions, but the stringency of their commitments should depend on their economic, developmental and environmental circumstances. Industrialised countries' emissions should be allocated on a per capita basis, whereas developing countries should take on emission limitation or carbon intensity targets, or no commitments at all, depending on their development levels, and move steadily towards more stringent commitments as their economies grow.

For that to work, our international institutions need to start taking climate change seriously. The World Bank does not do nearly enough to focus on it, the International Monetary Fund does almost nothing, and the environmental agenda has conspicuously all but disappeared from the Doha talks. Climate change needs to be incorporated into all elements of development programmes. Ensuring that development objectives fully support climate change mitigation will require co-ordinated, integrated action from the IMF, the World Bank and the Organisation for Economic Co-operation and Development.

If we do not act now, the implications for the developing world and India will be stark. We are now familiar with the concept that many small island states will simply cease to exist, submerged and rendered uninhabitable by rising sea levels and extreme weather. The implications for bigger, coastal nations are just as severe and provide another example of the governance agenda overlapping with the climate change agenda. Any country with a highly fragile political system or prone to violence and instability will simply not be able to cope with the burden of extreme flooding and storm surges. Maintaining good governance or even a functioning state apparatus will be enormously difficult. Those are challenges that we might well face in the future.

4.34 pm

Mr. Thomas: I shall try to respond to some of the points that hon. Members have raised in the debate. I join my hon. Friend the Member for Ealing, North (Stephen Pound) in paying tribute to the considerable service given by our late hon. Friend Piara Khabra, who, as he said, was a great advocate of international development and, in particular, partnership with and aid to India.

The hon. Member for Boston and Skegness (Mark Simmonds), in his traditional way, asked a series of questions and made a series of comments. I welcome the spirit in which he did so, and we shall take his ideas into account when we come to the end of the consultation period and assess where to go next.

The hon. Gentleman asked what will happen when India becomes a middle-income country, which was a reasonable question as we expect India to reach MIC status at some point between now and 2015. That is one reason why we are seeking to concentrate our assistance in the poorer states of India, which have not experienced the rates of economic growth seen in the rest of India—hence our keenness to look at Uttar Pradesh and Bihar.

The hon. Gentleman also talked about remittances, which are of considerable importance not only to India as a whole, but to the Indian diaspora in the UK community. He is right to challenge the financial

[Mr. Thomas]

services industry to consider the commission charges that it levies. We have seen evidence that for £100 sent back home to India, a commission charge of anything from £5 to £35 is levied. Given the impact that remittances make in India, such huge commission charges are inappropriate. I hope that the information leaflets and the website www.sendmoneyhome.org, which we have helped to facilitate, will give information to people of Indian origin living in the UK who want to send money home as cheaply and safely as possible. They have a right to expect us to help with that, and I hope that that information will be helpful.

Jeremy Corbyn: That is an important point. In my constituency experience, one problem is that people who send relatively small amounts of money back home often do not speak much English, if any, and are therefore prey to people who charge incredible rates for sending small sums. It may be quite difficult to police that, but some degree of advice in local languages and, in the long run, some regulation of agencies is important.

Mr. Thomas: We are continuing to work on that. I think that in the end the financial services industry will recognise the increasing sums of money that are being sent home to India and other countries and realise that it is in its own interest to provide remittance products in a way that people of Indian and other origin find useful. Acknowledging translation needs is clearly sensible, and we are beginning to see progress and recognition of that in the financial services industry, although more can be done.

The hon. Members for Boston and Skegness and for Teignbridge (Richard Younger-Ross) rightly asked about the monitoring of aid and the efforts to build up good governance. They will be interested to know that with DFID support, the government of Andhra Pradesh has established a centre for good governance to help with the reforms that it wants to make. Such has been its impact in helping to improve the government's capacity and ability to tackle corruption that it is seen as a model for other, similar schemes across India.

The hon. Member for Boston and Skegness will remember my having mentioned the poorest areas civil society programme, which supports civil society organisations in the 100 poorest districts of India. It is designed to help the poorest people of India get access to their rights and, by definition, it holds the Government to account and in that way helps to drive better governance. He will not be surprised to learn that we focus our efforts on the governments in those states to build up their ability to put good financial management systems in place. We have seen notable improvements, particularly in Orissa.

The hon. Member for Teignbridge asked how we monitor our aid programmes. Let me briefly talk him through the process. When we design new programmes, we conduct a proper fiduciary risk assessment to analyse the quality of the financial management and, obviously, to look for any potential corruption risks. We decide how to mitigate the risks that we recognise in advance and agree an action plan with the government on how to address any corruption concerns that we might have. If alleged corruption is reported, we take swift action to work with the state government concerned to get it to respond and to take necessary actions to investigate such incidents or accusations and, if necessary, to prosecute the relevant individuals. Our own internal audit department systematically investigates each and every allegation as well.

The assistance that we give to governments does not just involve handing over money and that is the end of the story. We also provide substantial technical assistance to ensure that the money can be used effectively, and to help to ensure that the government's own money, whether the government is state or federal, is used effectively. For example, we have a programme under way at present to help to improve reproductive and child health, and we have consultants from the Crown agents helping the federal Ministry of Health and Family Welfare to set up procurement systems, which, as a result, will help to build strong financial management systems.

As I said, DFID India in particular has an in-house procurement team that oversees all our contracting to ensure that our procedures are complied with, that value for money is secured and that the most efficient outcome is progressed. There is substantial monitoring, design work and investigation of the possibility of corruption before we commit ourselves to programmes, and then considerable monitoring throughout the course of the programmes.

The hon. Member for Boston and Skegness said that we need to recognise the impact of climate change in India and India's role in helping the world to tackle the impact of climate change. I suspect that he is aware of the sustainable development dialogues that are joint programmes of the Department for Environment, Food and Rural Affairs, DFID, the Foreign and Commonwealth Office and the Treasury, and the major emerging powers of China, South Africa and India. In addition, we are designing a £12 million climate change adaptation programme to consider how innovative ideas might be developed to help India address the impact of climate change.

The hon. Member for Teignbridge made an argument for additional resources to tackle climate change outside the 0.7 per cent. target. I accept that argument in part, but not entirely. I accept that we will need to raise substantial additional finance beyond what the European Union and Britain have committed to date, but I think that it is the money that is generated around international carbon finance as a result of emissions trading, for example, that has the potential to provide the resources. Our climate change innovations programme in India is looking at how we can help poor people get access to international carbon finance to reduce greenhouse gases. It is not entirely right to say that no climate change programme should be counted in the 0.7 per cent. target. That misplaced comment has been made by several non-governmental organisations.

The hon. Member for Boston and Skegness asked about fiscal stability, and what we are doing to support India's efforts in that area. In my intervention on the hon. Member for Mid-Worcestershire (Peter Luff), I mentioned the aid that we are giving through the United Nations Conference on Trade and Development.

The initiative involves looking at trade issues and carrying out different pieces of analysis to help the Ministry of Industry and Commerce in India to develop its trade policy. That contributes to the broader work on fiscal stability.

My hon. Friend the Member for Ealing, North rightly highlighted the importance of partnership with India. Earlier, I discussed the three Indias that we perceive and that we have to work with. I hope he will recognise that my reference to global India in particular represents the element of partnership most strongly. India has an important role to play globally in terms of climate change, international trade and delivering access to medicines. He rightly said that we must work in partnership with India to make progress on such issues.

In terms of partnership more generally, my hon. Friend is absolutely right to highlight the importance of the inward flow of visitors, and the inward investment that comes into the UK from India and vice versa. Other Departments will take the appropriate responsibilities for that side of the partnership. He is also right to highlight the fact that India's stability is a force for good in the region.

I say gently to my hon. Friend the Member for Islington, North (Jeremy Corbyn) that India has a right to self-defence and armed forces. The proportion of gross domestic product that it spends on military expenditure is similar to that of other low-income countries, and we particularly welcome the rising levels of social sector expenditure by the Government of Prime Minister Manmohan Singh. They are spending more on education and health, and we warmly welcome that.

My hon. Friend the Member for Ealing, North rightly highlighted the considerable contribution that Hindu Aid, and Ramesh Kallidai and Arjan Vekaria—its present leadership, for want of a better phrase—are providing. I commend their work and programmes. My hon. Friend told us about some of the work of Sewa International, in particular its leadership in motivating and galvanising the Indian community in the UK to respond to the Gujarat earthquake. It did a powerful and important job then, and its aid programmes continue to do good.

My hon. Friend asked me in an intervention what we can do to provide support to the poorest people in Jammu and Kashmir. I mentioned that we support federal programmes to provide access to education—primary education in particular—and to better health services. He will be pleased to hear that our support to the World Bank is also leading to work on agricultural livelihoods in Jammu and Kashmir.

I pay tribute to my hon. Friend the Member for Islington, North for his work with the International Dalit Solidarity Network, which does important work. We are seeing progress in terms of better services for Dalits, but obviously much more work needs to be done. Those are some of the issues that we consider as part of making progress in delivering better access to education.

In the discussion of what constituted socialism or capitalism with the hon. Member for Boston and Skegness, my hon. Friend raised the issue of co-operatives. As the chairman of the Co-operative party, I warmly welcome the increasing role that co-operatives play in the developing world. We work with co-operatives and acknowledge them to be one of the key ways to deliver inclusive economic growth. A series of our programmes involve work on that issue.

In one of his final points, the hon. Member for Boston and Skegness highlighted the importance of access to financial services. He also mentioned the lessons learned from Bangladesh, the Grameen bank, and the excellent work and leadership of Muhammad Yunus, the Nobel peace prize winner. He will be pleased to know that we are working with the Small Industries Development Bank of India to develop the capacity of microfinance institutions in India to help a range of individuals or groups. We are also giving support to the credit and saving for household enterprise project, which, again, delivers significant access to microfinance.

The hon. Member for Teignbridge asked how we monitor our programmes. All programmes must have a results framework with a set of indicators, against which we judge progress. For example, in the primary education programme, which has put some extra 15 million children into primary school in the last three years, there are targets for enrolment and for the proportion of girls and those from disadvantaged backgrounds in schools. For those who have enrolled, there are targets for measuring progress in the quality of education. Where programmes are off track to meeting those targets, at the review points that we have throughout each year we and the Government look at what else we need to do to get back on track and to resolve those off-track issues.

At the end of programmes, we look at the lessons that have been learned through an evaluation process that we have in the Department. I do not accept the suggestion made by people that we do not know where our aid money goes, that we do not monitor its effectiveness and that it does not deliver significant results. It does deliver results and the successful aid programmes highlighted in my opening speech give, I hope, confidence to the hon. Member for Teignbridge and other hon. Members that our aid to India programme makes a significant difference.

There is more that we must do, and we will look at the points that hon. Members have made as part of the consultation process. I look forward to debating these issues with hon. Members again in the future.

Question put and agreed to.

Adjourned accordingly at eight minutes to Five o'clock.

Westminster Hall

Tuesday 3 July 2007

[MR. BILL OLNER *in the Chair*]

Parenting and Child Care

Motion made, and Question proposed, That the sitting be now adjourned.—*[Mr. Michael Foster.]*

9.30 am

Hywel Williams (Caernarfon) (PC): I am delighted to be granted a debate on this important issue. Parenting and child care are the most important lifetime activities for both parents and, of course, children. I say that as a man—new or otherwise. To quote "Every Child Matters":

"Parents, carers and families are the most important influence on outcomes for children and young people."

First, I want to acknowledge and celebrate the effort, vigour and substantial amounts of money that the Government have put into developing child care and parenting initiatives. Sure Start, tax credits, children's centres and the parenting academy are all significant strides forward. However, there is a saying in Welsh—"Nid da lle gellir gwell"—which means, "Not good enough where there could be better". A great deal still needs to be done.

I want to refer also to the visit that the all-party group on Sweden undertook to that country to consider parenting and child care. I want to pay tribute to colleagues from the all-party group who undertook that visit—all men, I noted at the time—some of whom are here today. The hon. Member for Luton, North (Kelvin Hopkins) has already told me that he is tied up with a constituency engagement, or else he would certainly be here this morning. I want to pay tribute to our Swedish colleagues and the people at the embassy in Stockholm, who made the visit such an interesting and worthwhile experience. I intend to refer to the situation in Wales as well as that in Sweden. I know a good deal more about Wales than I do about Sweden, and no doubt colleagues who also visited Sweden will make up for any deficiencies on my part in referring to our visit.

I accept that child care policy in Wales is the responsibility of the Welsh Assembly Government, but I argue that the provision of formal child care in Wales is intimately bound up with the available resources, which are a Westminster matter, particularly in respect of child care tax credits. I shall refer to those later. On a positive note, I shall argue that others can learn from the Welsh experience in child care and parenting, particularly because of my interest in language issues. I am mindful of the Prime Minister's new emphasis on the role of language in defining and symbolising identity. That is a pertinent aspect of our visit and of the situation in Wales.

Finally, I shall refer to the role of extended families and grandmothers in particular. I draw attention to research that I commissioned from a colleague called Natalie Jones, which was published as a pamphlet some three and a half years ago: "Gofal o Fath Gwahanol", or "A Different Kind of Care". It specifically considered the role of extended families, particularly grandmothers.

There is a huge demand for child care in Wales, as in the rest of the UK. In Wales, bilingual child care provision of all sorts is especially scarce. That is particularly so in the south and east, where we have seen the most marked growth in the Welsh language in the past three decades, especially among young people, who are today's and tomorrow's parents. One parent from Cardiff recently remarked to me—in desperation, not in jest—"Welsh medium child care? It would be easier to get your child into Eton." Why on earth any one should want to go to Eton is another matter.

Julie Morgan (Cardiff, North) (Lab): I congratulate the hon. Gentleman on securing the debate. Is he aware that in my constituency the local authority has had to start up four Welsh medium starter classes because there is no room in the schools for those children to start? There is enormous support for Welsh language classes in Cardiff.

Hywel Williams: I acknowledge that. There is enormous support, but also an enormous demand. I am sure that we will see a growth in that in the near future.

It is not only bilingual child care that is scarce in Wales and all over the UK. Provision of child care throughout the UK is, at best, patchy, particularly the extended and flexible care that parents are now looking for. The Daycare Trust reported in January 2007:

"Sixty-seven per cent. of Children's Information Services (CIS) said that parents had reported a lack of affordable childcare in their area in the last 12 months",

and that

"finding suitable childcare is even more difficult for parents of disabled children."

That is a particular issue.

We can contrast those facts with the provision in Sweden. As I understand it, all parents are guaranteed a child care place within three months of asking, which produces a certainty of provision and the resultant confidence among parents that they can re-enter the work force and go back to work with the guarantee of a place. That contrasts with the uncertainty in much of the UK for some potential returnees—perhaps even the majority—and the great problems that they face in returning to work.

In Sweden, there is a high level of income replacement over an extended period for new parents. In the UK, improvements have been made to the provision and more are on the way. I particularly welcome the provisions that are on their way for fathers, but the provision is still far from Scandinavian levels, which we observed during our visit. Child care in Sweden is affordable—we were told that it costs about £100 a month, with adjustments down for lower-income families and adjustments when the family has more than one child who receives child care. In many areas of the UK, child care is either scarce or expensive and scarce, particularly in inner-city areas.

My experience is of rural areas, and that was why I commissioned the report, "A Different Kind of Care". In rural areas, whatever child care provision that is available might be 10 or 20 miles in one direction, and

[Hywel Williams]

the parents might work 10 or 20 miles in the other direction. There are huge practical difficulties in accessing the proper standard of flexible child care. The encouragement—I say encouragement; others might use a stronger term—to new parents to return to work is the same in the city as in rural areas, regardless of the level of child care that is available locally. No account is taken of the local circumstances.

One reason that provision is so patchy, particularly in rural areas, is the over-reliance on the market. In many places, parents have no alternative but to rely on the market to provide the sort of flexible child care needed to enable them to return to work. Public sector provision is insufficient, or insufficiently flexible, if it is available at all. In certain areas, perhaps in many areas, the market has failed.

The child tax credit system provides an element for child care, of course, but clearly it is not enough to pay the actual cost, particularly in inner-city areas. In some areas, it has failed to generate sufficient demand for the private sector to provide services. Private nurseries report that there is insufficient demand despite the level of support. In some rural areas there will possibly—probably—never be a sufficient level of demand to provide the sort of child care that we would all like in those areas.

In my recent experience of casework in my rural constituency, I have seen a small but growing reluctance to claim tax credits—there is a perception of a disincentive. I do not want to stray into discussing tax credits in general, or to overstate the case, but every surgery brings more cases of people who are in thousands of pounds of debt to the Revenue. They might be a small minority in the broader scheme of things, but an impression is abroad of the difficulty and danger of debt. There is a disincentive to claim the tax credit, particularly the child care element of it.

Child poverty is falling, although it has stalled in Wales at 28 per cent. According to the latest figures, for 2004-05, from Save the Children, 180,000 children live in poverty in Wales. The Government have an ambitious and essential target of eliminating child poverty by 2020, and enabling parents to return to work is a vital step in reaching it. Some 15 per cent. of Welsh children live in workless households—almost by definition, in poverty. That figure is also from Save the Children. In areas where the market has failed to provide, can we really afford to rely so heavily on the child care tax credit? That is not the route taken in Sweden. We need to foster alternative provision both in the public sector and, crucially, through parents' co-ops.

I can imagine that it will not be easy for the Minister to respond to the debate. Child care covers all aspects of life, and I have gone in several directions already and intend to go in others. Perhaps she can tell us what percentage of qualifying parents do not claim the child care element of the tax credit and how much money for child care is therefore lying unclaimed. We might ask why that money should not be deployed in other ways to the same end. If the Government are making money available, why should it not be used in other ways to provide more child care?

In Sweden, the state provides child care. I should also say that it taxes heavily, but it either provides child care or enables others to do so. When we were in Stockholm we saw a pre-school and were told about the involvement of parents, particularly through parents' co-ops, which are an interesting idea and might be taken further.

Setting up a co-op in Wales and the UK in general is no small matter. There is a successful child care co-op in my constituency called Dwylo Da, which means "capable hands". It is in Dyffryn Nantlle, which is a former slate-quarrying area and one of the most deprived communities in Wales. People there managed to set up a child care co-op, but it was a truly Herculean task and took them more than three years. Mudiad Ysgolion Meithrin, the Welsh-language pre-school playgroups association, told me the other day that three years would be the minimum time period for setting up such a parents' co-op, with no certainty of success, even if the difficulties could be overcome. Most communities do not have the resources for sustained work over three years, although Dyffryn Nantlle is slightly different. That is particularly true because grant aid is so often awarded on a year-by-year basis, which is the bane of the voluntary sector in general.

John Bercow (Buckingham) (Con): I am sorry that I was not able to accompany the hon. Gentleman, the hon. Member for Battersea (Martin Linton) and others on the visit to Sweden. Looking at the supply side of the equation, does he think that there are continuing rigidities in the planning system that prevent the emergence of sufficient supply in local areas, perhaps because of nimbyist objections? What view does he take of the scope for further encouragement of a supply of workplace nurseries so that they become the norm rather than the exception in medium and large enterprises?

Hywel Williams: I thank the hon. Gentleman. Dwylo Da, which I mentioned, is in a new build. That was part of the problem that it faced—there was not a suitable place for the nursery. That was a major difficulty there, but in other places people might be able to deploy redundant buildings. I am sure that there is scope for that. There might be nimbyism, but I cannot imagine why.

On the provision of workplace nurseries, there was an excellent employer in Bala, in the constituency neighbouring mine. It was a clothing company and, being of sufficient size, provided a workplace nursery. The economy in rural areas is often a series of small enterprises of one or two people that are not in a position to do the same, but the enterprise in Bala provided a nursery. It has recently closed, with the work going, I think, to China. With it, of course, went the workplace nursery. The size of enterprises can be a problem, particularly in rural areas, but there might be an opportunity for small companies to club together and provide jointly for their workers. That is the best standard—it is good practice, not general practice.

I referred a moment ago to Mudiad Ysgolion Meithrin, the Welsh-language pre-school playgroups association, and I now turn to bilingual childcare provision. The importance of language has been highlighted, not least by the Prime Minister. There are other providers in Wales such as Wales Pre-school Playgroups Association, but I focus on MYM because of the language issue. I should confess that I used to be the chair of the local

MYM group and have a long-standing interest in its work. It provides traditional playgroups, full-time child care and, interestingly, what it calls ti a fi groups, which means "you and me". There are about 1,000 groups throughout Wales, providing a service variously from birth to school age, with an emphasis on interactive, creative learning and playing to a purpose. We saw that in Sweden, where children follow such a curriculum up to the age of seven. The educational results at the end are excellent, no different from those of the more traditional methods of teaching employed in the UK.

MYM uses methods consistent with the groundbreaking curriculum that is being brought in by the Welsh Assembly Government and will be in all schools in Wales by 2008. The ti a fi groups might appear a little different from mother and child groups or, perhaps more accurately in some circumstances, grandmother and grandchild groups, which are an increasingly common pattern. Given the Prime Minister's emphasis on language learning, I wish to say that 70 per cent. of the children and parents attending the ti a fi groups have English as their home language but attend Welsh-medium provision. Through those groups, MYM works with non-Welsh-speaking parents and grandparents, and with children, to introduce the language. That is a ready-made model; it perhaps does not quite fit circumstances elsewhere, but it is none the less interesting.

The groups teach simple words and pronunciation to adults so that they can use them for bedtime reading to children from simple books. There is not enough emphasis on reading to children, which I used to enjoy enormously with my three daughters. The grandparents and parents are taught songs that they can sing with their children, although perhaps they do not understand them fully. The pay-off is that children learn in a participative, creative way and become bilingual at an early age. By default, the adults also learn elements of the language.

I should contextualise that example by referring to broader trends in Welsh society, such as the growth in the number of adults learning Welsh and the availability and use of the language in education, television, newspapers and so on. In particular there is a project called "twf", which means "growth". It targets Welsh-speaking new parents and encourages them to pass the language on to their children. Broad tendencies are developing, and in ti a fi groups we have a successful model of how to pass on a language, which should be of interest.

The later value of becoming bilingual, the better development of cognitive ability, is now clear and uncontested. Bilingual people have the edge—perhaps not this bilingual person, but there we are. I need not emphasise the importance of such techniques of second-language acquisition in apparently monoglot England. I say "apparently monoglot" because there is a huge, little-regarded richness of language. There is a great deal to learn on our own doorstep as well as from Scandinavia.

I wish to mention parenting and promoting the involvement of extended families. It is important for us not to be too starry-eyed and stigmatise parents, particularly lone parents, who do a great job under difficult circumstances. I have no intention of looking back on some imagined, wholly unproblematic past when families cared for themselves, thank you very much, without the help of the nanny state. I have no doubt that the hon. Member for Nottingham, North (Mr. Allen) will refer to issues around parenting later, rightly putting the emphasis on the value of early intervention and parental involvement. As the report, "Every Parent Matters", states—perhaps it is stating the obvious—

> "Parental involvement has a significant effect on pupil achievement".

A famous rugby coach—famous in Wales, at least—called Carwyn James used to say "get your retaliation in first", so before the hon. Gentleman gets to his feet, I shall briefly refer to parenting and a project in my area.

Throughout north Wales we now have the incredible years programme, which is fostered and promoted by colleagues at the university of Bangor. It works with children and parents and provides training and guidance to cope with problems in behaviour early on, with clear success. The person behind it is Judy Hutchins, who is a former colleague of mine from my time at Bangor. She has worked with a range of local agencies including my local authority, Cyngor Gwynedd, and with particular community initiatives such as a children's centre in my constituency called Plas Pawb. The parenting programme has been implemented in deprived housing estates, and, as a result, parents have been attracted to all sorts of other courses offered, such as cooking, financial management and so on.

I should confess to a small part in the programme: I handed out parenting course completion certificates to proud parents who recently completed the course, and, as we are talking about Wales, the local course was run by my sister, Bethan Hughes.

Using carefully controlled scientific methods, the project has demonstrated that early intervention can be hugely successful in improving children's behaviour and, indeed, the relationship between parents and children. Such initiatives are not cheap. Cyngor Gwynedd won a grant to the tune of £800,000 to take the work forward after 2008. We are talking about real money. It is a large amount, of course, but such programmes are hugely valuable. The dividend down the line is that young people's behaviour will be much improved and, as they may one day be parents, we are storing up a great deal of good for the future. A colleague involved in the project told me that in Norway the parenting part of the initiative is compulsory for all new parents and, interestingly, is available free of charge.

My final point concerns informal care, mainly by grandparents. Again, I refer to the report, which highlighted some interesting conclusions. Care by near relatives was valued highly by parents as being flexible and trusted. It is their first choice, and it is low cost or even no cost—hugely valuable. Grandmothers in the study did not want to be registered, inspected or paid. They did not want to be child minders; they were providing out of love. There is a quote in the report along the lines of, "we are the grannies, this is what we do". God help anyone who stands in their way.

However, the grandparents did point to some of the costs of caring, and we must take account of those, particularly in respect of grandparents who might be on disability benefits or pensions and who may themselves be low-income people. It is problematic to think of paying people for doing what they would do anyway out of love, but provision of care by relatives in other contexts—disability, for instance—is acknowledged

[Hywel Williams]

financially by the benefits system. This morning, I say only that the issue needs to be considered. The grandparents whom we talked to were not looking for vast amounts of money but some recognition of the costs of caring for children, particularly over the summer holidays when they might be taking children to the swimming pool and so on.

The issue needs to be considered because the number of available grandparents is likely to fall in the near future because of demography, substantially, but also because some grandparents will stay in work longer and simply will not be available. Through more flexible working and other provisions, the contribution of relatives will need to be recognised or possibly replaced if parents are to be enabled to work.

In that respect, proper child care is vital not only for families but for the economic development of deprived areas such as my constituency, where the rate of economic engagement is damagingly low. A very low proportion of my constituents are engaged in productive work. We need to look at the issue again. Child care and parenting are not only important for families and children; they are central to economic policy.

Mr. Bill Olner (in the Chair): Order. Before I call the next speaker, I would appreciate it if Members would keep their comments brief, brisk and to the point, because I want to give each of the Opposition spokesmen 10 minutes to sum up, and the Minister 15 minutes at the end. This is an extremely important subject, and the Minister should be given that time to make her points.

9.55 am

Mr. Graham Allen (Nottingham, North) (Lab): Thank you, Mr. Olner. I congratulate the hon. Member for Caernarfon (Hywel Williams), whom I call my hon. Friend, on securing this debate on behalf of several of us who went to Sweden. As I am in a congratulatory mood, I also congratulate the Minister on her job. I believe that it is similar to her previous one, but I hope that it will include even wider responsibilities, not least because the Prime Minister has replicated at national level what we have had at local level—a children and young people's Department, in effect. I hope that the Minister will attend many Cabinet meetings to fight the corner for children, schools and families.

It is important that such a structure is in place. We are talking about a central difficulty that we as policy makers must resolve if we are to make progress in our society. Members of Parliament have probably seen that many of the problems that we encounter—whether antisocial behaviour, failure at school, disruption in classes, criminality, drug abuse or a lifetime on benefits—stem directly from the failure to raise children in the right way, and that is a follow-on from parents not having the right parenting skills.

To resolve some of those problems, our main strategy must be early intervention. We can spend billions chasing after problems once they are part of a human being and part of their personality, or we can intervene early and spend a little bit of money on children and mothers, so that both can fulfil their human potential. Early intervention should be the key strategic objective in Government policy making in this area.

Two years ago, I could not get anyone to talk about early intervention. Now everybody talks about it, and they are throwing in everything. On every policy, we are talking the talk on early intervention, but we must be careful. We need to define what early intervention is. To me, it is a policy that makes an impact on the inter-generational nature of problems, that seeks to break inter-generational cycles. I am sure every Member has had this experience. I have been in the House for quite a long time. I am now getting not the 16-year-old who came to my first surgeries in 1987, with a little babe in arms, but the babe in arms herself, bringing her child to my surgery to get advice on problems. That inter-generational cycle must be broken.

That is not to say that we should not continue with our remedial policies—of course we should. We should be helping out at the sharp end. We should be helping to find remedies for those people who suffer because of neglect in the early years, but let us not confuse a package of early intervention measures with the continuing necessity for remedial policies.

Early intervention is necessary because in so many areas we have lost the skill—the art—of parenting. I say that because in many senses we are a child-illiterate society. We have lost the trans-generational transmission of child-rearing practices. Parenting has never just been about one poor little 16-year-old girl on a tough estate in my constituency struggling to raise a child on her own. Parenting was traditionally something in which a whole group, or family, engaged. Work has been done on that by Bruce Perry who, by tracking back the family group size to the year 1850, has made it clear that it was typical to have 12 people in the family unit. If we go back further to 1,000 years ago, there were sometimes up to 50 people in a family unit—thus there was always a stimulus around, the ability to learn was developed and interaction took place. In a sense, we are trying to find a substitute for that in modern society, and we certainly do need to find a substitute because this problem will not get better.

According the work of the Child Trauma Academy, the number of young people who we can say are generally at risk is around 10 per cent. but, because of differential birth rates and the fact that mums in those situations have their children earlier, in six generations, it will not be a 10 per cent. problem, but a 25 per cent. problem. Let us imagine the feral nature of our society if one in four children do not have opportunities in society and have all those terrible risks. This matter is not one of choice or of asking whether we do or do not take action; it is a matter of how fast we seek to act.

The policy task is to provide early intervention and to reinvent and relearn effective parenting and child rearing. We also need to spread as standard the best parenting practices that are around. To do that, we must make the best use of the natural—biological—gifts that we have, which we are not doing at the moment. For example, we must make best use of the power of relationships and the ability of a mother to transmit empathetic parts of behaviour to a baby—the ability to care, to understand, to interact and to relate to others. Doing so will act like body-building for the brain. We must focus on the

ability of the brain to interact, understand and mirror development, so that youngsters can develop to their fullest potential.

The other biological gift is the brain's malleability, particularly in the early years. Oddly, a graph of expenditure on education would start quite low and build up to a massive amount of expenditure on those who go to university. That direction is obverse to the brain's development and its capacity to move quickly, which is very high in the first three years, but for most of us in this room has now tailed off to a level plateau.

Child rearing at home by parents and socially through interaction at school and elsewhere is the bedrock of our society, and we neglect it at our peril. The issue is that important; it is the choice between a healthy or unhealthy society. I could provide examples from education, health or employment, but I will give just one example in relation to crime. I am talking to people in the Home Office and to Ministers in the Cabinet Office and the new Department of Children, Schools and Families about the issue. If empathy can be developed in children, it becomes the greatest inhibitor to crime—particularly violent crime. If someone is raised with an understanding of how other people feel—for example, how someone feels if they are hit—it is a great inhibitor to violent crime. We are creating large numbers of people who do not have that inhibition and who think nothing of using violence to further their ends, whether when they are in the playground at four years old, when stealing a mobile phone from a child when they are a teenager, or in relation to other even worse activities.

Research has been done by George Hosking at the World Alternatives to Violence Trust on helping parents to introduce empathy and interaction and to resolve arguments without violence. We are trying to do that in my city by extending the "social, emotional aspects of learning" programme. If we can develop such qualities in people and, above all, do so early, we will put money in the bank in terms of crime prevention. In effect, ensuring that people act reasonably is the glue of our society, whether that relates to the awful extreme that we heard of yesterday where a family member raped and murdered a two-year-old girl or to the other trivial, superficial end of the spectrum where "I'm not bothered" culture is prevalent in society.

We can do better, and to do so makes social and economic sense. The economic sense is an area on which I hope the Government always feel vulnerable. It is useful to demonstrate that early intervention saves masses of public money. Investment made in intensive health visiting and mother care centres before the birth is tiny relative to what it costs to get a youngster on to a drug rehab programme. It costs the taxpayer £250,000 to keep a 16-year-old at a secure unit. However, Place2Be—a voluntary sector scheme that helps young people under the age of 10 talk about their problems, get their anxieties out and get the help that they need—costs my city £100,000. We have a choice: £100,000 to put dozens and dozens of young people on the right track or £250,000 to pointlessly bang up a 16-year-old for a year. I know where my money would go.

John Bercow: The hon. Gentleman is making a truly outstanding speech. He referred to the waste entailed by a young person who is incarcerated in jail. At the last reckoning, 60 per cent. of approximately 12,000 people in our young offender institutions suffered from speech, language and communication difficulties that prevent them from accessing education courses. Would the hon. Gentleman care to guess how many of those young people would not be in young offender institutions today if they had benefited from early intervention?

Mr. Allen: The figures bear out the hon. Gentleman's point. There is a tremendous correlation between the under-achievement that results from poor parenting and people's backgrounds, and criminality. Where people do not learn language skills, they invariably do not learn other skills, so the hon. Gentleman has hit the nail on the head.

One of the problems in getting such a strategic view over to the Government is that they fear the public expenditure consequences. The Government often talk about the 3 or 4 per cent. that we need to help. In a constituency such as mine in Nottingham, North, which is possibly one of the most educationally deprived constituencies in the UK, it is not a 3 or 4 per cent. problem; it is probably a 30 per cent. problem. It is a volume problem; not a small slither problem. To tackle that and put it right, we cannot just have schemes, pilots and little projects—although, of course, they will pioneer where we need to go. Ultimately, we need a complete reorientation of public services and to move away from the massive expense of failure towards intervening early and inexpensively to ensure that youngsters benefit and reach their full potential.

The hon. Member for Caernarfon also mentioned long-termism, which has been raised time and again. Whenever I take part in such a debate, I e-mail people locally, let them know what I am doing and ask them whether they have any bright ideas. I have been inundated with responses from people saying, "Please tell them about long-termism. I am fighting now to save my job, which runs out in six months' time. I am getting a little bit of grant from somewhere, am begging money from the lottery and am trying to get some neighbourhood renewal funding to keep this work going", and, as the hon. Gentleman pointed out, that is particularly the case in the voluntary sector.

In Sweden, there has been a long-term approach, over 50 or 60 years, involving both parties—there has been an all-party consensus—which is the answer for us, too. We must do it long term. As the chair of the local strategic partnership, I am looking to create in Nottingham a 20-year prevention package, but I do not know whether there will be a local strategic partnership next April, or whether it will have any money to spend, because the comprehensive spending review has been delayed for so long.

Very briefly, Mr. Oiner—I am conscious of your words earlier—I shall finish by mentioning three specifics from Sweden. First, on maternity leave and pay, in Sweden a person is allowed 18 months of child-rearing leave, for 13 months of which they are entitled to 80 per cent. of their work salary. That time can be split between the partners. In the UK, maternity leave is for one year. Mothers and mothers-to-be can receive statutory maternity pay for up to 39 weeks, but the employer, not the state, pays 90 per cent. of the individual's average weekly earnings for the first six weeks, and then a mere £112 for the remaining 33 weeks. How would one of us like to

[Mr. Allen]

raise our children? Clearly, we would choose to do so in the system that allows us those 18 months, to keep body and soul together.

Secondly, prenatal services—another facet of the Swedish system—are provided to pregnant mothers who register with a mother care centre, which allows the earliest possible contact, which continues throughout pregnancy, and early intervention for those who need it most. Again, that compares favourably with our own system. In Sweden, everyone is entitled to take time off from work for antenatal classes at their mother care centre, whereas here we need an absolute right for pregnant women to have antenatal classes and care. That should be specified in legislation. It should be a right, and there should be a duty to promote it within primary care trusts and local councils. That is not a matter of middle-class choice; it is essential that we get help to pregnant mums at the earliest possible moment and start them on that trail, so that they can access the necessary assistance as and when they need it. We need a more systematic effort to get to people at the earliest possible moment.

Finally, I understand that my hon. Friend the Member for Battersea (Martin Linton) will talk about child care provision. However, we need to ensure also that that is comprehensive. This is the most important aspect of our social policy. We need to learn the lessons from Sweden, which has been doing this for a long time. We need to do the same and ensure that our comprehensive spending review recognises that early intervention is good not just for society, but for our economy as well. If we do that, we will end up reducing the proportion of at-risk children from 10 per cent., but if we do not, we had better be ready to reap the whirlwind that will result if 25 per cent. of our children behave in a way that most of us do not feel is appropriate in a civilised society.

10.13 am

Martin Linton (Battersea) (Lab): I shall calibrate my remarks to the timetable that you set out, Mr. Olner.

I thank the hon. Member for Caernarfon (Hywel Williams), who is certainly a friend, for asking for this debate, and I congratulate the Minister, who has long been a champion of better parenting and child care. I am glad that her voice on these matters will now be heard in the Cabinet.

Over the past 10 years, we have made immense progress on parenting and child care, but as everyone acknowledges, we started a long way behind the Scandinavian countries, and we are still catching up. I am sure that the Minister is aware of the situation in Sweden. The focus of the visit made under the auspices of the all-party group on Sweden was on comparing benefits to parents in the two countries. My hon. Friend the Member for Nottingham, North (Mr. Allen) took a very thoughtful and broad approach. I shall try to concentrate more on the details.

The trip was organised by Christina Winroth, Anna Komheden, and others at the British embassy in Stockholm, and it was very helpful in giving us the background to the situation there. I shall go through chronologically the years from nought to six, starting before birth, because Sweden provides for mothers in physically strenuous jobs pregnancy benefits amounting to 80 per cent. of their salary for up to 50 days before the birth. I do not know whether we have an equivalent. When the child is born, the first issue is statutory maternity pay; as my hon. Friend the Member for Nottingham, North said, it applies for 13 months in Sweden at 80 per cent. of salary. In the UK, it is available for nine months, starting at 90 per cent. but falling rather abruptly to £212.75 a week. Sweden's 80 per cent. is not for unlimited salaries, but for those up to £35,000, which still means that mothers can be paid up to £28,250 a year, plus for another three months at £105 a week. For most of the 18 months on statutory leave, therefore, they will receive a reasonable income.

Another issue is what happens to fathers. In Sweden, they are entitled to 10 days on 80 per cent. of pay. I am glad to say that in the UK fathers can now take up to two weeks at £112 a week. In a written answer, however, the Minister told my hon. Friend the Member for Nottingham, North that the then Department for Education and Skills was

"developing a new entitlement for fathers".—[*Official Report*, 20 June 2007; Vol. 461, c. 1875W.]

I look forward to hearing about that.

Probably the most important issue is statutory maternity leave, which is for up to 18 months in Sweden and is now 12 months in the UK, although before April, it was dependent on being with an employer for six months. I am glad that that condition has now been dropped. Another issue is whether a father can take parental leave. As I understand it, in Sweden, parental benefit can be taken by either parent, but the other parent must take at least two months. A single mother can take 13 months, but any other parent can take a maximum of 11 months, with the other parent having to take the other two. In the UK, however—I hope to be corrected if am wrong—parental leave is an individual right and cannot be transferred between parents.

Another issue is whether a parent has to take the whole parental leave period in one stretch. In Sweden, it can be taken at the full rate for one year, at a half rate for two years, a quarter rate for four years or even at an eighth rate for eight years. Given that the leave has to be taken by the time that the child is eight, it is possible for parents to take the whole of the period off, electing to draw their parental benefit at a much lower level. More commonly, it is taken in bits, in the form of a shorter working week or working day—a six-hour day, for instance—at any time up to the child's ninth birthday. It is true that most parents take it in the first year, but many stretch it out over two or three. Some hold it back until later. Typically, Swedish parents take a two-month summer holiday when the child is four, five and six, using up their parental leave.

Another issue is what to do when a child is sick. Often that is overlooked, but it is very important for parents of young children. In Sweden, if a child is sick, the parents want to take a child to the doctor or the child minder is sick, up to 120 days—roughly 17 weeks—of temporary parental benefit can be taken. That extends to when the child is 12. During such periods, the parent gets 80 per cent. of their salary, up to a lower ceiling of £22,000, which still is much more than in this country. As I understand it, in the UK, we get up to 13 weeks of unpaid parental leave to take care of a child, but only until that child is five.

There is a question about the age at which a parent can enrol their child in a nursery school. In Sweden, it is a legal entitlement to take children from the age of one. However, most local authorities refuse to take children before the age of one; that happens very often in this country. However, nursery provision is almost universal by the ages of four and five; 96 per cent. of Swedish children are in nurseries at that age.

How much do people pay for nursery provision? Again, the comparison is interesting. Nursery school fees are much lower in Sweden than in this country. They are related to income. People pay 3 per cent. of their income for the first child, 2 per cent. for the second and 1 per cent. for the third, but all that is subject to the incredibly low maximum charge of £92 a month, or £23 a week. Many people in my constituency pay more than £200 a week for one child—nearly 10 times the Swedish figure. Furthermore, the maximum charge for a second child is only £15 a week; for a third child it is £8 a week; and a fourth, fifth or sixth child goes to nursery free.

The Social Democrats fought the last election in Sweden on a platform that included a promise to reduce the maximum charge from £23 to £17.50, which seems almost like never-never land to us—we would be happy with either sum. The Social Democrats lost the election and the charge remains at £23, but either way it is much lower than ours.

In the United Kingdom, as I am sure hon. Members know, the maximum available help with child care costs has gone up enormously in the past two years. People on working tax credit can now claim 80 per cent. of nursery costs up to £175 a week. That increase was introduced explicitly to help families in constituencies such as mine in London, where nursery charges can be extremely high. In the 10 years since 1997, there has been a fifteenfold increase in help with nursery charges, but many parents in my constituency still feel that they cannot afford to have their children looked after.

In Sweden, nursery places are so heavily subsidised that the average parent pays only 8 per cent. of the true cost. That has a clear implication for the system of taxation, which has to be much higher than in other places, but it means that no parent feels that they cannot afford to put their child in a nursery. In this country, even a couple with two children on maximum support will pay 16 per cent. of the true cost. That is the case even with the combined effect of the child care element and free nursery places.

Another big difference is that, at the age of three, children in this country qualify for 12.5 hours of free nursery provision, whereas in Sweden it is 15 hours—which we will soon go to, but only for four and five-year-olds. In the UK, children start nursery school at three and have to go to primary school at five, although sadly many local authorities start them at four. Sadly, many children—I speak as someone who has been the governor of a nursery school for the past 20 years—stay in nursery school for only a year or even two terms because they are starting school, in some cases only a few days after their fourth birthday.

In England, many people think that the earlier a child starts school, the better that child will do, but the truth is the complete reverse. In all Scandinavian countries, children learn through play and discovery until they start primary school, and the legal age for primary school is seven, although in practice most start at six. Children in those countries spend four or five years in nursery education learning through play and do not start formal education until they are seven, yet all four Scandinavian countries are in the top 10 for reading standards. Studies by the Organisation for Economic Co-operation and Development have shown that six-year-olds in England are ahead of their contemporaries in Finland in relation to the three Rs—they can read, count and all the rest of it better than Finnish children—but by the time those children are 15, the Finns are at the top of the league, far ahead of British children. As a nursery governor, I have spent a long time campaigning, along with the Early Childhood Forum and others, on the importance of extending nursery education further into school careers.

There is a tale of underachievement in this country and it is no coincidence, in my view, that that underachievement is found among precisely those two groups that, for developmental reasons, do not take well to an early start to formal education—that is, boys generally and children from deprived backgrounds. The fundamental issue is that we need to help children to spend time with their parents and with other children. If we want children to have a better childhood, the first step is to give parents a better parenthood. If we give them a better parenthood, we create the right conditions for a better childhood, and a better childhood will, in time, lead to a better parenthood.

10.25 am

Annette Brooke (Mid-Dorset and North Poole) (LD): I, too, congratulate the hon. Member for Caernarfon (Hywel Williams) on securing this debate and on his contribution, which was very interesting, particularly given the Welsh dimension; that was new information for many of us. I also congratulate the Minister on her enhanced role, and the Government on putting the word "Children" first in the name of the new Department. That has to be good. With great regret, I was unable to take part in the recent visit to Sweden, but fortunately I had been on an earlier visit and had at least visited one nursery school there.

As we reflect on the debate today, we can think about the recent UNICEF report that ranked the United Kingdom 21st out of that number of industrialised countries for children's general well-being. We cannot escape the fact that the countries that were ranked much higher included the Scandinavian countries. I suggest that the excellent child care provision and very good provision for maternity and paternity leave in those countries must have made some contribution to that ranking. I agree with the hon. Member for Battersea (Martin Linton) that we ought to be thinking seriously in this country about the education of children up to the age of seven. Are we putting them in that hothouse too soon, turning them off education and alienating them? There are some good questions to be answered in that regard.

Julie Morgan: Will the hon. Lady give way?

Annette Brooke: I am sorry, but I shall not do so, because of the time.

Without a doubt, I congratulate the current Government on their commitment and the enormous increase in public expenditure on early years services. It has to be a

[Annette Brooke]

cause for celebration when we look back to 1997 and look at the situation now, but oh how we wish we could have the Scandinavian situation. Even with the massive increase in investment by the Government, we are spending 0.5 per cent. of our gross domestic product on early years provision, whereas in Scandinavian countries the figure is more than 2 per cent. That means that we must have a long-term policy, because it would require an enormous switch in resources to achieve that figure. That is why, having started with all my congratulations to the Government, I shall now be slightly challenging. As we are spending a lot of money and we need to spend a lot more, it is very important that we are spending that money well.

We face conflicting challenges with child care provision: sustainability, quality, quantity and affordability. Those issues are very difficult to juggle within our budgetary framework. We also have to think of the different motivations. Good child care provision provides an opportunity for early identification of some of the issues that have been mentioned. That has to be good. Early years support and a choice of provision has to give many children a very good start in life. There should be an element of choice—we must not be too prescriptive—but it is a way of breaking the vicious spiral of poverty if we can give children a good start in their early years. Rather more directly, we can lift families out of poverty by making it easier for parents to return to work.

The National Audit Office report published at the end of 2006, "Sure Start Children's Centres", questioned whether there was value for money throughout children's centres. The point was made that much more monitoring had to be done and that local authorities needed better information to determine their priorities. We must bear this in mind. Huge sums of money are being invested, but are we getting it right? More recently, the same issue was raised in the June 2007 Sure Start evaluation; that, too, questioned whether we were getting value for money.

We must also think about whether we are reaching disadvantaged families. Again, the NAO report clearly picks up the fact that there are difficulties, and that was strongly reinforced by the Sure Start report in June 2007, which said:

> "Providers found barriers to attracting 'hard to reach' families difficult to overcome."

The challenges ahead are enormous.

We must consider how complex the child care element of the working tax credit is for families to claim and how inflexible it is in terms of support. That is another reason why it is difficult for the disadvantaged to access good child care, and I hope that the Minister, with her wider brief and portfolio, will look at how the situation can be improved. I am also particularly concerned that children from workless families, as well as those from families where the parents are seeking work, should be given the same important early opportunities.

Given where we started, it is inevitable that we have mixed child care provision. In my area, it was important to achieve a good partnership with the voluntary and private sectors because there was so little state provision. More recently, however, there have been questions about how well some local partnerships are working. There is certainly great anxiety, particularly in the private sector, about whether there is enough money in the system to enable providers not only to offer the entitlement, which is important to all children, but to maintain quality and, indeed, to survive. Inevitably, when we use a market-based system, we will have surplus places from time to time, but we need a level playing field, as outlined in the Childcare Act 2006. However, the NAO report suggests that children's centres have been providing child care in areas where there were private providers. Given that we are so dependent on a mix of providers, we must ensure that there is enough money in the system and that there is a genuinely even playing field.

I have met my local private providers, who said that the partnership has diminished since early years partnerships disappeared and were replaced by children's trusts. They do not feel that they have the voice that they used to have in the local authority, and that is giving rise to some of the problems. The Minister recently issued the response to the consultation, which mentions sitting around the table more in the context of the school forum. It will be really important to get that right for all child care providers, who feel that they have been left out in the cold. As a result, we have a big conflict, which is not good for the situation generally.

Quality is all important, because poor quality child care can be damaging in certain circumstances. We must get quality right, and it will be essential to put even more money into the pot to train the work force. Skimming through the briefing provided by the Library, I noticed that the average wage of a child care worker is £6.40 an hour. We are talking about the most important years of a child's life, and we really have to professionalise and to raise esteem. How does that affect affordability? That is a difficult conundrum.

We have mentioned the generous maternity and paternity leave in Scandinavia, and we must move to a more Scandinavian model over time, because parents need to have a choice. I visited a playgroup yesterday and sat having coffee with the mums. One mother was near to tears when she said, "I've just got to go back to work, but I don't want to. I want to stay at home with my child for longer, but the mortgage is such that I can't." I really want parents to have the choice of a longer period, but the question is how we build up the investment over time. My party has made a proposal that would at least provide the minimum wage over a longer period, which would benefit those on a low salary—it would not particularly benefit those on a high salary—and give them more choice.

Let me quickly—

Mr. Bill Olner (in the Chair): In one minute.

Annette Brooke: I would like very quickly—in one minute—to mention parenting. I am particularly concerned about the future role of health visitors. We have had the survey from the Family and Parenting Institute, and I have read "Facing the Future", which suggests that there are two ways for health visitors to go: the universal service or the concentrated service. The early Sure Start centres that I have visited have really good health visitors and many of them, but the numbers of health visitors are declining. I therefore make a special plea to the Minister to bear it in mind,

as the current review is being looked at, that health visitors are crucial in all the things that Members have mentioned this morning.

Finally—I will keep to my time—we need choices as regards child care and choices for mum and dad. We also need early intervention, although there is a balance to be achieved between the nanny state and early intervention. Overall, the nature of society today means that we must put back in place structures that are no longer where they used to be.

10.35 am

Miss Anne McIntosh (Vale of York) (Con): I congratulate the hon. Member for Caernarfon (Hywel Williams) on calling the debate; this is the second attempt by those who were in Sweden to call one. This is also an opportune moment to congratulate the Minister on securing her reappointment and enhanced role, which sends a positive message to all the children's groups that wanted children and parenting to be placed right at the heart of policy making. How, however, will she square this morning's calls for increased spending with the Prime Minister's strict spending commitments and with an impending comprehensive spending review? She will not do the debate justice if she does not respond to that point.

As regards the calls for parental choice, Conservatives want to see sustainable, affordable child care of the highest quality. I look with some concern at what the Government are doing, because they are limiting, not extending, parental choice. On the issue of midwives and pre-birth care, there have been two consultations on the maternity hospital in the constituency of hon. Friend the Member for Ryedale (Mr. Greenway), which is adjacent to my constituency. One, which was entitled "Maternity Matters", was initiated by the Government, while the other, which was a more local consultation, was initiated by the Scarborough general hospital, where the maternity unit is situated. The primary care trust now proposes to close the maternity unit. How will that increase mothers' choice of where to give birth? Equally, there is a lack of health visitors. Surely, we must have good access to health visitors, particularly in deprived areas, if the Sure Start children's centres are to be rolled out successfully.

I should like to challenge the Minister to say definitively today that the Government recognise the mixed economy in nursery care provision. There is every indication that they are ideologically opposed—from the new Prime Minister down to the Minister and her new Department—to private nurseries and are seeking to put them out of business.

The Minister of State, Department for Children, Schools and Families (Beverley Hughes): Will the hon. Lady tell us what evidence she has for the claim that we do not support the private sector? As far as I am aware, the evidence points in completely the opposite direction, and that includes my recent comments directly to local authorities about their role in supporting the development of the private sector.

Miss McIntosh: The Minister is in a very weak position, because she and her Department do not actually know where the money is going. I do not think that any hon. Member in the room disputes the fact that a large amount of money—£3 billion a year—is going into early years provision, and she said that there was an extra £3 billion for the Sure Start programme. However, in her reply to me of 14 June, we learn that the Government do not actually know where the money is going. People say that imitation is the greatest form of flattery. It is odd and very gratifying that, after I had sent out a questionnaire on behalf of the Conservatives, the Government should send out an almost identical one to exactly the same people.

Yesterday, I chaired a meeting of private, voluntary and independent providers, and I should be very happy if the right hon. Lady would join me—she has been invited several times—in meeting a delegation. If she would respond to the invitation, we could take the matter forward.

I was very taken by the remarks about parenting made by the hon. Member for Nottingham, North (Mr. Allen). It is something that we take for granted—that parenting has cascaded down the generations. I am concerned about what happens when children are seen to be misbehaving. The hon. Gentleman's idea of early intervention is positive and timely. With "Breakdown Britain", we have seen that families are breaking up, perhaps fewer couples than before are marrying and there are more multiple relationships and more children coming from disjointed relationships. We are considering that aspect of the matter carefully. We would be doing the present generation of children a great service if we could intervene through schools, police and parents when children truant, and perhaps put less emphasis on putting them in custody. I think that the right hon. Lady will confirm that there are now more children in custody than there were 10 or 15 years ago. In that regard, prison orders have cut down on education, but that is a matter for a separate debate.

As for parenting, obviously two parents are better than one. We would like greater access to fathers, with greater involvement and more shared parenting, but, for children who are not living in their natural home, will the Government recognise that children will flourish through access to the wider family? I am taken by the fact that, in this country, one in every 100 children lives with a grandparent. That is an average of 2.4 children in every primary school. Denmark has run with the idea of grandparenting, and in two municipalities, funding is received from the Ministry of the Family—the matter has also been allocated to the relevant consumer organisation—for the creation of a network of substitute grandparents when there are no real ones.

We—and I expect the Minister, too—have received strong representations to the effect that children in care, and children at risk of a breakdown in a relationship and the possibility of entering the protection of the state, benefit from access to their wider family, such as grandparents, older siblings, aunts and uncles. I wonder what plans the Government have to consider the role of family conferencing.

Like the hon. Member for Mid-Dorset and North Poole (Annette Brooke), we are concerned that, although the original concept of Sure Start children's centres was inherently good, we have heard from the National Audit Office that, of 30 centres that were visited, only nine were reaching out to the families most in need. Furthermore, it was never, in my understanding, intended that Sure Start children's centres would compete in the same

[Miss McIntosh]

neighbourhoods as existing private and voluntary nursery providers. That is the nub of the representations that are being received by hon. Members who have excellent private nurseries in their constituencies. We know that Sure Start children's centres are offering good quality early learning, combined with full care provision for children, for a minimum of 10 hours a day, five days a week, 48 weeks a year. Does the Minister accept that that is forcing some private nurseries to look carefully at their books?

I am delighted that the Minister is looking to local authorities and introducing the questionnaire that has been mentioned. Will she make the results available to hon. Members through the Library? In response to my question last week, at the Question Time of her previous Department, she replied to National Audit Office criticisms:

"We have made it clear in subsequent guidance that outreach must remain a fundamental element of the children's centre programme".—[*Official Report*, 28 June 2007; Vol. 462, c. 467.]

Where is that guidance? Is it in publishable form, and can we have access to it? Many people are asking for it. Will the Minister confirm that she accepts a mixed economy provision and that no Government could roll out the child care programme that we would all like without input from private and voluntary associations? Will she also attend to the issue of strengthening the family? The family is the institution that, first and foremost, contributes to good behaviour, morals and manners.

I want to conclude by referring to the emphasis on emotional well-being and social mobility in the responses to a YouGov poll commissioned by the children's charity NHC, which included the finding that

"adults were of the view that emotional wellbeing is twice as important as social class in their own social mobility; and that emotional wellbeing is seen as more important than family income, physical health and IQ."

We therefore welcome the role of the family in providing the most natural form of child care, but we also want an enhanced role for the extended family.

10.45 am

The Minister of State, Department for Children, Schools and Families (Beverley Hughes): This has been an excellent debate. I congratulate those who sought such a debate, because it is a welcome opportunity for me to air important issues with hon. Members who are as passionate about them as I am. I hope that hon. Members will agree that there has never been such a strong spotlight on children and young people at the heart of Government policy as in the past 10 years. I welcome the support that hon. Members from all parties have given to that approach.

It is important to understand the reasons for what we have done. It is not just a good thing to support children and families: doing so must be at the heart of the social and economic priorities for any progressive Government, in relation to the social objectives of reducing child poverty and inequality and ensuring that every child reaches their potential and to the economic objectives of ensuring that we can call on the talents of all our people, so that our economy will be well placed and so that families prosper. In addition, it is the job of a progressive Government to give strong support to families. They are the engine of our economy and the place where the next generation is raised.

I am very pleased at hon. Members' comments about the restructuring of the Department in the recent governmental changes and its renaming, which deliberately puts children firmly first, as was noted by the hon. Member for Mid-Dorset and North Poole (Annette Brooke). We all welcome that. Several hon. Members make the point, with which I entirely agree, that the way in which we support parents is critical. For Government, it is important always to stay on the right side of the line, by which I mean that we do not tell parents what to do. We should never diminish what ultimately must be parents' responsibility for their children. However, we have the job of providing the widest possible support for parents and making sure that, routinely, our big public services—health services, schools and children's services—see it as a core part of their job to involve parents closely in what is being provided for their children.

Clearly, the trip to Sweden had a big impact on hon. Members, and to judge from their comments today, it influenced what further progress they would like here. There is no doubt that the investment in and commitment to children and young people in Sweden is a major reason for its deserved reputation as one of the most equal and mobile societies in the world. That is where we, too, are coming from, and why we want to invest in children and young people. However, I am grateful to hon. Members for their recognition that Sweden's achievement did not happen overnight. It took about 150 years. The first creche was opened, I am told, in 1854, and since then there has been investment on a huge scale over a long period.

It is also salutary, in making the comparison with Sweden, to recall the starting point in this country in 1997, when there was little support for families. My hon. Friend the Member for Battersea (Martin Linton) mentioned that. Paid maternity leave was just 14 weeks, and there was no paternity leave. There was no right to flexible working, no right to time off for domestic emergencies and no help whatever for adoptive parents. Provision for young children was very limited, patchy and unco-ordinated and there were no children's centres. There was no minimum wage, no protection against discrimination for part-time workers and single mothers were vilified. My first child was born in 1979, and my third in 1984, so my children grew up in that period, and I know from personal experience how difficult it was then for both parents to manage their work and bring up their children together.

It is important to recognise how things have changed in a relatively short time compared with Sweden—we are learning from progress there—because of the huge investment that we have made. We are building many positive elements of the Swedish system into the changes that we have made, such as providing, for the first time, free nursery and early education for all three and four-year-olds. At the moment, there is an entitlement to 12 and a half hours, but that will, as my hon. Friend the Member for Nottingham, North (Mr. Allen) said, increase to 15 hours and, we hope, beyond. Those changes have increased almost threefold the number of three-year-olds who access such places from 34 per cent. to 96 per cent. We are now piloting free child care and early education for

two-year-olds, particularly to disadvantaged two-year-olds, because we know that that is how we can make the biggest difference.

We are doubling the number of available child care places and are providing £3 million a day to make child care more affordable through the tax credit system. There has been more than £21 billion of investment over that period to establish an apparatus and level of service for children, particularly young children, and their families that was not there before.

Miss McIntosh: I do not think that we dispute the figures, but it is difficult, because there is no transparency to allow providers to see where that money has gone. The Minister must accept that local authorities take different amounts for administration. When the Conservatives left government, our nursery voucher was quite popular. It was a bit more difficult to apply, administratively, but it was more transparent. How does she plan to introduce transparency, so that providers can see that there is a level playing field between different local authorities, as well as absolute transparency and accountability in the financing?

Beverley Hughes: I shall get to that point, and I am grateful to the hon. Lady for raising it. However, I will say now that the one note of discord in this debate has been the Conservative party's position on several issues, not least that of inequality. We removed inequality with the Childcare Act 2006, which the Conservatives voted against. On this issue, they are wedded to the idea of a top-up fee or voucher system, which would create a two-tier system, because it would allow well-off parents to buy the best nursery education, while leaving more disadvantaged families unable to do so. We are completely opposed to that, and we will not allow top-up fees. However, I am certainly committed to having transparency in the system, and I will go on to say how we will introduce it.

Miss McIntosh: Will the Minister give way?

Beverley Hughes: I want to make some progress, as I have other Members to respond to.

Miss McIntosh: The Conservatives have not pledged to have top-up fees, but we do accept that they are currently being used for that extra half hour between two-and-a-half and three hours. However, we can discuss that issue outside the Chamber today.

Beverley Hughes: As far as I am concerned, the Conservatives have been supporting providers who are calling for top-up fees to be allowed. That was the reason for my comments.

I return to the comparison between the UK and Sweden. Care and education in the early years are now being integrally linked, as they already have been in Sweden. The early years foundation stage, which is based on play but moves towards quality and consistency for parents, very much mirrors the approach taken in Sweden with the pre-school curriculum.

The emphasis on training and qualifications in the Swedish work force, which is so important to quality, is something that we, too, are concerned about. We want to ensure that leadership in children's centres is graduate-led. As in Sweden, local authorities in the UK now play the central role in providing child care, as a result of the Childcare Act 2006. Indeed, that role is expanding in both countries. The 2006 Act placed on local authorities, for the first time, the duty to ensure that there is sufficient child care. I shall now deal with some of the points that have been raised on that issue.

The 2006 Act placed on local authorities the duty to consult parents to establish where there are gaps in child care and to move towards providing higher quality and flexibility. The duty is not to provide for any shortfall that is identified, but to work with private and voluntary providers. Local authorities are charged by law—I do not know whether the hon. Member for Vale of York (Miss McIntosh) is familiar with the Act, but some of her colleagues are—with being a provider of last resort only when the private and voluntary sectors cannot provide services at a reasonable cost. The example that we discussed in Committee was that of a severely disabled child. It is enshrined in legislation that, while local authorities are rightly charged with meeting local need, they must also encourage diversity in the market and ensure quality and sustainability. That is an entirely appropriate role for elected bodies to take locally. That approach underpins our commitment to maintaining, supporting and raising the quality of a mixed economy, which is how parents will get higher quality and more choice. I hope that that answers the hon. Lady's concerns about our commitments on that issue.

I understand completely why hon. Members present have called for more, better and faster, as I share those feelings. I point out, however, that there is another comparison to make between the UK and Sweden—issues of affordability come into play. Yes, the proportion of child care costs paid by parents is 10 to 15 per cent. in Sweden and averages about 45 per cent. here, but that difference must be seen in the context of the higher taxation there.

I do not know whether the hon. Member for Mid-Dorset and North Poole is committing her party to the further spending that she asked for, but Sweden has the highest tax quota, as a percentage of gross domestic product, in the industrialised world, with rates of 50 to 55 per cent. income tax for those with salaries above only £22,000. It also has VAT rates as high as 25 per cent. on some commodities. So there might be differences between our child care provision, but there are also differences between how it is paid for. Those are the different contexts that we are dealing with.

My hon. Friends raised important points about maternity and paternity leave. My hon. Friend the Member for Battersea asked about progression of paternity leave. We are currently consulting on that, with a view to extending provision for fathers. At the end of the consultation, in August, we will bring forward detailed proposals. I know that there is concern about tax credits—as an MP, I meet some of the people who have such concerns—but more than 400,000 families now benefit from the child care element of tax credits. That is twice the number who benefited from the child care tax credit at its peak. I know that there are problems for a minority of people, which we must get right, but many more people benefit from that provision.

My hon. Friend the Member for Nottingham, North made an incredibly powerful speech on early intervention, with which I agreed entirely. He has shown incredible

[Beverley Hughes]

leadership in his area to progress these issues and to address the need for services to do more for disadvantaged children in particular. He will know about early learning partnerships, which will take the lead on this issue, and the nurse-led family partnerships through which a new role for health visitors is being developed. They will not only help disadvantaged children, but will bring about another model for health visiting, which will be enthusiastically adopted by the profession, whose members are very keen. If the hon. Member for Mid-Dorset and North Poole is not aware of the detail of those partnerships, I will send her some information on them, because it is great stuff.

The hon. Member for Mid-Dorset and North Poole mentioned the UNICEF report. I recognise completely that, although most children and young people are doing better and say that they are happier, we must do more for important minority groups, but I do not accept the results of that research. It was methodologically invalid and produced conclusions that do not withstand reasonable scrutiny, so it is a shame that it has been so widely accepted.

Mr. Allen: Before the Minister sits down, will she say a few words about pre-birth services? Does she think that they should be offered more universally as a way of starting the data-tracking of families?

Beverley Hughes: Yes, I do. That is something that will be addressed by the nurse-led partnerships. They will start by doing pre-birth work, and carry on for two years to demonstrate how we can go forward on that.

There are challenges with quality and reaching disadvantaged families, and in relation to fathers, giving further choice to parents, affordability and flexibility, all of which have been raised today. I will strain every sinew to ensure that we make as much progress as possible as fast as possible. With the support and commitment of Members present today and beyond, we will do so.

NHS Procurement and Purchasing

11 am

Mr. Dai Havard (Merthyr Tydfil and Rhymney) (Lab): First, I should say something on the subject of the debate. Its title is slightly different from the one that I wanted, which would have included mention of the practices used for prescribing. Perhaps that is a debate for another day, so I have narrowed it down to how things are acquired and how they are valued in general.

To give a bit of background, the issue stems from the privatisation of what were the procurement services for the national health service in England and the establishment of a new structure. This price-driven model has tried to reduce costs in order to save £1 billion for the NHS in England. It has involved the use of a commercial contract with DHL—I am talking about the German parcel-delivery company—and its subsidiary, which I believe is based in New Jersey.

As someone will ask why I, a Member of Parliament from Wales, came to this issue, we should deal with the West Lothian question first. I came to it because I have been doing a lot of work on wound care and considering how we can introduce innovative processes into health in general, the standards that are applied, how the National Institute for Health and Clinical Excellence—NICE—works and how it evaluates things.

A factory in my constituency manufactures the basic elements of wound dressings. People might think that that involves just knitting together bits of lint or something from the past. It is anything but that; it is a high-technology operation, because silver-based dressings, honey-based dressings and all sorts of new technologies, gels and so on exist. The process is interesting. That factory is an employer in my constituency, so the question of how it gets its goods to market interests me too.

Wales has continued a process of buying in a different way. I need to see what the incidental effects of England's changing that process dramatically are, because, in terms of the UK, what England's NHS does has a huge incidental effect—it probably has a direct effect too—on the market and on how things are applied.

I am also interested in how we drive the quality of care forward and in protecting my party, because politics is also involved. I am interested in the politics: I do not want the leafy suburbs of England leaving us at the next election, because I have a direct interest in the continuation of a Labour Government. I hide none of those things, but they are the reasons for my coming to this matter.

I asked some basic questions about how the market process is meant to work, and because the answers that I received from the NHS merely stimulated my concern, I secured the debate. Irrespective of what one thinks about the idea of privatising the process in England and the debate on the question of whether or not it could or should be renationalised in some way in the future, this process will now operate, because there is a contract that will run for 10 years. I need to see what the health of that process will be.

David Taylor (North-West Leicestershire) (Lab/Co-op): Does my hon. Friend agree that it is perverse that in parallel with the alleged attempt to save £1 billion by outsourcing, we are seeing things such as the NHS Connecting for Health IT programme, which involves

£12.5 billion, and the rampant private finance initiative, whose costs into the middle distance will far outweigh the savings that might be made? Does he hope that the Minister, whom I am pleased to see in his new role, will discuss the pharmaceutical price regulation system, which awards substantial and excessive profits to pharmaceutical companies, given that we are apparently moving towards a price-driven regime?

Mr. Havard: This is part of a broader discussion of issues, be they PFI contracts for physical buildings or the price regimes that my hon. Friend mentioned. We need to assess what constitutes long-term value as opposed to short-term price. In terms of how we deal with medications and drugs, I agree that similar issues need to be carefully monitored. In such areas, proper controls and transparency are needed.

One of the first things that I discovered in respect of this process was the lack of transparency. We started to get some of that through NICE in terms of evaluations of particular medical procedures, drugs and so on. That is becoming inconsistent. If we are to have the sensible debate about the rationing process in the NHS that is necessary, all those elements must be included. Today, I must concentrate on this particular issue, because otherwise you would discipline me, Mr. Olner. This is illustrative of a broader discussion that we need to have.

I examined what was said about what the controls and transparency would be in this new process and what the architecture would be to achieve those things. There is a hangover from the privatisation of the original system. I might get some of the titles wrong, because the NHS is like the British Army, in that everything involves initials.

The Purchasing and Supply Agency has a residual remit in relation to all this. I understand that its role was to set up procurement hubs, on a seemingly largely English regional basis, and to set up the Centre for Evidence-based Purchasing, which will be a central element in all this, and to examine compliance to some degree. From what I can see, that means compliance in the NHS or some way of finding a method of consensus, but it is not compliance in its general sense. One of the major elements of the body's intended role is to help to establish the Centre for Evidence-based Purchasing, which relates to evidence-based medicine. Apparently, that is supposed to establish what are described as nationally agreed protocols.

That sounds all very well, but I thought that I would test the health and efficiency of it. The trouble that I have is that even if all those things were in place, what would the status of the protocols be, how would they come about and who would be involved in them? I understand that there are to be 12 dedicated evaluation centres in trusts and universities. Descriptively, it all sounds nice, but when the practice is examined, it starts to fall down. In order to achieve all those things, product councils are to be established. I asked further questions about that. Who will be involved? What will their deliberations be? What will the transparency be? The answer came back, "There won't be any." These will not be open processes.

The Medical Technology Group met Roger West, the procurement director of the NHS supply chain, on 27 June. He talked about all these things. He said that these bodies will be set up, but their composition will not be public. There may be additional product taskforces. He was unable to give any more information about that. There are seemingly no mechanisms to consult either with patient groups or with clinicians.

I am unclear about the situation. What seems to be being said to me is that patients and patient groups will in some way be represented by clinicians through the collaborative hubs or in the product councils. I examined how the product councils are to be set up. People could not really tell me how they are to be set up, but I have now seen the advert for the first one, which relates to nursing. That one is important to me, because it is where wound care and training comes in.

I am told that the trusts will in some way be represented by the individual nurses who will be appointed through a system of self-nomination. Who will choose them? They will be chosen by the NHS supply chain. The NHS supply chain is DHL. I am not quite sure about that. The company running the contract seems to be choosing the people who are going to be on the product councils to do the evaluation of the evidence-based medicine. That did not appear to be a healthy, open or transparent process, so I continued my investigations.

Mr. Stephen O'Brien (Eddisbury) (Con): The hon. Gentleman is making an excellent analysis of and case about so many of the difficulties that a lot of us have encountered in trying to understand the new process. It all comes back to individual examples. Advanced Medical Solutions in Winsford in my constituency has, like the companies in his constituency, been developing a new dressing. It is seaweed-based and very effective, but the company has had the biggest nightmare possible trying to get anybody to recognise that it is worth while for patient care in England. In the end, we had to go to the Department of Trade and Industry to show that our country was losing a genuinely innovative opportunity. That was a better way than going through any Department of Health process.

Mr. Havard: I agree with the hon. Gentleman in that respect. One of the big issues that concerns me is the stifling of innovation. The new structure's very aims include promoting innovation. It is also meant to promote the involvement of small and medium-sized enterprises—SMEs, to use the jargon—in supplying the NHS, yet what I see is a process that seems to exclude more people than it will include. There will be a smaller number of larger fixed-term contracts. There is huge tension between fixed-term contracts and opportunities for innovation as well as for involving SMEs. I shall address those questions a bit further later.

There is also the question of what is meant by the evaluations. I fail to understand how self-nominated people chosen by the company can represent NHS institutions such as trusts. That is unfair to the individuals chosen, who will be motivated by good reasons, such as wanting to make a contribution to the evidence-based process and to innovation. What will they be asked to evaluate? How will they evaluate it?

Those individuals will be asked to evaluate on the basis of this driver—whether it costs less. That is what they will really be asked to do. The description says that they will do a lot more than that, taking into account all

[Mr. Havard]

the various considerations, including the non-financial aspects of any evaluation required. However, my difficulty is that that will be done, one way or another, by the company, using the product councils and liaising with the Centre for Evidence-based Purchasing. What are their formal relationships? How will the guidance, and the remit that we decided elsewhere in terms of clinically-based evaluations, figure in that?

I am told that all the non-financial aspects—quality of care, and issues such as assessing whether a treatment will save nursing time or keep people from having to go back to hospital again and again—can of course be overridden. The problem is that I am being told that the process of NICE guidance—a whole different architecture that we established for the very good reason that we needed to evaluate new and existing processes properly—will still run alongside that programme.

I am told that once NICE decides that a treatment is safe and efficient—that includes both the health aspect and cost-effectiveness—it will accredit it and clinicians will want to prescribe it. However, another architecture will now evaluate it again to decide whether the NHS will buy it. The guidelines from NICE will be only guidelines. They will not run the structure.

I am told that as far as NHS commissioning authorities are concerned, the money should follow the argument. If the treatment is agreed by NICE and prescribed by a doctor, the patient should get it, and it should be paid for. Well, they will order it, and the authorities will say, "We're not going to buy it," because they will be able to override NICE. There will be no obligation for the authorities to have any consistent relationship to NICE advice, because it is only a guideline and the authorities' remit will be to consider only price. To be polite about it, other factors seem extremely incidental. The NICE technology appraisals—this will not apply just to drugs—can be overridden.

How such non-governmental bodies will be established and run is crucial, as is their interrelationship. Ultimately, they might delay the introduction of good things. They might not destroy innovation, but they will not exactly stimulate or facilitate it. Maybe some people will get the right treatment, but they will get it later. Frankly, that is not good enough. It is inimical to the whole attempt to drive greater efficiency in the NHS. When the Prime Minister says to me, "I want ideas about how to do it," I will say to him, "One of the ideas that you have established in England is potentially deficient—this one. It needs re-examining." The Minister needs to establish some sort of ombudsman for that process in England. That is just a bit of advice from a boy from the valleys, but he ought to take it. It will have incidental effects on me, but it will also have direct effects on him.

I have some quotes on the matter from industry representatives who have written to me. The company Bardex says:

"There is still a large gap between the aspirations of DH procurement policy and their practical delivery."

That is nice and diplomatic. In particular,

"there is a continuing failure to distinguish between cheapest price and best value"—

I think that that is at the guts of the whole issue—

"in the devices sector and prevarication about innovation resulting in slow uptake of new technology."

Sir Christopher O'Donnell is apparently the retiring chief executive of Smith and Nephew and a man who has been running a large company in the sector. He has said:

"the company's investment is now going into America, Germany and Japan".

Why? Because

"the NHS is a slow adopter of innovation".

The new structure will only stimulate that.

Another industry source says:

"Manufacturers have been forced to make drastic price cuts in order to be listed suppliers. As a result, valuable back up training and support which was previously provided free of charge has, in many cases, been withdrawn."

That is crucial. When things are bought, they do not just come in a box. They come with support and training—training that the NHS cannot and does not offer. Perhaps the issue of how training in the NHS works is a debate for another day. I do not think that we have got it right at the moment. In 2006, ConvaTec, a company in my constituency, trained 10,500 nurses in the new wound care technology. If we are not careful, we will screw the manufacturer on price until he says, "Okay, we'll meet your price by cutting the so-called incidentals." That will create another cost that we will have to meet in a different way. The Minister should be careful. He might appear to save £1 billion, but he will end up spending not only that £1 billion but a lot more in another way—the least efficient way.

Mr. David Anderson (Blaydon) (Lab): My hon. Friend has spoken about the impact on companies and on the health service, but will there not also be an impact on ordinary people? A gentleman in my constituency is desperate for the drug Alimta, which can hold back the ravages of asbestos-related diseases. If what is being said today is true, there might be yet another block to people's access to such drugs. Surely that is not what our Prime Minister means when he says that we should listen to the voices of the people using the NHS.

Mr. Havard: My hon. Friend makes a point that we all understand. We all have people coming to us saying, "I want the best treatment. There is one available to me, but I have a difficulty in acquiring it."

That is the whole point. That is exactly why we established NICE. That is why we decided to have a process to evaluate treatments. NICE was slow in the products area, and I have had previous debates about that. It was faster in the drugs area than in the technology area, but patients often require both. They do not come in boxes or live their lives in compartments. The NHS may work in its little silos and compartments, but the world does not. The difficulty is how to make a value assessment that gives the true and total value of something, rather than the separate price or cost of an individual item.

David Taylor: I referred to the excess profits being made by pharmaceutical companies, which the Office of Fair Trading highlighted in its report in February and to which the Government will respond later in the summer. Does my hon. Friend agree that we must give

pharmaceutical companies, one of which is a major employer in my constituency, stronger incentives to invest in drugs for those who have medical conditions with the greatest need, not where there is the greatest profit?

Mr. Havard: As a general proposition, I could not possibly disagree with that. The short answer is yes. The business about how modern processes can drive us towards being up there with European standards—we have made that declaration—is important, but we must discuss how to get products on to a list.

There is another debate to be had about how to get old stuff off a list. The problem is that we have a way of adding to the list, but not of taking things away. I know clinicians who, for a combination of many reasons, prescribe older technologies. I do not want to traduce them, but it may be partly because they just do not know about new treatments and partly because of the way in which new treatments are presented financially. A new treatment may seem to be terribly expensive, but evaluation is deficient if it does not show the real value over time. The truth of the matter is that some diseases and processes, such as cancer, are ceasing to be acute and are becoming chronic, and we are keeping people alive, but they will continue to be patients for a long time. The new technologies may save costs because patients may not need to return to hospital if they are receiving medication. It seems that the NHS is incapable of seeing that. The point about the process is that it seems that the non-financial aspects can effectively be disregarded on the basis of price.

Dr. John Pugh (Southport) (LD): Is the hon. Gentleman claiming that if something is not supplied by the NHS supply chain but is approved by NICE, it cannot be obtained by a hospital, clinic and so on? I do not believe that that is so; I believe that it can be obtained from elsewhere.

Mr. Havard: The hon. Gentleman asks an interesting question, and I do not know the answer. I cannot say whether it is yes or no, because it would be different in different places. That is another aspect. The Minister will say that in England there are GP commissioning processes and so on. Who does the ordering is an interesting question, and the hon. Gentleman may be correct. If a GP orders something, he may get it because it comes through a different process, whereas the same doctor working in the trust might have to order it through the procurement process and might not get it.

NICE was set up to address postcode prescribing and to provide consistency, but not uniformity, in the process with rules that everyone understands and works to, but it seems that the guidelines have no force. Something may be excluded if it is ordered through one process, but may be available through another process. That does not help us to square the circles relating to different practice and best practice across the piece. It seems that guidelines for specialist medical equipment will not be published, so how will we know what is best? Either there should be a structure—I would not have started from the present position, but as it exists the Minister should examine it—to provide consistency and to allow a contribution to the broader discussion, or there will be a contradiction, people will be excluded, and there will be no stimulation to prescribe and develop new products. That is the guts of the issue.

I may be ranging widely, Mr. Olner, but the matter must be seen in context. Either the Government want to reduce the number of suppliers, and to drive down prices, as Tesco does with baked beans, or they want to do something else. Descriptively, it looks very good, but when we drill into the process to see how it functions, it stops looking good.

I received a worrying answer from the previous Minister when I asked how the procurement process will produce long-term savings for patient bed days, nursing time and repeat procedures in the NHS. The answer cometh back:

"The contract...will measure savings based on the reduction to buy price".—[*Official Report*, 16 April 2007; Vol. 459, c. 373W.]

I do not know whether that means, "I don't know" or "It won't", but I think it probably means "It won't." It is only part of something that needs to do all those things. Currently, however, it is deficient. That is extremely worrying because it cuts into other processes that we are trying to establish to introduce better practice into the NHS.

The process will undervalue something that the NHS has taken for granted—the training and incidentals that come with contracts—and England will rue the day. At Currys, one can by cheap products from Taiwan. They come in a box, look similar to other products and will do the job immediately, but there will be no product support or training. The relative quality over time will be worse, and that must be considered.

I have asked the Minister questions, and he should consider value versus price. A decision should not be made nakedly on price. There will be inconsistencies, and I fear the consequences, such as lack of innovation and the effects in my constituency. For the Minister, however, the consequence will be litigation, and if I were a lawyer, I would be licking my lips. We have seen with NICE that when it makes a decision and there is a problem with the application, people resort to law.

There will be inconsistencies. NICE will agree something, someone will try to buy it, but it will not turn up because they will be told that they cannot have it—the rules do not have to be abided by—so people will go to law, which is not the best place to resolve such issues.

Mr. Stephen O'Brien: The hon. Gentleman may be right about the increase in litigation, but I am afraid that it is highly likely that that will be the preserve of bigger, established companies that can afford to take the risk of litigating to find an opening for a product that is complementary to a current product line. That will continue to bear down, and to crush innovation and the entrance of the small and medium-sized enterprises that we want to encourage.

Mr. Havard: It has all that potential, and I share that fear to some extent from the industry's point of view, but I also think that individual patients will have to resort to the law. Clinicians and trusts will have to test where they are because they will be told that they are outside the law. There will be legal opinions from half a dozen people. If someone asks six lawyers for a legal opinion, they may end up with seven if they are

[Mr. Havard]

prepared to pay. Those opinions will have to be tested, and they will be tested in the courts. That is a recipe for nonsensical and unnecessary litigation.

There is also a question of how the matter relates to the UK. The Welsh Assembly has announced a whole new process of transparency so that patients can have an easier way of raising grievances and addressing problems in the NHS, to try to avoid the need for them to go to law and claim compensation. Wales has a very transparent process. There is an individual for people to phone. They can ask her how the process works and who is assessing what, and the process is completely open.

I am not sure about the situation in Scotland, but I know that there is no need for secrecy, and every need for less of it. The more information, evidence and consistency there is in the process of understanding what is good, how value is really achieved, how standards can be driven up and how we get the industry working on the issue, the better things will be. The Minister will not achieve all those aims through the new process; it needs some sort of remediation.

Transparency is at the guts of the matter. It is not acceptable in any way for organisations—private contracted companies in particular—to argue that the processes cannot be both open and seen to be open. That argument will not run, and the Minister will be tested on it. The way to achieve openness might be to have an ombudsman process, because there is no current right of appeal except through litigation. There are huge contradictions between the processes that NICE and other evaluating bodies undertake, the guidelines that are to be established, and whose writ runs where. The hon. Member for Southport (Dr. Pugh) asked earlier what happens when somebody prescribes and about whether we go down one route or another. Innovation is another important point, and it will be delayed if not destroyed by the new process in many cases. Neither does the new arrangement do anything for SMEs.

The Minister has only been in his job for about 48 hours, so it is a little unfair to make requests of him today, but I am tackling the man with the ball, and he has it. Therefore, if he is willing to give it to me, I would like a commitment from him at least to consider re-examining the process. It is still in its early stages and is only partly formed, and I do not want to see its formation go badly. It would probably be unrealistic to argue politically to the Minister that he should scrap it and go another way. However, it is not unrealistic to consider a re-examination of the type that I have described, and to put in place processes that will avoid what I think is predictable damage—in relation not only to a particular organisation and patients in England but to patients across the United Kingdom generally, potential supplier companies that we all have in our constituencies, and all the people who do such a great job working in the NHS. Let us help them do that job, rather than adopting a process that effectively makes it more difficult for them to perform.

11.32 am

Dr. John Pugh (Southport) (LD): I congratulate the hon. Member for Merthyr Tydfil and Rhymney (Mr. Havard) on having secured a debate on a very important subject. I must admit that he has put his case extremely well. I welcome the Minister, who must surely have been on a crash course in NHS procurement in the past few days. I hope that his new responsibilities make a pleasant change from landfill and saving the planet.

NHS procurement is an enormous issue. It is not just about supplies but about buildings, staff services, drugs and medicines, and entire treatments. There is a huge volume of business and a huge number of transactions. There is a kind of urban myth that the NHS once spent without regard to anything—budgets were considered elastic, everything was affordable, the taxpayer was compliant, and success and cost were limited only by mortality and low expectations. According to the myth, the system spent funds without regard to cost. I am sure that such stories about the bad old days abound.

Change in the NHS came when medicine became more successful, when longevity increased, and when expectations rose and the wages of people servicing the NHS rose with them. The ratio between the working population and the ailing population changed for the worse. Procurement then became a live issue, value for money became a big issue, and counting the pennies became an important issue. There has since been downward pressure on procurement costs in many areas.

Value for money has not been the only factor at play, however: other variables have contributed. For example, in the case of PFI, which was mentioned earlier, there was a need to keep capital expenditure off the balance sheet. There has been recognition also of the need to sustain a profitable British pharmaceutical industry with a big research base in this country. Furthermore, the NHS needs to retain highly qualified staff and requires cutting-edge equipment.

Not surprisingly, the result is that a variety of procurement solutions has been used in the NHS, depending on whether supplies, staff, buildings, drugs and medicines, or IT were being talked about. However, every NHS cost centre must now deal seriously in some way or another with procurement, and become—in current jargon—a smart procurer.

There are across-the-board opportunities in each field. One that I am sure the Minister will mention is e-procurement, which involves the electronic inspection of the supply base. Everybody is now looking also at the possibility of shared services and commissioning. Outside that, every single area of NHS procurement has its own distinctive profile, most of which have been examined in some depth by the Public Accounts Committee, whose reports I have with me—although now is not the time to read them out.

Supplies were the main thrust of the hon. Gentleman's speech. They cover everything from simple bandaging to complex imaging machines. There has been an essentially two-pronged attack in that area. One approach is to have customer clusters or procurement hubs, as I think they are called, and the other is to have DHL and the NHS supply chain, which is essentially catalogue shopping. Those are traditional solutions that have been used also in local government. The distinctive feature of the NHS variant is that it is linked to a sophisticated delivery network in the form of DHL.

There are serious problems that the hon. Gentleman signposted well. First, the listing must be fair and open; at present there is no certainty that that is the case.

Secondly, in whatever way the listing is done, there must at the end of the day remain a variety of suppliers. It is not obvious that that will be an effect of the new system. Some suppliers that are not listed and some of the smaller firms might simply be driven out of business, in which case we shall become dependent on the remaining core of firms.

The system should not stifle local initiative. There must surely be some cases in which people might wish to venture outside the limits of NHS supplies and use a local supplier with whom they have a good relationship. The system should allow also for legitimate clinical discrimination—that is a genuine concern. If doctors prefer something that is not on the catalogue for which they can make a reasonable case, they should be able to get it. The hon. Gentleman highlighted a further crucial point: the system should allow for fair access to drugs right across the country that does not depend on the contractual arrangements that exist with the main supplier of the hospital or clinic.

None of that can be achieved by concentrating just on the magic figure of £1 billion savings. There is a need to build in safeguards, appeals and genuine transparency, and it is fairly self-evident that the so-called product councils do not currently provide those elements.

There are similar wrinkles that need to be ironed out in other areas of procurement. There are appreciable savings to be made by the NHS on staff services.

Mr. Havard: Let me ask something before the hon. Gentleman progresses down a different route. I do not know whether he is a medical doctor by training.

Dr. Pugh: No.

Mr. Havard: A philosopher, then.

Dr. Pugh: Exactly.

Mr. Havard: Patient choice is very much a matter of discussion. The hon. Gentleman mentioned that doctors should be able to make different choices. I raised the question about evaluations of the best and most modern treatments by, for example, organisations such as NICE. What does he think about where the choices to be made by all the stakeholders—including patients—might rest?

Dr. Pugh: Choice is not one of my major themes when I talk about the NHS in general. One thing that could be said is that certain choices that people believe themselves to have even within the NHS are not genuine choices. That is the case to some extent in relation to drugs, for example. They are choices between scarcely distinguishable alternatives. We must not build into the system a false choice whereby the preference of a GP for a particular brand—because someone has sent him the latest brochure—becomes more dominant than clinical effect. However, if people are being denied products that are genuinely clinically different and make a difference to how their treatment goes, the choice should exist, and it should not be precluded by any supply contract that is put in place simply to save money.

Mr. Havard: I am interested in how the hon. Gentleman envisages that situation happening under the new process. There are product councils, and, it would appear, an evaluation-based process is being established. However, as I tried to illustrate earlier, the non-financial aspects of quality of care and choice could be avoided in the process to drive the situation simply by price.

Dr. Pugh: The hon. Gentleman made a very good case during his speech, and I share his scepticism about product councils and the extent to which they can be neutral arbiters of what ought to go into the brochure. However, it is for the Minister rather than me to answer those questions.

On the subject of staff procurement savings, the National Audit Office has conducted some trailblazing work on the extent to which agency costs can be reduced. It supports and advocates the idea of a national bank of NHS professionals, as the Department of Health does. As in the case of supplies, there is still a desire to apply local solutions where effective, and if a centrally driven alternative neither drives down costs nor produces the £38 million of staff services savings that the NAO believes can be found, it ought not to be used.

On buildings, the Government have recommended PFIs, but they are not a solution for keeping down costs or for reducing procurement. Often, they lock people in to high, long-term maintenance costs. There are only partial solutions to the problem, and there is a clear link between hospitals with PFIs and hospitals with substantial debts. The partial solutions include cutting tendering costs so that more people become involved in the game, because one great problem with central solutions is that they tend to drive down the number of players in a market. Market-testing clauses are being included in PFI contracts, recognising that they do not provide value for money on procurement. Benchmarking clauses are being included, too.

Drugs are another key area in which procurement can make a substantial difference. We must recognise that the Government have been successful in their drive to make more use of generic medicines, which is wholly good. They have been relatively successful in securing a better deal on branded goods, although they are still covered by the price regulation scheme, which results in some of the highest-priced drugs in Europe. The same drug can cost much more in the UK than anywhere else.

The invention of NICE and better ethical guidelines have done something to drive down procurement costs, but the NAO still estimates that there is £200 million to be saved. Even when considering that global figure, however, one must take into account the fact that clinical quality is an issue, and that genuinely different drugs must be made available. Professional discretion is crucial, and generally speaking cost is not the only imperative.

IT procurement is a favourite topic of mine. The NHS used to specialise in piecemeal procurement, and a variety of schemes emerged, but it has been replaced by "Connecting for Health", about which the hon. Member for Eddisbury (Mr. O'Brien) and I know a good deal. It is a very aggressive model of procurement. Richard Granger, the man who ran the procurement programme, specified that his attitude towards his suppliers is the same as a husky driver's towards his huskies: when one of them fails, he kills them and feeds them to

[Dr. Pugh]

the others. That procurement model has not been totally successful, and it has led to a limited number of regional suppliers, because some have been toppled and only the cash rich remain. There is no evidence of a more competitive market, and some fear that we will get a proprietorial lock-in to the certain limited number of suppliers that are still running.

Mr. Stephen O'Brien: Does the hon. Gentleman agree that the common thread in what he says about the NHS IT procurement programme and the subject of this debate is the absence—be it in the product groups, or in the various systems within the NHS IT system—of genuine participation, consultation and action, as a result of listening neither to patients nor to users at the bottom end? Such action would make the system organic, adopted and owned by users, rather than being imposed on them from the top, which most people say they do not want.

Dr. Pugh: I could not agree more. We are picking on a central flaw of all centrally driven systems of this scale. There has been a failure to recognise the transition costs to individual hospitals, primary care trusts and so on, but there has also been huge legitimate professional protests by people who are supposed to use the equipment with which they will be endowed, as the hon. Gentleman just emphasised. Those are not just the selective concerns of a few disgruntled people, but genuine concerns about the way in which the system will operate. To be fair to the Government, they are getting the message, and a concession that there should be local flexibility, which is defined around open standards, to ensure that there are a larger number of suppliers and a better market to deal with small IT issues, is creeping in.

Mr. O'Brien: I really do not think that the hon. Gentleman needs to be fair to the Government, because they were warned up front, and the consequences have all been intended, not unintended. We have now come full circle, and if the Government are listening, they should have got matters right first time. They should be criticised for all the wasted time and money in between.

Dr. Pugh: It is a congenital vice of mine to try to be fair, but whether I should be fair in this case, I shall leave for others to judge. In all honesty, the people who are endeavouring to run the project are receiving the message, because they see the system running into the ground. If they have non-compliant users who are appalled by what is happening, the system will become a catastrophic disaster of immense proportions.

In sum, the NHS and every NHS cost centre must mind its costs. They should be and I think are motivated to be smart procurers. However, in the field that the hon. Member for Merthyr Tydfil and Rhymney laid out, and in all the other fields about which I have spoken, there is a sharp learning curve for individual hospitals, clinics and PCTs, and they have not always been assisted by the Government's advice, so in the situation before us, there will be a substantial and sharp learning curve for the Government, too.

11.47 am

Mr. Stephen O'Brien (Eddisbury) (Con): May I congratulate the hon. Member for Merthyr Tydfil and Rhymney (Mr. Havard) on securing this incredibly important debate? He has done much to make the Government accountable for the privatisation of NHS purchasing and supply, and by my rough calculation, between us, we are responsible for having tabled about 90 per cent. of all parliamentary questions on the issue. We have been right to identify it as an area in which the Government owe us answers. I am glad that, as a result of his successful application, we have the opportunity today to debate the issue—an opportunity that has been denied the House, despite considerable pressure from Opposition Members. I was very interested in his effective speech. It covered themes, which I hope to develop, about price versus value, transparency, and the effect on innovation and small and medium-sized enterprises He raised the issue about whether there should be an ombudsman process. I shall not cover that issue; I shall leave it to the Minister to respond to him directly.

With that in mind, I welcome the Minister to his new role. He is very welcome to the world of health policy and practice. This is the first of two meetings that he and I will have today, the other being on the Floor of the House at the close of the first Opposition day debate, which is about access to NHS services. As a result of the absence of parliamentary debate, it has been interesting to hear how the hon. Member for Merthyr Tydfil and Rhymney has been supported by some effective interventions from his colleagues, who have now left their places, and by the hon. Member for Southport (Dr. Pugh).

The outsourcing of the NHS Logistics Authority and the NHS Purchasing and Supply Agency was last touched on on 5 July 2005. I do not say debated, as it was only the outsourcing of NHS Logistics that was debated here in Westminster Hall. The then Health Minister, now Financial Secretary to the Treasury, said:

> "Three options are under consideration. The first is what we have been debating today—the option to outsource NHS Logistics only. However, there are two other options. One is to integrate NHS Logistics and the NHS Purchasing and Supply Agency into one organisation; that is the recommendation of the arm's-length bodies review. A third option is to market test the whole supply and procurement chain. We are not considering that option now".—[*Official Report, Westminster Hall*, 5 July 2005; Vol. 436, c. 20WH.]

In the absence of any such market testing, that statement was later clarified. We might feel that "clarification" is a somewhat generous word in such a context, because in a letter that was sent only to the hon. Member for Amber Valley (Judy Mallaber), who secured that debate, and not to any other participant, the then Minister revealed that the market testing of NHS Logistics

> "also involves the consumables procurement activities that are currently managed by NHS PASA."

That is the point that could have done with clarification—indeed, correction—but there was no joy there.

After considerable effort on my part throughout the last summer recess, when I fear that Ministers and some of their advisers were sunning themselves on beaches in various parts of the world, the letter was made available only in October 2006, more than a full year later and, most significantly, a month after the contract with DHL was signed, notwithstanding the questions that had been raised, and just before we came back after the recess. When I complained about that to the then Leader of the House, now Secretary of State for Justice, he had the temerity to claim that the delay was due to an oversight. I have not yet had an explanation, despite repeated questions, of how that oversight came to be. The former Leader of House wrote to me at great length, having carried out a full and formal investigation, to try to explain, but the note that he gave me from the Department states

"a copy should have been placed in the Library, but [David Nicholson's private office to complete]".

Unfortunately, it never did. Perhaps the Minister will enlighten us today. The Department of Health gets bad marks for that.

Mr. Havard: I am well aware that there was more than a little discussion about the establishment of this organisation and the dissolution of the previous organisations. The trade unions—Unison, the GMB and so on—and my hon. Friend the Member for Amber Valley, who cannot be here today because she is away from the House, have sent me a lot of information. Does the hon. Gentleman agree that a spotlight trained on exactly what would be established in the first place would have helped the health of the process to be established and avoided some of the discussions that we are having today?

Mr. O'Brien: The hon. Gentleman makes one of the conclusions that I shall draw later. That is absolutely right.

It is worth noting the magnitude of the difference. The initial *Official Journal of the European Communities* procurement notice stated that the contract would cover procurement and delivery in respect of goods the value of which, in 2005, was projected to be £715 million. Under the contract as it stands, DHL is managing non-pay spend in the NHS worth an estimated £3.7 billion per annum. An explanation that has been given for the difference, which the Minister will no doubt repeat later, is that the £715 million is the value of goods and services that went through the NHS Logistics Authority in 2005, whereas £3.7 billion is the value of the market in those goods and services in the UK health sector and so marks the possibility of expansion for an enterprising supply chain contractor. Will the Minister now reveal what share of the market DHL has, and what percentage share he expects it to take by the end of the contract?

A number of concerns were expressed at the time about the involvement of the US company that has already been mentioned, Novation. It was certainly suspicious that it went from being in a consortium with DHL, and was therefore named up front as a prime party to the bid, to being relegated to a contractor when stories arose of the group purchasing organisation inquiries in the United States of America. Have the American investigations into Novation concluded, and have the results been communicated to the British Government, as the issues about the inquiry were communicated to Ministers at the time that the matter was considered? What decisions have been made in the United States and what decisions have our Ministers made as a result of the information that has come their way? If we do not have any news, when will we?

When will the product councils be established, and when will their terms of reference be published? Obviously, I make that point to reinforce those made by the hon. Member for Merthyr Tydfil and Rhymney. On 27 June this year, Roger West, the procurement director of the NHS supply chain, stated that the composition of the product councils will not be made public. Why? How can the Minister suggest that that does not impede accountability in procurement decisions, particularly because the lack of transparency—a theme that has been clear throughout the debate—does not meet the Nolan principle? Under the new Prime Minister—never mind the last one—surely that is something on which a Minister would want to keep an extremely close and careful eye. In "Transforming government procurement", the Office of Government Commerce states that

"each procurement should have a clear, fair and transparent process and evaluation criteria".

Will that be fulfilled?

Let me make one more point about a subject that is often prayed in aid—I would not be surprised if the Minister were receiving a quick note to that effect at this moment—namely, commercial confidentiality. We are dealing with the private sector, and there must always be commercial confidentiality. The Cabinet does not contain one person with even an ounce of commercial experience—I do not know whether the Minister has a commercial background—and, of all the Members in this House, I have done commercial. The Minister knows that; everybody knows that. It has nothing to do with commercial confidentiality. It has to do with accountability and transparency to get a fair price that considers value as much as commoditisation. I fear and suspect that the words "commercial confidentiality" are used as a Harry Potter invisibility cloak to hide Ministers' embarrassment and ineptitude at every opportunity.

Mr. Havard: I share some of the hon. Gentleman's concern. I asked the Minister direct questions about the contract and was told that it was commercially sensitive, and so I could not be told. It seems that the argument is about the price caps that have been established and the fact that a certain amount of savings are made and then the profits are capped. We cannot be told what that cap is because, apparently, it is commercially sensitive. As he rightly says, there are other aspects, too, and I do not understand why those elements cannot be made public when they do not seem to be commercially sensitive.

Mr. O'Brien: The hon. Gentleman makes a fair point. The reason why I am sure that there are no commercial confidentiality issues is that it is not commercially sensitive and confidential to expose why someone is most competitive. Above all, someone would certainly not want that to be confidential—unless they had something to hide that showed that they were not the most competitive and that the system was failing the taxpayer and the care of patients, who are the end users.

[Mr. Stephen O'Brien]

If the Minister intends to persist in describing all that the NHS supply chain is purchasing for the NHS as commodities—we have had all sorts of examples, such as syringes and toilet paper, and various things can be thought of as commodities—what is the remit for a product council? Surely the only question is price, not quality—other than a minimum assurance.

If, however, NHS supply chain is to procure unique medical supplies—perhaps the product that the hon. Gentleman mentioned from his constituency experience—is there not a role for a body akin to NICE, as was argued earlier, if not NICE itself? What do the product councils add to the cost-benefit mechanisms already available in the NHS?

The point has been made repeatedly that there are no mechanisms in NHS supply chain to consult patient groups and include their views and needs or those of the public in product councils and taskforce evaluations. Does the Minister support that, or does he regard his new appointment as a grand opportunity to have a jolly good, thorough review to ensure that we do not go down another cul-de-sac? We would thoroughly support him in that.

In December 2003 the chief medical officer announced the establishment of the rapid review panel to assess new technologies in the fight against hospital-acquired infections. In August 2004 the panel was set up, following criticism of the delay from the National Audit Office. In December 2004 the panel announced its first set of results, including a top-level recommendation 1 for Bardex IC, which was mentioned earlier. Nevertheless, despite a favourable cost-benefit analysis from a departmental economist, the product was not even listed by the NHS Purchasing and Supply Agency until September 2005. Two and a half years after the panel's recommendation 1, the net effect has been modest uptake of technology. I am putting that as generously as I can. It is patients who suffer from the delay.

Will the Minister tell us why NHS supply chain is not required to comply with the evaluative decisions of NICE, the Medicines and Healthcare products Regulatory Agency and the Centre for Evidence-based Purchasing to ensure that clinicians have access to the best equipment and medical technology and that patients are empowered to choose the treatment that benefits them most?

On savings and benchmarks, the Department of Health has given NHS supply chain a clear remit to make £1 billion of savings in NHS procurement. That is the basis on which its success will be measured, and all of us will be thinking about it. What year-on-year targets has the Department set—goodness knows, it likes targets—and what savings has DHL delivered thus far?

Is the Minister, although new to his brief, in a position to deny the widely held understanding, which I share and which makes sense to me from my commercial experience, that the Department of Health signed up to all this in a rush, just before we all came back, to avoid our being in session? The vast majority of the £1 billion that is promised over a 10-year period is projected to be saved only in the last two to three years of the contract. Who will be accountable? Will the Minister still be in position? His predecessor who made the original claim is not. If Parliament is to have genuine accountability, we need to ensure that we have benchmarks and milestones along the way. Otherwise, it will always be a promise for the future and never delivered.

Mr. Havard: Consistency across time is absolutely vital. As the hon. Gentleman says, the individuals who are making promises and are involved in the process now will be well gone, I suspect, in 10 years' time. The Ministers involved will doubtless have rotated, if no one else. Given his commercial experience—I find it interesting that, as a member of the Conservative party, he knows the difference between price and value, and I suspect that he is one of the few—how does he think the contracts should be structured, and what processes should be run to ensure consistency over time?

Mr. O'Brien: I am grateful to the hon. Gentleman, who shows that my speech must at least have a thread of logic to it. The very next words in my prepared script are to ask the Minister whether he agrees that a counterbalance that measures both value and the competitive strength of the market is needed to make savings sustainable, and whether the performance of DHL is being measured in that way. To gain something just in price does not give sustainable supply for the future, nor necessarily best value for patients.

I shall give an example from way back that we can all remember. When Freddie Laker set up his airline, my goodness it was the cheapest price, but where did he get his pilots? From among those who had been through the expense of being trained by what was then British Overseas Airways Corporation and British European Airways. They were trained at those companies' expense and then poached by Laker. It was not sustainable, because over time a business owner must fuel the business and reinvest in it. Value requires the recognition that price cannot simply mean the cheapest contribution to the margin at the time of supply; the full lifetime costs must be recognised.

Mr. Havard: Would the hon. Gentleman apply the same logic to the further privatisation of the NHS, which I understand his party might want to do if it ever got back into government?

Mr. O'Brien: At this point, the hon. Gentleman and I completely part company—he has obviously not been listening. Even if there had been any credible suggestion that there was any wish to do that on the part of anybody in the Conservative party, which I deny, the dropping and scrapping of the so-called patients passport policy, which some suggested would thix the sources of funding, should give him all the assurance that he wants that he has nothing to fear from the arrival of a Conservative Government, within, I hope, the next couple of years. The health service will be much safer in our hands, as the public polls have been telling us in the past 18 months.

I wish to mention a couple of botched procurements. It is always helpful to see what has gone wrong to ensure that one knows how to do things right. The Department's commercial directorate issued its original consultation on the revision of part IX of the drug tariff in the autumn of 2005. It covers items such as incontinence appliances that cost the NHS about £631

million a year. Various consultations are yet to report, but in the meantime, product prices are frozen and will remain so until 2008.

The procurement of new oxygen supplies in 2005-06 was another gross failure by the Government in which I got deeply involved. They failed to procure efficiently and effectively, leaving many users extremely worried about the security of their domiciliary oxygen supplies. It was only the great good will of community pharmacists like Ian Littler of the Tarvia pharmacy in my constituency, who were prepared to go out in the middle of the night to supply oxygen, despite having just been kicked in the teeth, that enabled many patients to proceed with their treatment.

The recent Association of British Healthcare Industry and Ernst and Young survey of small and medium enterprises in the medical device sector revealed that their UK sales growth was 2.2 per cent. in 2005-06, compared with export growth of 10 per cent. That has resulted in a fall in UK revenues as a percentage of total revenues from 66.9 per cent. to 65.2 per cent.—a significant fall. Of course that partly reflects the difference in health service needs between the UK and other countries, but it raises concerns about the continued appetite or ability of medical device manufacturers to continue to invest in the UK market. Losing our highly innovative SME base will damage the UK economy.

Sir Chris O'Donnell, whom I have not met, was quoted in *The Sunday Times* the day before yesterday as saying that his company's investment is now going to America, Germany and Japan

"because the NHS is a slow adopter of innovation."

It is not for the Government to interfere unduly in the health procurement market, which is an oligopsony, to use the technical term, but the NHS is by far the major buyer, rather than supplier. The Government must therefore take into account the future viability of the market. What appraisal has the Minister made of the impact on that market of NHS supply chain, as it is currently construed?

If the Government had had more respect for Parliament as they were putting together the outsourcing of NHS supply chain, the questions raised here today might have been settled before it took place. I submit that the process would have been the better for it. I believe that the Government were too embarrassed by the word "privatisation" and under too much pressure from many on their Back Benches and from the unions. They have been effective in keeping the matter away from Parliament—at times suspiciously effective—and in keeping manufacturing organisations roughly within their "big tent."

Dr. Pugh: Does the hon. Gentleman agree that this is a prime subject for a future NAO report?

Mr. O'Brien: The arguments are on the record, and I dare say that such a report will now be considered. It would be a useful and helpful addition to the debate.

Perhaps the Minister, fresh from ducking badger problems and dealing with bovine TB in my constituency, could stamp his mark on his new job by being the first Health Minister with whom I deal who is open and transparent, not defensive, and who does not hide behind the false pretence of commercial confidentiality. On 23 January just this year, Her Majesty's Treasury published "Transforming government procurement", which explicitly recognises that good procurement is not just about driving down contract costs, but about championing the need for transparent processes that encourage innovation and take account of whole-life value for money.

The major question is around the lack of balance between value and price in the NHS supply chain set-up, which, of course, must be addressed. I hope that the new Minister will do so. I also hope that he has taken many clues from what I hope he will regard as constructive criticisms in this debate and that he takes account of the fact that perhaps a Government without any commercial experience should buy some in to ensure that the interests of NHS patients are properly and truly served.

12.10 pm

The Minister of State, Department of Health (Mr. Ben Bradshaw): I thank my hon. Friend the Member for Merthyr Tydfil and Rhymney (Mr. Havard) for securing this debate and apologise to him and hon. Members in advance that they have a Minister who is so fresh in the job. Clearly, a lot has gone on in the past, and I undertake to look into it. I have discarded the speech that my officials prepared for me because my hon. Friend and the other hon. Members who contributed clearly have followed the issue closely and know much about the process that has brought us to where we are now.

I shall endeavour in a moment to respond to as many of the points and questions as it has been physically possible for my officials to give me advice on in the course of this sitting, but perhaps I could suggest a helpful way forward. Hon. Members who have not already availed themselves of the opportunity could come to the Department and get a detailed briefing from one of my officials at the appropriate level who has followed the process through from the start. If they then felt that there were still unresolved and unanswered questions, or if they still had criticisms of the process, they could come back and have a meeting with me in which I would try to address the issues.

I should like to say just one thing about the criticism that the hon. Member for Eddisbury (Mr. O'Brien) made about the parliamentary process. As he well knows, the Government do not control it. If hon. Members feel that there has been insufficient scrutiny and questioning on the subject, that is a matter of regret; but of course, the parliamentary process and the timing and selection of debates is a matter for Mr. Speaker, quite rightly. It is my understanding that there have been many debates, including several in Opposition time, on the health service in general, and they would have provided an opportunity for hon. Members on both sides of the House to scrutinise and question the decisions that were made. I should like gently to rebut his criticism.

I shall try to deal with as many of the questions that were raised as possible. As I said, I will look again at the process that has taken place, and if hon. Members remain dissatisfied after meeting with my officials to sort through the matter, I will endeavour to meet them and/or write to them and respond to their points.

The hon. Member for Eddisbury suggested that the inclusion of purchasing and supply in outsourcing was not made clear at the time of the outsourcing. My

[Mr. Ben Bradshaw]

understanding is that the original advertisement in the *Official Journal of the European Union* that invited suppliers to bid for the service clearly included purchasing and supply. What was not clear was the scale, which became clear only in the negotiations that happened subsequently.

The hon. Gentleman asked what our current estimate of the DHL market share is. I am advised by officials that the national health service spends £17 billion a year on goods and services. Initially, DHL took on £800 million of consumables listed in the old NHS Logistics Authority catalogue, plus £800 million of direct delivery contracts previously managed by the NHS Purchasing and Supply Agency, so that amounts to £1.6 billion. The intention is to grow that to £3.7 billion by the end of the 10-year period.

The hon. Gentleman also asked how much the DHL contract has saved. The estimates are £6 million so far this year. He said that it was a year after the Bardex catheter device was given a recommendation 1 by the rapid review panel that it was listed in the catalogues. My understanding is that, although the RRP gave the product a recommendation 1 for clinical evidence, it was not clear whether it was cost-effective. The new centre for evidence-based purchasing has been working with the NHS to undertake further research studies to establish the evidence. It has become clear from that episode that the industry itself is not always as good as it might be in providing good evidence to support innovative products. It is important that we are convinced by the evidence before a product gets widespread adoption by the NHS.

Mr. O'Brien: Will the Minister give way?

Mr. Bradshaw: I shall give way, but I very much doubt that I will be able to give the hon. Gentleman any more information than I already have.

Mr. O'Brien: I ask the Minister to give way because it is helpful to get some figures, and perhaps his officials will be able to pass him a note to confirm whether this is correct. As I understand it, the £6 million saving so far appears to have come from one contract, which is for the NHS antenatal foetal anomaly ultrasound screening programme. The savings relate to only one programme.

Mr. Bradshaw: I cannot give that clarification, but I undertake to write to the hon. Gentleman after this debate.

The hon. Gentleman also asked about part IX of the drug tariff. My understanding is that it has not been reviewed for more than 25 years, but a review is being undertaken with full consultation. On home oxygen, it is true that there was an underestimate of demand for it in the early days of the contract—we accept that.

My hon. Friend the Member for Merthyr Tydfil and Rhymney asked about accountability. Members of Parliament will be able to monitor performance in very much the same way that they can monitor the performance of the current service providers: the logistics division of NHS Business Service Authority, or BSA, and the NHS Purchasing and Supply Agency, or PASA. Like now, both PASA and the BSA and their divisions will be subject to an annual audit by the National Audit Office.

Senior officials in my Department sponsor the BSA and PASA. The officials report ultimately to the permanent secretary and to Ministers. Both PASA and the BSA will lay their respective reports and accounts before the House of Commons each year, and the Department of Health, BSA and PASA will continue to answer parliamentary questions. I hope that that reassures my hon. Friend somewhat. I shall reflect on his request for an ombudsman process. Unfortunately, on my second day on the job I cannot give him the assurance that he seeks—I hope he will accept that that is reasonable—but I shall certainly reflect on the issue and discuss it with my officials and ministerial colleagues.

My hon. Friend also raised questions about the accountability of DHL and the contract. The contract sets out clear key performance indicators, and the BSA will be responsible for managing the contract and reporting on the performance to my Department. Financial penalties will be charged to DHL if it falls short of the minimum service levels required, and the contract between DHL and the NHS has built-in failsafes, particularly for any action that could be deemed to be in breach of contract. A sustained breach of contract could result in the operations being brought back in-house.

I was asked by my hon. Friend and by the hon. Member for Eddisbury about the progress that is being made on setting up the product councils, and exactly how transparent the process will be. My information is that the first two councils are expected to be established in the autumn. They are intended to provide a forum through which DHL can interface with the NHS.

It is intended that such councils will be open and transparent in several ways. First, DHL will arrange contracts using public sector processes and will be subject to normal EU public procurement rules and probity. Secondly, the councils will engage key customers in the NHS to ensure that decisions are based on what the NHS needs and wants. Thirdly, it is my understanding, contrary to what was suggested during the debate—I cannot remember by whom—that the names of council members will be in the public domain.

Mr. Havard: I am grateful to the Minister for explaining that there will be accountability through the usual processes of scrutiny in the House and that no one will act outside the law. Frankly, I would not expect anything different. The latest information that I have is that the advertisement has gone out for one of the first of the product councils in relation to nursing. In the advertisement, there is no description of how the stakeholders that he mentions will be actively involved. As I explained earlier, it seems that there is an open self-nomination process, yet the advertisement states that the nurses who will be appointed through that process by the supply chain, not by anyone else,

"will represent the views and interests of the NHS by acting as a reference, resource and sounding board to the NHS supply chain".

Frankly, I do not know what that means—other than what it says on the paper as a piece of English. I fail to understand how someone who is self-nominated and has been chosen by the supply chain can represent the NHS.

Mr. Bradshaw: I will write to my hon. Friend to try to reassure him on that point. I have not seen the advertisement myself and have not had a chance to discuss the details of it with my officials, but I will do so and if he is not satisfied with the reply that he receives, I invite him to come back to me.

My hon. Friend also raised concerns about product availability.

Dr. Pugh: Can the Minister confirm what the proceedings of the product councils will be? Presumably, they will have meetings, debates and input from a variety of sources. Will there be public documents in any shape or form that we can access?

Mr. Bradshaw: I am afraid that I do not know, but I will find out and let hon. Members, including the hon. Gentleman, know.

On product availability, the contract with DHL enables the Department of Health to instruct DHL to list specific products in the catalogue and evaluated products will be made available. On range, because the catalogue will need to expand to achieve targets, more rather than fewer products will be available to the NHS. I hope that that will be of some comfort to my hon. Friend as he mentioned a company in his constituency that manufactures dressings for wound care. The question was asked whether, if a product is not listed in the supply chain catalogue, the NHS will still be able to obtain it. The answer was helpfully given by the hon. Member for Southport (Dr. Pugh): yes, people will still be able to obtain it because trusts are not mandated to use DHL and can purchase direct if they chose to do so. The second point is that it will not be in DHL's interest to limit products, as it is driven by volume and growth, so it will work with the NHS to secure what clinicians want and need.

My hon. Friend the Member for Merthyr Tydfil and Rhymney and the hon. Member for Eddisbury raised the issue of value versus price and whether there is an inherent conflict between a price-driven approach and what real value is considered to be in a health context. We accept that there have generally been problems with public sector procurement in relation to that because it tends to be price focused. That is exactly why we established the health care industry task force, where we have been working with industry to do two things. The first aim is to create a centre for evidence-based purchasing to devise a common definition of value and to assess products from a value perspective, not simply a price perspective. Secondly, we will create a new integrated procurement framework that will ensure that value, rather than price, is properly assessed in the procurement process. Part of that framework is the development of a new benefits framework that will look at broader value issues, rather than simply price.

On the relationship between the DHL and the NHS, the DHL must partner trust to deliver the contracted service. It has recognised that clinical engagement is essential to that process. The contract is only nine months old and, as I have mentioned, product councils will build on existing consultation mechanisms, such as the clinical nurse specialist group that already exists.

Mr. Stephen O'Brien: It is perfectly reasonable that we should not expect the Minister to give us definitive answers, but it is, at last, very helpful for us to put these issues in his inbox. Perhaps he would like to reflect on why there was such a rush to get the whole thing going before the product councils were established, whether that was entirely wise and whether there might have been a more useful way to ensure that the process was kicked off in the right way.

Mr. Bradshaw: I hope the hon. Gentleman will forgive me, but I have only been in this job in working terms for less then 48 hours and have not yet become an expert in what has gone on with this issue in the past two years. I have done my best to grasp the bare essentials of this subject in the last day and a half and to do all the other things that one has to do in the first day and a half in a new job. I will endeavour to come back to this issue, and I offer an invitation to him, my hon. Friend the Member for Merthyr Tydfil and Rhymney and the hon. Member for Southport to come and have an in-depth briefing in my Department. If they still have outstanding concerns, they are welcome to come back and talk to me about them.

Mr. Havard: I thank the Minister for that invitation, and I am sure that we will find a way to take it up, because this important issue will roll forward over some time and will need monitoring; it does not just relate to a single incident. He mentioned the process of how the supply chain will involve itself with the NHS, and I will remind him of something that I said that he may have missed. As I understand it, the director of procurement of the supply chain says that he will be under no obligation to take notice of the guidance and technology appraisals of the National Institute for Health and Clinical Excellence or the recommendations that come from CEP, which is the organisation that he says has been established to do that.

Mr. Bradshaw: Again, if my hon. Friend is not satisfied that his questions have been dealt with, I will have to clarify the issues that he has raised in writing, following a briefing in the Department. I apologise to hon. Members for being unable to answer all their questions. I have endeavoured to answer as many as I possibly can, but it would helpful—not least for my own knowledge of this subject—if they were to have a full briefing with officials in my Department. They are welcome to bring any further questions to me for clarification.

12.26 pm

Sitting suspended.

Public Services (Gloucestershire)

12.30 pm

Mr. Mark Harper (Forest of Dean) (Con): It is pleasure to serve under your chairmanship, Mr. Hood. Before I start, I would like to welcome the new Minister in what I believe is her first parliamentary outing. I am sure that she will do very well and, hopefully—from her point of view—follow in the path of her predecessor's meteoric rise.

The subject of my debate is the funding of public services in Gloucestershire and the comprehensive spending review. My objective is straightforward. A number of the public services in Gloucestershire, ranging through local government, health, policing, education and transport, are funded either directly or indirectly by central Government. Gloucestershire tends to appear at the bottom of funding league tables in most cases. In some cases, one would expect it to be towards the bottom, owing to the nature of the area relative to others, but in some cases one would not. I wanted the opportunity, therefore, to put my constituents' concerns on the record prior to the Government's conclusion of the comprehensive spending review in the autumn, in the hope that they will be addressed, at least in part, and that the disparities between Gloucestershire and other authorities will not get worse, even if we do not expect rapid improvement.

It is not always clear to people locally exactly what the Government spend in particular areas. If the Sustainable Communities Bill, which is currently in another place, gets through Parliament, central Government will be required to make clear how much they spend on local services in each area and, as my right hon. Friend the Leader of the Opposition said, it would

"significantly alter the balance of power in favour of local councils and local communities"

because the amount of money spent by central Government in each area would be much clearer. People would be able to see exactly how much of their tax was coming back to their local area.

Given that that Bill has not passed into law yet, it is difficult to assemble all the data. However, I shall put some figures on the record and hope that the Minister can respond. I shall deal, first, with health, which I know is a matter close to her heart; in her constituency of Burnley, she has been involved in a number of local campaigns, as I have, to save local hospitals, and busloads of her constituents have come down to Westminster to protest about cuts in local services, which indeed has happened in my constituency. As a constituency Member, as well as a member of the Government, she will know how much such matters concern local people.

Gloucestershire receives about 90 per cent. of the national average for health care funding, which, were we to receive it, would amount to an extra £66 million. Over the last few years, we have been facing cuts in services at community-hospital level—I am pleased to say that we saved the hospitals at Dilk and Lydney in my constituency—and currently are trying to fight off cuts to mental health services. In part that is down to deficits and a lack of funding that does not represent properly the health needs in my constituency and Gloucestershire more widely.

In this debate and the comprehensive spending review, I hope that the Government will address the health allocation formula, which divides health spending around the country. One of the reasons that Gloucestershire does rather poorly is that the current formula focuses more on deprivation than on rurality or the age profile of areas. However, I noticed a piece of good news in the constituency health profiles just published: given that, in the Forest of Dean, female life expectancy, as well as that for males, has risen, women now live longer there than in England as a whole. Although those two pieces of news are very welcome, they mean that the population is ageing, and older people use more health care than younger people. The overall prevalence of disease in my constituency and Gloucestershire will rise with that higher age profile, which will push up the cost of health care. The current formula does not represent that adequately, which will give us a problem in the future.

On policing, again, the bulk of funding for our local force, the Gloucestershire constabulary, comes from central Government. This year, the Government grant will give our police force the equivalent of £97 per head of population, whereas across the country, that figure is £122. That difference would equate to an extra £14 million for our county's police. Even if we exclude the large metropolitan forces from that equation, we are still being underfunded to the tune of about £7 million, which means in Gloucestershire that the police authority has had to put up the council tax precept rather higher than the rate of inflation.

Most members of the public in my constituency will remember that, a few years ago, in 2003-04, there was a 51 per cent. rise in the police precept in order to create a large number of detective posts and firearms officers for the level 2 policing that the Government talked about in their review of the attempted mergers of police authorities. That was tackled locally in Gloucestershire. However, that huge increase was driven largely by the lack of funding from the centre. Dr. Timothy Brain, our chief constable, who is also the finance spokesman for the Association of Chief Police Officers, has been warning, both nationally and locally, that there will be a squeeze on the number of police officers in the coming years as costs rise ahead of Government grants. That will be a particular problem in Gloucestershire because of our relative lack of funding compared with other parts of the country.

The Conservative county council that gained control in 2005 promised broadly in its manifesto an extra police officer in each electoral division, which is being paid for by the council tax part of the overall council tax, rather than by the police precept. There are now a significant number of officers. In fact, all the increases in the number of police officers since 1997 have been funded, not by central Government, but either by the county council or the local precepts. We have more police officers, but the credit needs to go to the police authorities and local taxpayers, rather than central Government.

I shall move on to education. It is extremely well known, in Gloucestershire and elsewhere, that our county is in the F40 group of education authorities, which are the worst funded in the country—Gloucestershire is the 11th worst funded. Our children get about £315 less per head than the national average, which equates to £25 million over the year, or about £750,000 for a large secondary school. Clearly, governing bodies and head

teachers in those schools would see the tremendous difference that they could make, if that funding were applied more evenly.

On transport, there is a small specific issue, of which I gave the Minister prior notice, concerning the changes to taxi licensing in the Road Safety Act 2006, which will lead to higher costs for the county council in providing public transport. In Gloucestershire, there is a great deal of use of private hire vehicles on long-term contracts to transport children to school, particularly those with special educational needs. Drivers working on those long-term contracts used to be exempt from the licensing regime, but that is no longer the case. That will drop a cost straight on to the council that will not be covered by central Government funding. Again, that is just another example of how financial pressures hit constituents in my area and the county as a whole.

It would also be helpful if the Minister could address the amount that local government is expected to get. For example, this year, Gloucestershire received an increase in its grant of only 2.7 per cent. when inflation was running at 4.2 per cent. The county council's allocation from central Government is £163 per head, compared with the national average of £170—a difference of £4 million. If the county council got the national average grant, no rise in council tax would have been needed this year, which would have been very welcome, particularly for pensioners and hard-pressed families who find the council tax a real burden.

The Government's changes to supported borrowing have hit the county council's funding as well. As the Minister will know, supported borrowing is a method whereby councils can borrow money to build and refurbish schools and to repair and develop roads, for example. The Government used to give the council a grant to cover the interest and repayment charges, and the charges therefore did not hit council tax payers. That grant has now been cut on future borrowing, meaning that councils will have to spend less capital, or they can continue borrowing the money but will have to meet the full cost of the interest payments, which will push up council tax, hitting local council tax payers. That is of particular concern to those in the community who have the most difficulty in paying the council tax.

Despite all those financial pressures, the county council in Gloucestershire should be praised for its efforts in keeping the council tax down. That was the top priority in its 2005 manifesto and it kept the increase down to 3.4 per cent., which was excellent news for those on low incomes and pensioners, but it required a huge focus on efficiency savings, which are obviously easier to achieve in the initial stages and cannot be carried on for ever.

It is worth noting that in the current year the Government have cut the funding for flood protection in the midlands. For the purposes of flood protection, my constituency is in the midlands, although it is in the south-west for all other purposes. Given the events of the past few weeks and the fact that my area and areas like it are very vulnerable to flooding, I hope that when the Treasury is examining flood protection in the future, it will ensure that those short-term cuts—frankly, they are short-sighted cuts—do not take place again.

I touched on rurality—rural areas and the cost of delivering public services in those areas. Few of the funding formulas that are used to dish money out across the country take adequate account of that. Delivering services in a rural area is more expensive due to the costs of transport, a dispersed population and the time, and number of people, needed to deliver the services. That is not reflected adequately in those formulas, particularly for health. It is worth noting that the formulas used by certain devolved nations in the United Kingdom for distributing that money take more account of rurality and the difficulties of delivering services in rural areas than the formulas do in England. Perhaps the UK Government could, on devolved matters such as health and education, more adequately recognise that.

Something that, to be fair, the Conservatives did to some extent when we were in government, but which the present Government have become past masters at, is loading extra responsibilities and costs on to local government and not adequately meeting those through central funding. The admittedly small example of taxi funding was an example nevertheless of a change in legislation leading to a direct cost on local government with no change in local government grant.

I hope that in the comprehensive spending review the Minister will note the points that I have laid out and that action will be taken on some of the formulas that allocate funding across the whole range of public services. One does not realistically expect them all to be changed hugely overnight, but it would be helpful if the Government said what work they were doing on them, explained the extent to which the rurality of an area—the difficulty of delivering public services in rural areas—will be taken into account, and assured us that all the factors that drive cost, such as the age profile of the population, will be better taken into account in the future. If the Minister does that, the people of Gloucestershire and the Forest of Dean will have much more confidence when the Government finally announce their public spending proposals for the next three years when they publish the comprehensive spending review in the autumn.

12.43 pm

The Economic Secretary to the Treasury (Kitty Ussher): It is an honour to make my Commons ministerial debut under your chairmanship, Mr. Hood.

I congratulate the hon. Member for Forest of Dean (Mr. Harper) on securing the debate and representing so eloquently the views of many of his constituents and, indeed, the wider interests of the local authority. He raised some interesting issues, not all of which, I am delighted to say, are my ministerial responsibility, but the manner in which he raised them has shone a spotlight on the need for the Government to think in a cross-cutting, cross-departmental way when considering such issues. I am grateful to him for that and for the constructive way in which he approached the debate, which has allowed my officials time to provide some answers that I hope his constituents will find useful. I should like to make a couple of observations as a general response to the points that he raised. I shall then deal with the specific points, and if I have any time remaining, I shall perhaps make some observations about how this debate fits into the comprehensive spending review.

The hon. Gentleman was right to say that many of the issues are perhaps best discussed in the debate taking place on the Sustainable Communities Bill, which is going through Parliament. One of its provisions would place a duty on the Secretary of State to provide a local spending report, which would consider the net

[Kitty Ussher]

effect on a certain geographical area of the various spending decisions that are taking place. That may not lead to a change in those decisions, but it will shine a spotlight on whether there are any anomalies that local communities may want to lobby about or may consider unfair. The hon. Gentleman raised a valid point, and it is interesting to consider the effect of a number of different decisions on a particular geographical area.

A number of points that the hon. Gentleman rightly raised will be considered as part of the routine negotiations that take place between every local authority and the Department for Communities and Local Government in relation to the always intense and strongly argued representations that are made as each annual funding process is gone through. Like every other MP, in acting as a constituency MP I have made strong representations. It almost seems to me that we get into more trouble if we do not. MPs who do not make representations may be subject to a cut, as opposed to those who do make representations being subject to something favourable. The hon. Gentleman is right to raise these issues, but they will be considered as part of that routine process.

As part of the CSR, my Department and other Departments in Whitehall are engaged in more blue-sky, root-and-branch consideration of the demands that currently apply to local authorities due to pressures that have arisen from elsewhere, and the implications for local government finance of the way in which Government policy has evolved elsewhere. I am thinking, for example, of the new obligations that we are taking on in respect of waste. The Government are considering that and I urge the hon. Gentleman's council and others to make their views known strongly as part of that process, because our intention is certainly to listen.

It may be helpful if I outline the basis for determining the level of local government grants. Perhaps the difference between us is that the hon. Gentleman emphasised, rightly, the level of funding in terms of input—I disagree with some of his numbers—but the process that the Government go through involves considering the effect of that spending. The amount allocated to Gloucestershire is not determined arbitrarily; the amounts are determined through a clear and rational process based on the needs of each local authority. I shall not bore the House by explaining the funding formula in all its detail, not least because, thankfully, it is not my responsibility. If there were a great clamour, I could try, but I am not sure that there is. However, it is important to realise that it takes account of a large number of characteristics of each authority, including demand for key service areas, such as adult social services and children's services. That is calculated on the basis of the area's population: the number of people employed and unemployed, the number of children and so on.

After establishing demand, the formula considers the capacity of a local authority to generate revenue from council tax, before determining a total allocation for each authority. The allocation is then subject to damping, which I am sure Gloucestershire is feeling a little sensitive about, as it is a process that is right for the country as a whole, but there are winners and losers each year, because it guarantees all local authorities a minimum increase in grant—known as the floor—by scaling back the allocation of authorities above the floor. The advantage of that system is that all authorities, including Gloucestershire, know that if factors external to them or beyond their control mean that in one year the formula means that the allocation is below the floor, they can rest assured that that will not suddenly result in an enormous drop in funding. I hope that the hon. Gentleman will recognise that this is a well-established system, which is necessary to ensure stability in local government finance settlements and avoid large fluctuations that make it even harder for local authorities to plan effectively.

The hon. Gentleman also mentioned supported borrowing, which I am told is the local government finance term for a central Government promise to make available a revenue stream to finance borrowing from capital. Like the damping system, supported borrowing is clearly established, and there are regular discussions on it between central Government and local authorities, which gives those with concerns the chance to have their say. We understand that the interaction between damping and supported borrowing can lead to difficulties in some cases, but such difficulties tend to be short term, and the system is fair when considered over a longer period. As I said, we would support both procedures as part of an overall policy. If we moved away from supported borrowing—some local authorities are asking for direct cash payments—responsibility for debt finance would effectively pass to central Government. That cannot be done in a completely cost-neutral way, and central Government would have to remove revenue from the local government finance system. There is, therefore, no win-win option out there for local authorities.

Another specific issue raised by the hon. Gentleman was taxi licensing. At present, private hire vehicles—vehicles with fewer than nine passenger seats that are made available for hire with a driver—are exempt from the need to be licensed if they are involved in long-term contracts. As a result, unlicensed operators can be involved in contracts without having gone through criminal record and other checks, which is of particular concern given that they may be involved in transporting vulnerable people and children, as the hon. Gentleman mentioned. For public safety reasons, therefore, the Road Safety Act 2006 will repeal that exemption, and we intend that to apply from January 2008. That will level the playing field between licensed and unlicensed operators and save those engaging private hire vehicles from having to make checks themselves.

We recognise, of course, that that will mean extra costs, and that is exactly the type of issue that local authorities should routinely raise with the Department for Communities and Local Government in their annual budget negotiations. Our estimate is that the national cost will be about £1 million, although the hon. Gentleman implied that the cost for Gloucestershire county council would be quite substantial. Perhaps we can bottom that out outside this place, but the effect on Gloucestershire does not seem to be enormous, although he may correct us if we are wrong on that. Like all legislative changes with such an impact, however, the present policy has been carefully considered through the various processes and by means of the regulatory impact assessment. The public safety concerns outweigh the national cost, which will be spread over a number of operators, and I am sure that hon. Members will agree that we need to take measures to ensure the safety of vulnerable and young people.

Mr. Harper: The Minister is outlining very clearly the need for the change introduced by the Act, and I did not suggest that it was not necessary. My point was that local authorities transport children in different ways—in rural areas, the reliance on taxi provision is much higher than in other areas—and that the differential financial impact of the change should therefore be recognised so that the cost does not fall disproportionately on Gloucestershire. I was not suggesting that we should not take the necessary measures; I was thinking of the measure's financial effect, rather than its rightness.

Kitty Ussher: I am grateful for that clarification, and I urge the hon. Gentleman and his local authority to make that point clearly to the appropriate Department.

To return to the overall level of Gloucestershire's funding, the grant allocation that each local authority receives is the outcome of a clear process, which is based on an area's needs and population and on the need to ensure funding stability for local authorities. Gloucestershire receives £164 per head in grant, which our analysis says is exactly the average for shire counties with fire responsibilities. We should also remember that, despite damping, Gloucestershire still received a 3.8 per cent. increase in last year's grant settlement. The hon. Gentleman mentioned a figure of 2.3 per cent., but that was the allocation for 2006-07; the allocation for 2007-08 is 3.8 per cent. Gloucestershire's allocation is therefore going up, and the county has received above-average rises for three of the past four years. Given that four-year evidence base, I would perhaps gently question the concept that Gloucestershire is being completely unfairly treated.

The hon. Gentleman also said that Gloucestershire receives a below-average grant generally, compared with the national situation. He is right to argue his case, but he is perhaps not comparing like with like, given the average for similar areas—other shire counties with fire responsibilities. Gloucestershire is apparently just a little £3 per head above the average. We must make sure that we are in the same ball park when discussing these figures.

When talking about funding, we should also remember that Gloucestershire, like the rest of the country, has benefited from substantial investment over the past 10 years. When we launched our first CSR ten years ago, Britain needed modernising—as we all know, it suffered from a historic backlog of under-investment—and standards in public services were well short of what people rightly expected. In the past 10 years, we have successfully addressed that historic backlog, and I am delighted to say that Gloucestershire, like the rest of the country, has seen improvements.

On education, there are 610 more teachers in the county than in 1998, average funding per pupil is up by more than £1,000 in real terms and more than £250 million of capital investment has been allocated to Gloucestershire local education authority since 1998-99. We have talked about the difference between inputs and outputs, and that investment has led to improved results, which is the most important thing. Some 83 per cent. of 11-year-olds now achieve the required standard in English, while 80 per cent. achieve the required standard in maths, compared with 68 per cent and 60 per cent. respectively 10 years ago. That is a direct result of the improvement in public investment.

The hon. Gentleman started by mentioning health, and I congratulate him on saving his own hospital—ours has been saved, although perhaps not as much as one would have initially liked. I was delighted that he said that female life expectancy, in particular, is much increased. That rather makes the point that allocation is made according to need and outcome, although that is in no way to say that Gloucestershire is not deserving. In fact, I am told that Gloucestershire Royal hospital is, as he will know, in the early stages of a £32 million redevelopment, with a new accident and emergency department—Burnley will be jealous—diagnostic and treatment centres, a children's centre, a coronary care unit and an extended X-ray department. The services that are available will therefore be improved, and I hope that the life expectancy of males and females will rise even faster.

We have also seen investment in transport. The final section of the Gloucester south-west bypass was opened to traffic in May and a new bus and train interchange and parkway scheme is under consideration for Elmbridge Court. I hope that the hon. Gentleman will join hon. Members on both sides of the House in celebrating that.

The hon. Gentleman also mentioned crime. There are now 203 more police officers in Gloucestershire than in 1997, but the important thing is the output: domestic burglary has fallen by more than 28 per cent., robberies have fallen by almost 13 per cent. and theft of and from vehicles has fallen by more than 47 per cent. It is always boring when a politician comes out with statistics, but they make the point that public services are improving as a result of our sustained investment.

The hon. Gentleman mentioned that the increased police numbers are funded from the precept rather than central Government funding, but I understand—thankfully, this is not my direct area of responsibility—that the issue is subject to negotiation between central Government and local police authorities. It is not as if people have gone off on their own and done something; as far as I understand, what has happened has been done by agreement. If that is wrong, however, we will let him know later.

I am extremely grateful to the hon. Gentleman for raising the issue of the level of funding in Gloucestershire, and he is right to do so. We will reflect on the issues that he has raised, but I hope that he will agree that Gloucestershire, like the rest of Britain, has benefited from the increases that have taken place in public spending. Indeed, the grant continues to increase, and I hope that his constituents will be glad of that.

I have one minute remaining and I want to come back to Treasury core areas. Notwithstanding previous improvements, we are not the slightest bit complacent about the need to invest in public services. The end of the current comprehensive spending review process is in sight, and there will be no slowdown in the rate of public service improvements over the CSR period. I hope that that will be of some reassurance not only to the hon. Gentleman's constituents, but to people in other constituencies.

Let me finish by congratulating the hon. Gentleman on raising issues of such importance and by reaffirming my delight at being able to respond to them under your chairmanship, Mr. Hood.

Safer Hastings (Crime Reduction Partnership)

1 pm

Michael Jabez Foster (Hastings and Rye) (Lab): I am grateful for the opportunity today to debate the excellence of the Safer Hastings partnership, but also, unfortunately, to raise a concern about a recent decision to reduce the funding for the partnership in-year. The Safer Hastings partnership is the local crime reduction partnership serving the borough of Hastings and St. Leonards, and, in common with other CRPs, it has achieved the Government's objectives on reducing crime and, importantly, the perception of crime. All that good work has been possible because of the Government's wisdom, in 1998, in deciding to fund crime reduction partnerships.

David Lepper (Brighton, Pavilion) (Lab/Co-op): Does my hon. Friend agree with me that it is not only in Hastings where there have been advances in combating crime, but that across Sussex generally there has, for instance, been a 55 per cent. drop in the number of burglaries since 1997? In Brighton and Hove, part of which I represent, we now have the sixth lowest burglary rate in the country. Does the hon. Gentleman agree, however, that consistent rates of funding to help that work to continue to combat crime are important, not only in Hastings but across East Sussex and West Sussex?

Michael Jabez Foster: Indeed, my hon. Friend is right. Government investment has meant falling crime rates not just in Hastings but across the nation. However, there is another problem in many places, and that is the rising perception of crime. I know that that perception is not increasing in Brighton and Hastings. Why should that be so? The crime reduction programme, combined with communication initiatives, has meant that the percentage of people who now feel safe walking alone in their neighbourhood, certainly in my area, has gone up to 55 per cent., even at night, and 92 per cent. in the day. The percentage of people who feel safe in the town centre when they are alone at night has gone up to 31 per cent.—an increase of 13 per cent. The equivalent daytime figure has jumped to 95 per cent. That is an excellent record. Indeed, under the community strategy put in place by Hastings borough council, which is set to run until 2013, a target was set that 50 per cent. of people should feel safe at night alone in their neighbourhoods by 2008-09. Already—two years ahead of schedule—the figure is 55 per cent. The importance of a perceived fall in crime rates cannot be underestimated, economically or socially. When people have confidence in the safety of their environment, they are more willing to engage in their communities, and they can go about their daily lives with a more positive attitude.

Perhaps I can explain a little more about how the success that I have described has been achieved. Several streams of funding were provided by Government, and gratefully received. It has been a massive investment. However, an essential stream has been the one known as the safer and stronger communities fund. It relates in particular to the building of safer communities and the combating of antisocial behaviour, and to drug support partnerships. Those are key components in the fight against crime and the perception of crime, and that is why I am concerned today at the Government decision not just to impose a reduction on the budget, but to impose a reduction in-year, after the budget was fixed.

Dr. Phyllis Starkey (Milton Keynes, South-West) (Lab): The problem that my hon. Friend is speaking about has, of course, been imposed across the whole south-east. Funding to my own crime and safety partnership has been cut by £42,000. Does he agree that, apart from the effect of the cut itself, there is an impact from the fact that it has been imposed in-year, with no notice from the Government office for the south-east?

Michael Jabez Foster: My hon. Friend is right. It is that which causes me to raise the concern today. Not only were cuts made; hon. Members were not involved in the process, or even told what was going to happen. They learned only after the event. That is what has been so damaging—it is not just that the amount of cash has been reduced, but that there has been an effect on the well-being of the partnership, and its confidence about what can happen, particularly given the Government's proud record of giving forward funding in all sorts of other areas.

Examples of what has been done with the funding include the restorative justice scheme for teenagers, which introduces first-time offenders to their victims and takes them on prison visits, highlighting the consequences of their continued actions. Reoffending among those participants has gone down, according to some checks that have been made in my area, to 5 per cent. That is an amazing success story. Another example is the LIFE project, in which fire and rescue personnel, over a five-day course, train offending youngsters in fire-fighting skills, and challenge the reasons for antisocial behaviour. That has proved highly effective in instilling a new sense of personal values.

An aspect of the Safer Hastings partnership's work on the perception of crime has been its innovative approach in providing a network of 11 community televisions in public places across the town, such as McDonald's, Tesco and doctors' surgeries—you cannot get away from it—telling residents that life is much better than they might have thought. That innovative approach has been credited with the achievement of a 20 per cent. increase in the number of people who believe that crime is falling. Of course, that figure should be 100 per cent., because crime is falling, but an increase of 20 per cent. is pretty good.

The community television scheme that I mentioned was showcased in the House of Commons exhibition earlier in the year, when my noble Friend Baroness Scotland, who was at the time a Home Office Minister, and is now the Attorney-General, referred to the scheme as an exemplar, and one that she would want to spread wider. It has been so effective that not only has it achieved ministerial approval: Roger Fisher, the former head of the Home Office fear of crime team said that the Home Office currently views community partnership television as an example of best practice as a method of communicating with the public.

The plaudits for the Safer Hastings partnership and other crime reduction partnerships go on and on. They are a real success story. For example, the Government

Office for the south-east communications conference awarded the SHP the award for best new media initiative, as part of the community partnership television scheme. Just recently the partnership achieved international acclaim as a result of its varied programmes, funded by the Government's safer communities fund. Hastings has now been recognised by the Italian Association of Language Consultants as one of the best destinations for foreign students. In fact, later this year, in this very place, the managers of the SHP, David Furness and Mike Fagan, will receive an award from the Italian authorities recognising their success in achieving a safe town. To conclude the list of awards, the SHP has been shortlisted for the Tilley Award, which is a prestigious Home Office award for the most intelligent, courageous and effective approaches to the relevant problems.

The reason I have told the House all this is because I want hon. Members to appreciate that the Safer Hastings partnership, and the crime reduction partnerships in my hon. Friends' constituencies, have been a huge success in helping to achieve the twin objectives of the Government—the right objectives of reducing crime and reducing the perception of crime, which is so debilitating. It is in that context that I am bewildered and puzzled to learn of a cut in funding for the current year, 2007-08. It is not a matter of future plans, but of the here and now—something that happened after the budgets had been fixed. Funding reviews will always need to reassess priorities, but in this case, without any consultation or warning, the funding has been cut after the financial year has begun. I also regret that, as I have mentioned already, Members of Parliament whose constituencies were affected by the cuts were not informed of the decision by the Department. It all came out by rumour; in my case an outraged police inspector called me on the telephone to say, "What is this all about?" Sadly, at the time, I was unable to tell him.

In East Sussex the building safer community's budget has now been cut by £102,000, or 14 per cent., and the Safer Hastings partnership takes its share of that. Having spoken with SHP officials I understand that that means that this year there will be cuts to initiatives targeted at reducing hate crime, domestic abuse and street crime. That is dreadful. Public reassurance initiatives will also suffer, and that could have a hugely detrimental impact on public confidence in our crime reduction programmes.

I am told that the reason for the changes is that the Home Office needs extra money for prisons and the prevention of terrorism. Obviously, those are both important programmes, especially in light of recent events, but there will always be competing demands, and it is short-sighted to address in that way issues that are priorities for people, namely street crime, local crime and local confidence that they are being dealt with. To do so means simply that many of our objectives, such as not having overcrowded prisons, will be lost if we do not also reduce the crime that leads to people being put in prison.

There might even be a legal impediment to such late notification—I would welcome the Minister's comments on that—because the deal was done and the grant was agreed, but then withdrawn. I suspect that that is something for local authorities to consider, but the purpose of this debate is to ask the Home Office to reconsider. The decision was clearly made under the old regime, and I invite my hon. Friend to return to his colleagues, including the new Home Secretary, and ask whether it can be reconsidered. These are relatively small sums of money in the great scheme of things, but the cuts will have an effect on local crime reduction partnerships, both on the programmes that cannot be continued and on the morale of people who will be removed from their posts part-way through the year, after contracts have been entered into.

The Government have made it clear, in their dealings with local authorities, that they will not simply say what next year's budget will be, but will try to give three-year funding projections. They are the first Government who have ever been prepared to do that, and that decision is to be applauded. In contrast, this in-year cut is contrary to all that the Government say is their intention and to what they are doing in all other respects.

I have corresponded with the Treasury team about this matter, and have here a letter dated 3 May from the then Chief Secretary to the Treasury—now the Minister of State, Department for Business, Enterprise and Regulatory Reform—telling me that the budget for the Home Office between 2005-06 and 2007-08 provided £2.1 billion of extra resources, which is equivalent to an average real-terms growth of 2.7 per cent. for the period, so extra money has been provided. He also said in the letter that the Government's priority is to have a "safe and secure society", and stated:

> "By the end of the current financial year Home Office spending will have risen by 75 per cent. in real terms since 1997",

which is to be applauded.

The Home Office has had reasonable settlements. Of course, it has enormous obligations, but it has the cash to avoid this lurching of cuts part-way through the year. I therefore ask that the in-year cuts be restored and that should changes be necessary in future, we do not adopt the across-the-board approach, but consider what works best. Clearly, the Safer Hastings partnership works well—I have given examples of its success—as do the schemes in Milton Keynes and Brighton, but schemes in other areas might work less well. Perhaps some objective assessment should be made as to where, if anywhere, reductions should be made.

If reductions are made in the constituencies that have been mentioned today, services will be affected. The Minister might say that funding could be filled from other sources or could be dealt with differently, but that is not possible because it is ring fenced, so a reduction in the funding for particular projects means a reduction in those programmes. I regret that it has been necessary to raise this issue, and I am grateful for the opportunity to do so. I hope that the Minister will reassure my colleagues and me that he will reconsider.

1.13 pm

The Minister for Security, Counter Terrorism and Police (Mr. Tony McNulty): I congratulate my hon. Friend the Member for Hastings and Rye (Michael Jabez Foster) on securing the debate. He spoke with passion about all that has gone on in Hastings with policing, community safety and Home Office matters, and about developments throughout the public sector to do with the Safer Hastings partnership. I do not doubt that the partnership has, as he described, had a significant impact on improving the quality of people's lives in Hastings and St. Leonards.

[Mr. Tony McNulty]

Let me give the detail of the main Home Office funding for the partnership's work, although that funding is not paid directly to the partnership by the Department. Key elements for 2007-08 are the safer and stronger communities fund, the drug interventions programme grant and the basic command unit fund. The SSCF is a pooled budget comprising funding from the Home Office and the Department for Communities and Local Government, which is paid to upper-tier local authorities under the local area agreement process.

My hon. Friend will know that, for this year at least, the SSCF for East Sussex is £2,301,332 in revenue and £702,451 in capital, compared with £1.69 million in revenue and £190,000 in capital last year. That is an advertent point, which he did not seek to make, but the overall SSCF has not been cut; its pooled budget has grown. I shall come to his specific point about the Home Office, but people should not run away with the notion that the overall SSCF, and all that it does with such success throughout East Sussex, including Hastings, has been cut in the way that he described, because it has not.

Given the pressures that my hon. Friend described, which I understand are not priorities from his perspective, tough choices had to be made across the Home Office, both before and after its split from the Ministry of Justice, to enable us to live within our budgets and to meet our public protection obligations. As a result, the Home Office contribution to the SSCF is less than it was in the indicative figures that were offered in December, but that does not mean that we are any less committed to local delivery through LAAs—local area agreements—and partnerships, or to having a localised, neighbourhood focus on all that we do in policing and community safety. He will know that the overall pot for neighbourhood policing in England and Wales has increased by 41 per cent. this year, and he will be as committed as I am to ensuring that neighbourhood policing, in all its forms, works alongside crime and disorder reduction partnerships and other partnerships to bed in the success that he discussed.

The East Sussex upper-tier authority, in which Hastings sits, received over £3 million from the SSCF for 2007-08. Under its LAA, East Sussex and its partners enjoy greater freedom and flexibility to decide how best to use the SSCF grant to deliver an agreed range of outcomes. The intention is clearly that local areas should be able to prioritise pooled resources as they see fit to meet the needs of local communities. That flexibility is at the core of the new relationship between central and local government and is the basis of the LAA development that we want to see, not least in holding local police forces accountable more readily, particularly at BCU level.

Michael Jabez Foster: I acknowledge that local authority systems should determine priorities locally, but perhaps I did not make my point very well. How can a local authority do that if it has fixed its budget and made its decisions for this year, and then a reduction is made after that budget has been agreed and determined?

Mr. McNulty: In the strictest sense, it was not agreed. It was not until mid-May or June that Home Office contributions to LAA budgets were confirmed. That was quite wrong, and I assure my hon. Friend that that cannot and should not happen again. Previously, from December onwards, any figure about the Home Office contribution to LAAs was indicative, so the notion that the deal was done by December simply is not accurate. I understand why my hon. Friend is frustrated, and I accept, as I had to on a range of other issues last year, that it is not appropriate to wait until after the start of a financial year to wait for confirmation of decisions or subsequent reductions before making such decisions. I shall do all that I can to ensure that that does not happen again.

My hon. Friend will also know that Hastings is within the East Sussex BCU, which received £190,000 from the Home Office for 2007-08, as it has for the past four years. In any partnership, partners bring some of their own funding and resources to the table, and funding streams feed into the Safer Hastings partnership to meet local priorities. I was pleased to hear, for example, that it is being awarded funding from the neighbourhood renewal fund to progress its already considerable efforts in tackling town centre violence and disorder. If my hon. Friend could tell me how he unlocks NRF money, I would be enormously grateful, because my constituency has not received a penny from it in the past 10 years, despite containing significant pockets of deprivation.

The overall allocations of the SSCF grant were given to upper-tier areas, including East Sussex, and, given the nature of the pooled pot for LAAs, that allowed areas at that stage to plan their spend. I agree with the core element of my hon. Friend's point: it is unfortunate that the detail of the Home Office element of SSCF allocations came later than usual. I fully understand that that may have caused some local planning difficulties, and the Home Office is committed to ensuring that it is not repeated in future years. The reasons for the delay were complex, but we will learn from this experience.

Collectively, £10 million accrued to the Home Office in terms of its contribution. Rather like the £27,000 lost in Hastings, that could, in the scheme of things, be conceived as being rather small beer in the Home Office's budget of billions. I take with a gentle pinch of salt the letter that my hon. Friend received from the Treasury saying how wonderfully generous it has been and that everything is fine because it gave 2.7 per cent. None the less, I appreciate and would not deprecate the notion that £27,000 is huge in terms of Hastings's funding. The loss of such a sum would have a potentially significant impact if forewarned and planned for; it would have even more impact if not planned for.

In the scheme of things, £10 million does not help matters much in the Home Office's budget, but I have had to take £10 million from one place, £20 million from another and £10 million from another to get funding for the key priorities at the time— prisons and the counter-terrorism budget—and we in Government must take such decisions.

I also take my hon. Friend's point about the notion of using needs-based assessment, rather than universality, if these things are reduced in future. It is no comfort to him, or to my hon. Friends the Members for Milton Keynes, South-West (Dr. Starkey) and for Brighton, Pavilion (David Lepper), that they have all been hit by 14 per cent. cuts. The fact that they share the pain does not make it all okay.

My hon. Friend the Member for Hastings and Rye made the fair point that, if we were to recalibrate and lessen the moneys—I have no intention of doing this—that the Home Office puts into the LAA and SSCF pots as a matter of policy, it should be done more readily on either a success and performance-reward basis or a needs basis. I am entirely sympathetic to the challenges that the funding reduction causes and to the point that the Home Office elements were determined late and should have been done more readily—hopefully prior to the start of the financial year—so that people could have gone about their business.

Hon. Members would expect this, but I should say that we would still expect areas to meet their agreed target on reducing crime and disorder and the harm caused by drugs. I hope for the continuation of the substantive success that has occurred across East Sussex broadly and certainly in Hastings, as my hon. Friend outlined.

It is easy to talk about tough choices, appropriate priorities and targeting resources where they can have the most impact as things flatten out, rather than be reduced more generally, in terms of the Home Office. I am afraid that I cannot give my hon. Friend any satisfaction on restoring those elements that were reduced this year. However, I assure him that whatever the news, good or bad, for SSCF, LAAs, the BCU and all the key Home Office funding elements, it is incumbent on the Home Office to ensure that people know sooner rather than later what budgetary elements are coming from it. Such an approach would allow them to plan accordingly and to sustain—this is true in the case of Hastings—the good works that have been done through the partnership.

I applaud not only the commitment, but the innovations, substance and evidence of results of the Safer Hastings partnership. Although I might deprecate and decry the manner of the process, largely because I was involved in it, given that I know what the £10 million is being spent on elsewhere in the Home Office, I would defend the fact that cuts were made. My hon. Friend's anger and frustration at it being mid-May or June—well after the start of the financial year—before the funding was finally announced is entirely fair.

I applaud what is happening in Hastings. East Sussex is wedded to the neighbourhood policing model that I see very much as the other part of the equation in terms of what people are achieving in partnerships such as Safer Hastings. I wish my hon. Friend and his colleagues in the partnership well in continuing the process, albeit, however temporarily, handicapped by the late confirmation of Home Office funding, for which I apologise. I shall seek to ensure, through him and my other colleagues, that that will not happen again. I therefore hope that we can maintain the good news and good success in crime and community safety, rather than discussing the unfortunate oversight of presenting the funding after the financial year has started.

1.25 pm

Sitting suspended.

Dental Services (Sutton and Merton)

1.30 pm

Tom Brake (Carshalton and Wallington) (LD): I welcome the Minister to her new post. I am pleased to have been able to secure this debate. I am sure that it will be non-confrontational, so I hope that it will be a gentle easing into the process for her.

I welcome the opportunity for this debate. I highlighted my reason for seeking it in health questions last week, when I mentioned the responses I had received to a health survey in my constituency that is almost complete. We sent out 70,000 survey forms, one to every elector in the constituency, and so far we have received about 7,000 back, quite a representative sample of residents. A certain amount of self-selection may have gone on in the response—perhaps it is true that people who are happy generally tend not to respond to surveys, whereas those who are unhappy do—but 7,000 residents is still a significant proportion of my constituency.

The biggest issue that leapt out of the health survey responses was access to NHS dentists. No fewer than 71 per cent. of those who responded said that they had had problems registering with a dentist. That prompted me to launch a campaign called, snappily, "Desperate for Dentists". I secured a skeleton—it was loaned by local Carshalton college—and arm-twisted my dentist into allowing us to set the skeleton in her chair to illustrate how long people were having to wait for access to an NHS dentist, although fortunately it is not normally quite as long as that.

The campaign addressed securing free check-ups, ensuring a contract renewal process engaging both patients and professionals properly so that contracts are drawn up with full co-operation by both parties, placing greater emphasis on preventive treatment and establishing individual dental plans tailored to patients' needs. I understand that the National Institute for Health and Clinical Excellence supports the latter idea, as different patients might require more or less dental treatment. Some people whose teeth are in stable condition might not need a check-up every year, but some people clearly need much more frequent check-ups and different treatment.

I suppose that I should not have been surprised at the amount of concern expressed about access to NHS dentists. We know that the national picture is that a significant percentage of dentists are not taking NHS patients. Indeed, within three months of the introduction of the new contract, 1,500 dentists had opted out of the NHS, representing 8 per cent. of NHS dentists. That is a worrying position.

Although 28 million patients seen by NHS dentists in 24 months, according to national statistics, is a large figure, that figure had not changed since the previous period. Despite the new contract and the expectation that it would lead to more people being seen, in practice there has been relatively little movement during the 12 months between 31 March 2006 and 31 March 2007.

London also has issues, particularly for children. Only 65.3 per cent. of London children were seen in the past 24 months, compared with nearly three quarters of children in the south west strategic health authority. There are regional discrepancies. Unfortunately for my constituents, the local discrepancy within the London region points to particular issues in Sutton and Merton.

[Tom Brake]

Let us compare what has happened in London with what has happened in Sutton and Merton primary care trust. In London as a whole, the number of patients seen from 30 June 2006 to 31 March 2007 dropped from 51.7 per cent. to 51.2 per cent. That is a relatively small percentage, although a large number of people were affected, but in Sutton and Merton the number has dropped much more substantially, from 52 per cent. to 49.7 per cent., at a time when the average across England as a whole has not changed for the past four quarters. The same percentage of patients have been seen throughout those periods, whereas in London the number is beginning to drop and in Sutton and Merton it is dropping more substantially.

On the face of it, that is hard to understand. The number of dentists per 100,000 people is quite good in Sutton and Merton—it has 53, compared with 42 in other parts of England. Still, a smaller percentage of the population in Sutton and Merton are seen by dentists—only 45 per cent., compared with 51.5 per cent. in England as a whole. Clearly, there are local issues, highlighted by my survey and borne out by publicly available statistics.

I sought the view of a local dentist and met a couple of weeks ago with an orthodontist. His name is Tim Pollard, and he is happy to put on record his view of the new dental contract:

"It's bad for dentists and bad for patients. It was designed solely to cap expenditure. It was about money"

rather than improving

"patient care or encouraging dentists to stay in the NHS...The contract was based on an arbitrary year (Oct. 2004 to Sept. 2005)",

and for some practices,

"that year may not have been a typical year."

The practices might have been starting up, or had maternity or sickness leave that made the year atypical.

The contract

"caps the amount of NHS work a dentist can carry out in any one year",

so dentists cannot grow their practices. It may also mean that once the dentist has done all the work that he has contracted to do, he may end up with staff unable to work except in the private sector. Patients have the frustration of knowing that dentists and staff are available to do NHS work, but because the financial input from the PCT for that year has been spent and all the work has been done, the dentist cannot do any additional NHS work.

Importantly, dentists are at financial risk because they have lost control of their business. An interesting question, which I hope the Minister can clarify, is what position dentists who have built up their practices using private money will be in when they attempt to sell on those practices. My understanding is that given that there appear to be no funding guarantees from the PCT, dentists will be left with a practice in which perhaps half the work is not guaranteed—the other half, if it is private work, will be—and uncertainty about the practice's future income will make it almost unsaleable. For dentists who have invested heavily in their practices, that is a huge problem.

The biggest problem is what will happen after 2009 when the contracts come to an end. I raised that issue in health questions last week, so I hope that the Minister's officials will have done their homework and perhaps secured a detailed response. It was interesting that, in response to the hon. Member for Chorley (Mr. Hoyle), the then Minister said that under the present contracts PCTs are not allowed to spend the money allocated to dentistry on anything else: they cannot switch it to other services. I understand, as do the orthodontists, that there will be no such guarantees after 2009, and that it will be for PCTs to determine what level of funding they want to put into dentistry. I understand that they will have to provide "reasonable services" and, if so, I hope that the Minister will explain precisely what that means.

If orthodontists and dentists are thinking about increasing their practices and want, for example, to extend their premises because they will be doing more business, they need to invest now. They need certainty now so that they can make planning applications, design extensions and put together investment plans for the future. However, because of uncertainty about what will happen beyond 2009, they are not in a position to do so.

Last week, I hoped to obtain an indication from the then Minister—perhaps the present Minister can provide it now—of the point at which PCTs should enter into discussions with dentists and orthodontists about what will happen beyond 2009. Clearly, if PCTs leave that until January 2009, dentists will not have made the necessary investment, and they are worried that big corporate organisations might come into the sector after 2009 and put them out of business, or that they might invest in anticipation of securing renewal of their contract but find that a big corporate takes over a block of work. Both dentists and, more significantly, patients need clarity on what will happen. We do not want patients turned away, which may, unfortunately, happen under the present contractual arrangements, and we certainly do not want services collapsing or investment not being made because dentists do not know what will be over the horizon in 2009.

I do not want to give a solely negative view of what is happening with my local primary care trusts. I am pleased that they have chosen to re-establish an oral health advisory group, and I hope that that group will be truly representative of patients and professionals. If it is not, the claims that are being made about PCTs being representative of the local community will simply not stack up. At the moment, I am afraid that the view of PCTs is that their democratic accountability is sorely lacking. Only through organisations such as the oral health advisory group, with real representatives, real power and a real say in local services, will the local community begin to believe that primary care trusts are genuinely accountable to local people in a way that I do not believe they are now, although they are working on it. The level of scrutiny that they are under is welcome, but democratic accountability has still not been achieved.

I hope that the Minister will clarify whether, before the present round of contracts, there was a requirement for primary care trusts to have an oral health advisory group. I understand that under the new contractual arrangements there is now such a requirement. I am confused as to why my local primary care trust disbanded

its oral health advisory group. There was a period of abeyance and inactivity with no such organisation, but it has now been re-established. That is welcome, but I wonder why it was abolished and why there was an interim period without such a group.

I hope that the Minister will tell me, in writing if not now, whether the advisory bodies, such as the oral health advisory groups, have any statutory powers or responsibilities, or whether the Government expect them simply to be advisory groups to help the PCT, but with the PCT ultimately able to decide to go forward in whatever way it chooses.

I hope that the Minister will give me the important news that there will be an improvement in access to dentistry in Sutton and Merton, because there seems to be a gentle decline at the moment. In London, the decline may be even gentler, but there is a deterioration in access to services, and I would like confirmation that that will improve. Finally and most importantly, I would like clarification from the Minister as to what will happen beyond 2009 so that dentists can make the necessary investment and patients know that NHS dentists will be available to treat them.

1.46 pm

The Parliamentary Under-Secretary of State for Health (Ann Keen): I congratulate the hon. Member for Carshalton and Wallington (Tom Brake) on securing this debate on dental services, and I thank him for his kind and supportive comments at the beginning of his speech. I also congratulate him on the imaginative use of his website, the pictures with his local dentist, and his survey of his constituents. It is certainly the way forward to consult all stakeholders and the PCT.

I want to respond to the specific issues raised by the hon. Gentleman, but I want to begin by describing the main steps taken by the Government in the past two years to help to expand access to NHS dental services.

For some 15 years, following problems that arose from a new contract in 1990, dentists had been drifting away from the NHS. Under that old system, dentists could set up practice where they wished and choose how much NHS work they wanted to do. That was an inherently unstable system. In April 2006, the Government took decisive steps to bring the situation under control. They devolved more than £1.7 billion of resources to primary care trusts, which now use that money to agree with local dentists the services that they will provide for the NHS. If a dentist stops providing those services for any reason, the local NHS now keeps the funding and can use it to agree new services with other dentists.

Those changes build on a major programme of Government investment in dental services. Overall expenditure this year, including revenue raised from patient charges, is likely to be at least £2.4 billion, a real terms increase of more than £400 million since 2003-04. Another key change introduced last year was to abolish an outdated system of dentists' pay, which had created a drill-and-fill treadmill. The new remuneration system supports dentists in carrying out less complex courses of treatment in line with modern clinical practice.

I ask the hon. Gentleman to remember that we are only just over a year into the new arrangements and, inevitably, some aspects are still bedding down and need further discussion, but there are already excellent examples of how PCTs have worked with their dental services—for example, in Leicester and Norfolk, an inner city and a more rural area.

The hon. Gentleman's concern today is his constituency. Sutton and Merton PCT is now commissioning more services than in April 2006, and its primary care support service can place patients with NHS dental practices in the area. I am sure that the hon. Gentleman's consultation work, and the active interest that he takes in his PCT, are helping with that.

The volume of dentistry now being commissioned by primary care trusts is greater than it was before last year's reforms. Primary care trusts are finding also that, when they commission new services, significant numbers of dentists are interested in taking on more NHS patients. That follows a major recruitment programme in the two years leading up to the reforms, in which more than 1,400 new whole-time dentists joined the workforce. The Government have also provided £100 million of capital funds to allow NHS dentists to invest in premises and equipment. That all takes place against the background of dramatic improvements in oral health, with 12-year-old children in England now having the best oral health in Europe.

I agree that more progress needs to be made. There are still difficulties in obtaining access to services in some areas of the country, and the hon. Gentleman has drawn attention to problems in his constituency. I will be talking to patient groups, dentists and the NHS to consider how we can achieve further progress. However, primary care trusts are now in a much stronger position to develop dental services in ways that improve access and reflect the needs of their local populations.

The first factor is financial investment. The Government have increased investment by over £400 million in the past four years. In 2009, which the hon. Gentleman mentioned, those resources are due to become part of primary care trusts' overall health budgets. That will strengthen still further the responsibility of the local NHS for dental services in its area. In making decisions on investment, PCTs will have to take into account the new statutory duty given to them last year, which requires them to provide dental services in their area that reflect local needs. Primary care trusts will need to continue to build up investment where it is necessary to meet those local needs.

The second issue is the work force. In 2005, the Government increased the number of dental undergraduate places by 25 per cent., which means that 170 extra students now enter training each year. The first students from the expanded training programme will graduate in 2009, and new dental schools are opening in the south-west peninsula and in Preston later this year. Another positive development is that dental therapists, hygienists, technicians and nurses are increasingly playing an enhanced role within the dental team. That is much to be welcomed.

The third factor is how primary care trusts and dental practices use the £2 billion or so that is invested in NHS dental services in ways that deliver the best outcomes for patients. Local responsibility for dental services forces primary care trusts to focus not just on how much they are spending, but on what that investment is delivering in relation to patient care, such as the number of patients who are able to access services, as well as clinical quality, patient experience and health

[Ann Keen]

outcomes. The Department of Health works closely with the NHS to help drive improvements in all those areas.

The final factors that I will touch on are professional and public engagement, to which the hon. Gentleman has already shown his commitment. If NHS dental services are to prosper, there has to be a strong local relationship between PCTs and dentists. It is important in that context to debunk the myth that general dental services contracts, which the hon. Gentleman mentioned, will expire in 2009. That is simply not the case; the contracts are ongoing. There are greater flexibilities for PCTs and for dentists to review the precise terms of contracts after 2009. However, if a local practice is delivering high-quality services that are valued by local NHS patients, it is hard to see why the PCT or the practice would want to propose any significant changes. There is a smaller category of contracts that have fixed terms. It is good practice for PCTs and practices to review and, where appropriate, extend those contracts on a rolling basis to promote continuity.

PCTs are also increasingly engaging the local public in helping to review how services should develop. For instance, some PCTs have used their new powers to establish dental services in areas of historically poor access—both in response to local public demand and to recognise the greater oral health needs of those areas. I am sure that the hon. Gentleman would agree that it is important to the future oral health of our constituents that there be close co-operation with PCTs in areas where people have not always had access to dental treatment. The Department is working with the NHS to spread that good practice, and the hon. Gentleman might wish to encourage constituents who have experienced difficulty in obtaining access to services to get involved via the patient advice and liaison service.

Tom Brake: I want to press the Minister on one issue before she finishes. She has clarified that there is a statutory duty to provide local dental services and to reflect local needs, and she has also said that the dental budget will be incorporated in the overall PCT budget. That gives rise to the concern that, when the dental budget competes with cancer services budgets, it might lose out. What guarantee, if any, can she therefore give that PCTs will maintain broadly the same spending profile for dental services?

Ann Keen: My experience is that when a contract is working well in the NHS, and when we are building on a good relationship with PCTs and dental services, it is obviously wrong to go back on it. We should build on the success of NHS dentistry and PCT involvement. The system of the 1990s and before did not work but, since 2006, the new contract has led to proven improvements in oral health and in NHS services to patients. PCTs would do well to consider that and to continue the progress that has been made.

There have been solid achievements in the first year of the new system. There is, of course, still much work to do, including building up trust in the contracts and in working relationships. Nevertheless, investment is growing, the local NHS is commissioning a steadily increasing volume of dentistry, and the numbers of NHS dentists are back on an upward track. The Government are committed to working with the NHS and the profession to build further on that progress. I am confident that there will be co-operation, and I will always welcome the opinion and comments of the hon. Gentleman on what is an important issue.

Question put and agreed to.

Adjourned accordingly at three minutes to Two o'clock.

Westminster Hall

Wednesday 4 July 2007

[DEREK CONWAY *in the Chair*]

Gambling Act (On-course Bookmakers)

Motion made, and Question proposed, That the sitting be now adjourned.—*[Mr. Alan Campbell.]*

9.30 am

Mr. Jim Devine (Livingston) (Lab): Thank you for allowing us to have this debate, Mr. Conway. First, I congratulate my hon. Friend the Minister on his new ministerial role and thank him for taking time out to come to the Chamber this morning. People might ask why we are having this debate, because bookies do not have a very good reputation with a lot of people. In fact, they are described as pickpockets who pay people the courtesy of allowing them to use their own hands. That is very unfair, because bookmakers bring a lot to racing, particularly through race track pitches. The last time I spoke in a debate like this, it was the week of Cheltenham and I gave out a tip for a horse, which came nowhere. What I did not realise was that half the staff who work in the Palace had bet on that horse, and some have not spoken to me since then.

I want to draw the Minister's attention to a situation that is of grave concern to all bookmakers operating in the trackside betting industry. Under the Gambling Act 2005, hundreds of bookmakers throughout the United Kingdom stand to lose thousands of pounds in accrued business assets, because the Racecourse Association has decided that, as of 2012, it will no longer acknowledge a bookmaker's list position. A bookmaker's list position determines their choice of pitch, or pitches, on a race course. The higher up the list position a bookmaker is, the greater the choice of pitches on any given day. As one would imagine, the position of a pitch on the race course has a substantial effect on the revenue that a bookmaker can hope to make from the day's racing.

Before 1998, such allocations were made on the system of inherited seniority, which enabled the priority of pitch allocations to remain within a given family of bookmakers. That outmoded practice was abolished in 1998, as it was rightly felt that it restricted access to new blood within the industry. Obviously, the concept of any system of inherited privilege should always be challenged in a just and fair society—I am sure that Members of the other place will wholeheartedly agree with that.

From 1998, the rules were changed so that a bookmaker's list position, which at the beginning of that year was still based on the outmoded system of seniority, could be traded. Their greatest asset—the order in which they chose their trackside pitch position—could therefore be sold. That allowed bookmakers to realise the financial worth of years, and often generations, of hard work in the industry. To put that into a financial context, an official of the soon-to-be-defunct National Joint Pitch Council—the body that oversees the allocation of pitches—recently estimated the total value of bookmakers' positions to be in excess of £100 million, a not inconsiderable sum of money.

The change in the rules has allowed established bookmakers to expand their businesses and others to enter the industry. As was predicted in 1998, fresh blood is entering the system and it has worked effectively. The RCA is no doubt aware of the worth of the pitches. Although it is right to say that it owns the physical pitch, it has previously had no say in which bookmaker occupies which pitch. If the RCA were to control the allocation of pitches, the accrued worth of years of hard work from bookmakers would transfer to it in the blink of an eye.

Many bookmakers have invested thousands, and in some cases millions, of pounds in their list positions. I do not believe that, when the 2005 Act was first proposed, the Government intended to deprive so many individuals of their commercial equity. An article from *The Guardian,* published on 21 June, mentioned a man named Barry Johnson who had spent £1.25 million to buy 34 pitches in the south and midlands. If we continue to take the present position, that investment, made months ago, would disappear come 2012.

If the RCA proceeds as it intends, from 2012, all pitch positions will be rented out on any given day to the highest bidder. That will leave independent bookmakers, regardless of their previous list position, to compete with the larger corporate betting companies that will, no doubt, take advantage of the new system. In practice, we could face a monopoly whereby the big three or four bookmakers would determine the prices not only on the high street but on the track as well.

Such a monopoly is not acceptable. To put it simply, many independent bookmakers will have no option but to leave the industry, as worsening pitch positions lead to a loss of revenue. Not only that, but their previous asset, their pitch position, will have zero value. That will render their investment, personal or financial, completely worthless. There is a great danger that our independent bookmakers will be priced out of the market by the larger, corporate betting companies, many of whom would, no doubt, pay whatever cost for the most prestigious positions on a race course. That would have a devastating effect on not only the independent bookmaking industry, but the image of horse racing in general.

For those who purchased their list positions after 1998 from established bookmakers, the position is arguably even more unjust. They have purchased their list position at considerable expense and they are being told, despite assurances in good faith when the purchase took place that their list position was for life, that those assets will be rendered worthless as of 2012.

Modernisation should not result in the loss of millions of pounds worth of accrued assets for independent bookmakers. When a business has been established and built by a family, either to pass on from generation to generation or as an asset to sell at a later date, surely it is only fair that that family can trade that asset itself. The RCA has made no provision for, or even mentioned, any form of compensation for the bookmakers whose assets will be worthless.

Horse racing remains one of the United Kingdom's best-loved sports and events, such as the grand national, are enjoyed the world over. Our independent bookmakers

[Mr. Jim Devine]

are an essential part of the industry. They bring a lot of fun and competition to the race track. We in both Houses should do everything in our power to ensure that they can continue in their chosen profession.

I believe the RCA's decision to ignore long-established and regulated list positions from 2012 is not in the spirit of the 2005 Act as intended. When the Act was first proposed, much emphasis was placed on the regulation of casinos. Certain consequences for other sectors of the gambling industry, particularly trackside bookmakers, were perhaps not fully considered.

I therefore urge my hon. Friend the Minister to revisit this important issue with the view to retaining the current system of list positions for trackside bookmakers. I fear we are in danger of doing a grave injustice to many individuals who have worked so hard in building up their livelihoods, and I encourage the Government—in particular, my hon. Friend—to address the issue with the utmost urgency.

9.39 am

Ms Celia Barlow (Hove) (Lab): I congratulate my hon. Friend the Member for Livingston (Mr. Devine) on securing this important debate and the Minister on his appointment. I thank him for giving his time to an issue that affects the livelihoods of so many. I wish to join my hon. Friend the Member for Livingston in bringing it to the attention of the House, as I believe that it will have serious repercussions for thousands of people involved in the bookmaking industry.

A bookmaker's position on a race course has a significant impact on the value of his business. The closer a pitch is to the finishing line, the greater the revenue is likely to be. The bookmaking community has always worked hard to regulate itself to enable the fairest possible system of pitch allocations on race courses. To allocate highly valuable pitches in the fairest manner possible, trackside positions are based on the pick list system, which, as we have heard, replaced the previous seniority-based system in 1998. Under that system, the longer a bookmaker had been operating, the greater their seniority and the better their trackside position.

Seniority could be handed down only from father to son, which adversely affected some of my constituents. That was why that method was felt to be outdated in the modern horse racing industry in the late 1990s. The pick system, which replaced seniority, enabled bookmakers to trade their positions on any given pick list with any other individual or business. In other words, their seniority could be sold.

Many of the bookmakers that make up our trackside bookmaking industry are family-run businesses that have built up their credibility and reputation over generations—in some cases, over more than 100 years of hard work. Their positions in the pick list reflect that. Due to the close-knit community of bookmakers, each one in an area is aware of and respects the positions of the others.

Unfortunately, as in many other family-run businesses that have been established for generations, the younger generation may not wish to continue in the industry. Many long-standing family bookmakers that had operated under the previous system took the opportunity of the new rules to expand their businesses further by purchasing positions on the new pick lists as other bookmakers left the industry. Since the most recent rule changes were introduced in 1998, bookmakers have ensured that each allocation is distributed fairly on any given racing day. The pick system has been respected, acknowledged and adhered to by every bookmaker in the United Kingdom.

Whenever there is a change in the law, as was the case with the abolition of seniority, it is right for the House to do all that it can to protect the assets of those affected. Such forethought was applied in 1998, when the initial positions on the pick list were allocated based on a bookmaker's seniority. As most hon. Members present know, and as the Minister may be aware, there were some disputes about that allocation, but that is not the subject of the debate.

While the change in the law has resulted in much-needed new blood entering the bookmaking industry, it was seen as a natural evolution of the previous system. In fact, most bookmakers welcomed it. Their support was guaranteed because we as a Government had ensured that the value of their accrued assets was protected. In 1998 the Government acknowledged that it would be unfair for accrued seniority simply to vanish and evaporate when a bookmaker wished to cease trading. The Government-appointed Horserace Betting Levy Board allowed the trading of list positions, which meant that a bookmaker's greatest asset—the position of his pitch on a race course—could be sold. The worth of a pitch position can often run into tens of thousands of pounds or in some cases, as we have heard, more than £1 million. A business that had been established for many years was therefore able to benefit from its accrued seniority by selling its list position. That system has worked successfully for almost 10 years and all the bookmakers work to the rule and respect it.

As we have heard, and as I have been told by several bookmakers in my constituency, the Racecourse Association will cease to recognise list positions from 2012 as a consequence of the coming into force of the 2005 Act later this year. That interpretation of the Act will cause many in the industry to lose assets that often constitute a lifetime's work. Indeed, they have already done so simply because of the announcement.

Many bookmakers are family-run businesses and a list position can be handed down from generation to generation. The livelihood of children, grandchildren and great-grandchildren of bookmakers has suddenly evaporated, which I am sure was not the intention behind the 2005 Act. Many in the industry see the Racecourse Association's interpretation of the new rule and refusal to acknowledge pitch positions from 2012 as nothing less than industrial theft. I would hesitate to use such terms, but that is none the less a useful indication of the depth of feeling, as is the number of hon. and right hon. Members here today.

Perhaps a good analogy would be that the situation is the equivalent of owning the freehold on a home, only to be informed that not only has the freehold been rescinded, there are now only five years left on the lease. Any such property would be greatly reduced in value, if not made worthless. The situation has come about because the Horserace Betting Levy Board will no longer take any responsibility for the issuing of certificates of approval for bookmakers. Under the Betting, Gaming and Lotteries Act 1963, the price of admission to a race

course [redacted] bookmaker has been limited to five times the price [redacted] public admission to prevent race courses from charging unrealistic figures for the better-placed pitches.

Under the new Act there is no provision for a set amount to be paid by bookmakers to secure a pitch. That has allowed race courses to state their intentions to determine in commercial negotiations with betting operators the terms by which they will stand in relevant areas and where they will stand relative to one another. The result is that following the five-year "grace period" allowed for in the Act, from 1 September 2012 race courses will not recognise lists or transfers of picks between betting operators, and the current system of a pick list based on bookmakers' seniority will be set aside in favour of one awarding placements to the highest bidder. Many family-run businesses will find themselves unable to compete with the larger bookmakers, which are very large organisations. Despite the positions of the family-run businesses on the pick lists, they will find themselves further and further down the track, with the correlating substantial loss of earnings and of the true flavour of the track.

For those who have bought their list positions from established bookmakers for considerable sums, the situation is even more distressing. Those who bought them at auctions held by the National Joint Pitch Council were given a clear indication that the placements would be secure for their lifetimes.

The Parliamentary Under-Secretary of State for Culture, Media and Sport (Mr. Gerry Sutcliffe): I am sorry to interrupt my hon. Friend's speech, but this is a crucial point. What is the evidence that the NJPC told people that their pitches were for life?

Ms Barlow: The basis of the auctions that were held from the beginning of the 10-year period was that they were, in effect, selling freeholds. The people who bought pitch positions were not given any indication that they were buying them for 15 years. That is the basis of my argument. I appreciate the Minister's point, but I challenge him to ask anyone who bought a pitch position in an auction whether they believed that they were buying it for a set term, or any term. If they were buying them for a 15-year term, not informing them of that at the time is tantamount to fraud.

The clear indication is that the bookmakers who are currently in good positions on a race course through their seniority, or through having paid for their pick placement from someone in such a position, could find their assets worthless. As I have said, they believed that they were buying their pitches in perpetuity. The 2005 Act makes no provision for protection of people in either scenario.

I wish to highlight the case of my constituent Adrian Pariser of Pembroke crescent, Hove, who trades as an on-course bookmaker under the name of Sam Harris. Mr. Pariser has an extensive family history in the bookmaking industry. He recently contacted my office to express his grave concerns regarding the soon to be implemented Act. He had problems at the introduction of the period and successfully challenged the position that he was given. I have already outlined how his concerns are echoed by many in the bookmaking industry. My constituents Don and Gary Morill are in a similar position. They have been in dispute over their original pitch positions for the past 10 years. They now feel that they have been hit by a double whammy—please forgive my unparliamentary language, Mr. Conway—as the value of even their disputed pitch will be taken away.

With pitch allocations switching to the Racecourse Association, the subsequent worth of the pitches will also transfer to the association. To put it simply, the association stands to make millions of pounds at the expense of the accrued assets of the very people who, arguably, are their most regular and long-standing customers. Ironically, the NJPC has been selling picks and gaining 6 per cent. commission on the auction sale, as I informed the Minister, plus a transport allocation of £150 a sale. Those sales continued up to and into this year. However, Caroline Davis, the Racecourse Association representative on the NJPC, said in an article in the *Racing Post* on Tuesday, 3 April, that the legislation that paves the way for change has been around for two years. During those two years, the NJPC has continued to auction pitches based on pick seniority, taking the commission and transfer fee.

I would also like to draw the attention of hon. Members to comments made in a letter written by John Stevenson, the chairman of the National Association of Bookmakers. Hon. Members may be aware that I have been critical of Mr. Stevenson in this very Chamber in the past. However, no one can doubt his depth of knowledge. In a draft letter to MPs, Mr. Stevenson estimated that the current value of pitches based on the pick lists is in excess of £100 million. Following implementation of the Act, those pitches would have no marketable value whatever. Mr. Stevenson's conclusion is that the failure of the Act to redistribute the authority to provide bookmakers with a certificate of approval will allow a race course to confiscate bookmakers' positions as of 1 September 2012. He also concludes that that could not have been the original intention of the Act. I am sure that most people in this Chamber would agree with that.

With the Act coming into force later this year, it is of vital importance that any potential avenues for genuine misunderstanding or even potential corruption be considered and addressed. I would therefore be grateful if the Minister, who is new to his post, could investigate the situation as a matter of urgency, and make it a high priority to identify what measures can be put in place to ensure that the agreed procedures for establishing placements for bookmakers can be continued.

The principle at stake is one of fairness for businesses that have for many years abided by current regulations and recognised the system of seniority. With the value of the pitches running to millions of pounds, it should not be the case that years of hard work by families or commercially-run businesses could be rendered virtually worthless. The intentions of the Racecourse Association will surely discourage many from entering the industry, contrary to the rationale behind the new rules that were introduced 10 years ago. If the Racecourse Association needs to raise greater revenue from bookmakers, there are alternatives that many consider to be more appropriate and fair; for example, a variation of the commission on sale position.

The outcome of the current predicament will have far-reaching consequences not just for the bookmaking community but for the general public. The traditional

[Ms Barlow]

bookmaker is as much a part of the racing experience as the horses and jockeys. Spectacles such as Ascot and the Grand National are part of our national calendar. They bring in many thousands of tourists, and are watched and admired the world over through television and satellite coverage, which also brings much-needed revenue. As the Act will change the rules that govern how the bookmaking industry operates, it is especially important that confidence in the industry is retained, not just by the public but by those who work in it.

I support the broad outline of the Act. With the advent of modern technologies, the gambling industry has undergone many changes. It is only right that the Government acknowledge those changes and introduce legislation that best reflects the need to adjust and adapt so that this great sport, the sport of kings, may continue to operate throughout the 21st century. However, with the allocation of list positions no longer being recognised after 2012, many bookmakers in the industry are concerned that too much control of trackside betting and the associated assets will be in the hands of one body—the Racecourse Association. There is great worry that such unprecedented control would provide the association with a greater degree of commercial control over trackside betting than would be desirable in a free industry.

The consequence of the Gambling Act 2005 is that Britain's 59 race courses will be able to take over ownership of sought-after sites in 2012 and then rent them back to the people who originally bought them in good faith. No distinction or preference will be made on the basis of the bookmaker's previous list position, which, in some cases, was acquired through a century of work and trust-building in the industry. Obviously, the allocation of pitches will be awarded on a commercial basis to those who are prepared to pay the greater rent.

Perhaps I am being absurdly pessimistic, but I can envisage the end of the family bookmaker as a result of the Act. Bookmakers, many of whom are individual businessmen, will vie for their trackside position against huge, enormous betting companies that obviously have huge, enormous resources. Having paid for their list position once and been promised that it would be for life, they will find themselves once again at the mercy of big business.

It is fair to say that many of the well-established but smaller bookmakers will be unable to compete. If they were to be lost, an essential component of our horse racing industry would be lost for ever. It is the duty of this House to do everything in our power to ensure that that does not happen. The loss of recognised list positions would be grossly unfair to those who spent so long building up their businesses. It would be unfair to their children, parents, grandchildren and grandparents—to whole generations of bookmakers. Furthermore, it would leave them with no long-term financial security. A highlight of previous legislation was that it gave bookmakers something to hand on to their children.

I therefore strongly urge the Minister in his new position to consider the specific intent of the Racecourse Association, and to consider whether legislation should be amended so that list positions remain in the ownership of the bookmakers. The issue is causing a great deal of stress and anxiety to many in the bookmaking industry who want nothing more than to continue to work in the profession that they admire and respect. We have but a short time before the Act comes into force, so I would appreciate the Minister's review of the issue.

2012 looks set to be a golden year for British sport, but it is important that it should be a golden year for all British sport, not just the Olympic sports. It is important that we do everything that we can to protect the livelihood and reputation of those who have given their life to the industry.

9.58 am

Mr. Crispin Blunt (Reigate) (Con): I congratulate the hon. Member for Livingston (Mr. Devine) on securing this debate and thank him for doing so. He and the hon. Member for Hove (Ms Barlow) clearly laid out the case, so I do not intend to repeat it. As the hon. Gentleman might expect, the only place where I disagreed with him was at the beginning of his speech. The family bookmakers who are faced with the consequence of the 1998 reforms might now be in mind of the Duke of Wellington who, when faced with the Great Reform Act of 1832, said:

"Reform, reform—aren't things bad enough already?"

We now have to deal with the consequences of changes made in the past 10 years. It is self-evident that we are faced with a substantial injustice, which, as pointed out, is in total estimated to be worth £100 million. Representations have been made to me about this issue, particularly by a classic family-bookmaking firm, Russell White and his son, John. Russell inherited the business from his father, so to my knowledge, at least three generations of people in the business have used the reforms to secure pitches. The value of those pitches is now estimated at £300,000; that is the size of the asset of which they will be deprived. If they seek to trade it now, under current valuations, they have already been deprived of a significant percentage of that amount.

The Minister intervened on the hon. Member for Hove to ask for evidence that the pitches were sold for life. If I were a lawyer defending his position in front of the European Court of Human Rights, I would not want to take his brief. As I have said, it is self-evident that there is a right to property and people have a right to enjoy their property, and it is plain that people are being deprived of that through the operation of the Gambling Act 2005.

The plain motivation of the Racecourse Association to obtain ownership of £100 million in assets under the operation of the 2005 Act will unfairly and unjustly deprive a group of people of a very significant asset, and that must be addressed. The case has been made extremely clearly by the hon. Members for Livingston and for Hove, and I will not repeat it, but something must be done, and if the Government do not do it, family bookmakers will be forced to take the expensive option of taking their cases to the courts. On the evidence that I have seen, I believe that they will have a clear legal case, because they have been unfairly deprived of their property. We should not be in the business of driving bookmakers down that extremely expensive and hazardous route, where the beneficiaries will be a group of people who are nearly as well respected as bookmakers: a bunch of lawyers. I sincerely hope that the Government can find a solution to the issue.

10.2 am

Jeff Ennis (Barnsley, East and Mexborough) (Lab): Thank you, Mr. Conway, for giving me the opportunity to participate in this important debate. Before I start my contribution, it would be remiss of me not to pass on my congratulations to the new Minister, who is a fellow Yorkshireman. His predecessor, my right hon. Friend the Member for Sheffield, Central (Mr. Caborn), who was the longest-serving Minister for Sport ever, is also a Yorkshireman. He has an advantage over the current Minister: he is from south Yorkshire, rather than west Yorkshire, and as we all know, south Yorkshire is the best part of Yorkshire.

I will show that I agree with many of the comments made by hon. Members from all parties by quoting part of a letter from one of my constituents who is an on-course bookmaker. He is called Mr. Chris Johnson and he lives in Harlington, Doncaster, in my constituency. He has been an on-course bookmaker for a considerable time. I will not read the whole letter, but those parts that I think are most relevant, as it encapsulates the problem of the current impasse that we face. I have, of course, recently sent the letter to the Minister's predecessor and have not yet received a response, although I only sent it around three or four weeks ago. The letter states:

"Dear Sir, I am a racecourse bookmaker whose livelihood will be confiscated on 1 September 2012 as a consequence of the Gambling Act, which comes into force on 1 September 2007."

The letter then goes into the history of the establishment of the National Joint Pitch Council, and I will carry on from that point. He says that the establishment of the NJPC was

"heralded as an opportunity to introduce new blood into the ring and to give bookmakers the comfort of a stable career option at the end of which they would have a marketable asset with which to finance their retirement."

He continues:

"As a consequence bookmakers have invested substantial sums in buying into the ring and to date it is estimated that the value of bookmakers' positions is in excess of £100 million. Many bookmakers have invested heavily into the ring, often financing these purchases out of savings or loans raised on the value of their houses.

During the drafting of the Gambling Bill it was decided by the DCMS that the levy board was to be abolished and hence it's role in issuing 'certificates of approval', upon which bookmakers' pitch tenure depends, disappeared and was not replaced by another mechanism. The Act provides for a period of 5 years, during which racecourses are restricted in the pitch fees they may charge, as has been the case since outlined in successive Acts, the latest being the Betting, Gaming and Lotteries Act, 1963.

However, as a consequence of the omission in the Gambling Act to replace the function of issuing 'certificates of approval', the RCA has interpreted this as allowing 'the confiscation of bookmakers' positions from 1 September 2012'... I believe that it could not have been the intention of Parliament for bookmakers to have their assets confiscated in this way."

Mr. John Greenway (Ryedale) (Con): As hon. Members will know, the hon. Gentleman and I jointly chair the all-party group on racing. An issue that occurred to me while listening to the exchanges of hon. Members is that, when the measure was drafted, it was envisaged that the horserace betting levy would be abolished and therefore a commercial arrangement would need to be entered into between on-course bookmakers, race courses and the racing industry. As the levy will now continue, does the hon. Gentleman agree that we need to take account of that in the arrangements that will be put in place beyond 2012?

Jeff Ennis: I thank the hon. Gentleman for his comments, with which I totally agree—to some extent he has read my thoughts.

If I may, I will continue to read from the letter:

"The levy board has now been reprieved but is reluctant to continue with it's 'certificate of approval' role, and, as a consequence, there is a need for the tenure issue to be placed in alternative hands.

I am 49 years of age and have worked all my adult life as a racecourse bookmaker, acquiring my first bookmakers permit in 1979. Many of 'my' pitches were 'earned' under the previous system, (i.e. prior to the NJPC taking over the administration of racecourse bookmakers and their positions). To attain an allocated pitch in those days the bookmaker (in person) had to attend at least 75 per cent. of the scheduled fixtures for that racecourse. As I'm sure you can imagine trading on some of these days in the poorest position within the ring was almost unworkable, but to attain a permanent position the attendance requirement had to be fulfilled, thus I consider I well and truly earned my right to trade at each individual racecourse.

In 1998 the National Joint Pitch Council (NJPC) became the racecourse bookmaking industry administrative body, and along with many afore-mentioned changes within the ring, introduced the buying and selling of bookmakers positions. This allowed 'new blood' to become racecourse bookmakers and also allowed incumbent bookmakers like myself to improve their position within the ring by trading up. This I have done at several racecourses, investing well over £65,000 on positions at different racecourses, giving me a total valuation of my pitch portfolio of around £140,000, this prior to the RCA decision outlined earlier. Not only has this decision robbed me of any financial return/retirement package but it has knocked at least 30/40 per cent. off of the current pitch values because the purchaser knows he has only a 4 and a half year tenure to attain a return on his investment. As such, people who invested in pitches are left 'high and dry' because no-one wants to buy racecourse positions now (even at vastly reduced prices) and will have no asset to sell in 2012.

I am not a university educated man but this decision by the RCA cannot be a fair and equitable one. Your government introduced the social charter and extended rights for the individual and as such ought to view this outrageous decision by the RCA totally unjust.

As stated above, when pitch reform was introduced we were given assurances that this would give career bookmakers certainty and security and provide them with assets to finance retirement. It would now appear that these assurances have been swept away by something that would not appear to have been intended by Parliament, which would appear to be a case of 'the law of unintended consequences'."

I think that that epitomises the current problem. They are the words of an actual bookmaker.

I should like to stress the difference between an on-course and an off-course bookmaker. The point has been made already that many on-course bookmakers are small, family businesses; often they are not the rails bookmakers that can be found at race courses—the "big four", as they are called, or the other big on-course bookmakers. Many of them are very small, family businesses, and they all have a certain amount of character to them and add to the atmosphere on the race course.

I remember an on-course bookmaker from Great Houghton, which is a village next to mine, near Barnsley, in my constituency. He was known as "Smiler" Pearson, and he was a typical on-course bookmaker; he had a flat cap, as could be imagined, given that he came from Barnsley. His lips were usually white from the chalk dust. I am going back to the days when bookmakers

[Jeff Ennis]

had to chalk up the odds, to the days before marker pens, so his lips were always white. He earned the nickname, "Smiler", because, as could be imagined, he never smiled, like a lot of bookmakers. As they rob people and take their money, they never smile, even though they have just taken someone's last shekel. Those sorts of characters are endangered by the current situation.

It goes without saying that we need to reach a consensus, which is why it is very important that discussions continue between the on-course bookmakers association and the RCA. Indeed, the Northern Bookmakers Association, which has been in touch with me and is based in Ilkley in west Yorkshire—of course—is looking, as a compromise, for the reintroduction of the certificate of approval, either by the levy board, as it used to be, or by the new Gambling Commission. I should like to hear the Minister's thoughts on that when he sums up.

I realise that this is an extremely difficult issue to resolve, and in many respects, I can understand the position of the RCA, which wants to maximise its product. We have 59 race courses in this country. Long may that continue! I think that the rest of the world admires the diversity of our race courses. We must ensure that every one of those 59 race courses continues to exist, rather than allow the closures that have occurred, certainly since the second world war, to continue.

I understand that the RCA wants to maximise its profits. Betting on race courses is under threat from wider sports betting across the industry. The race courses feel threatened by the current environment. I can understand that. Both I and the joint chairman of the all-party group on racing and bloodstock, the hon. Member for Ryedale (Mr. Greenway), were present last night at the centenary celebrations of the RCA. Obviously, it is 100 years old, and we hope that it will keep together and continue to do the good job that it does in representing race courses.

One thing springs to mind that I would like the Minister to consider, in the spirit of compromise. The legislation is new, but is there any possibility that the transition period could be reconsidered and changed to seven years and therefore extended not to 1 September 2012, but to 1 September 2014? That would require regulation and have to come back before the House, which could be a stumbling block, but in the spirit of compromise, I should like him to outline to us his thoughts on that point.

I have spoken for quite long enough now, Mr. Conway. I think that Members on both sides of the House will make the same points that have been made already. My main point is that on-course bookmakers add to the atmosphere of race courses, and I want there to be as many of them as possible on every race course in this country, because they add to the flavour of a day at the races.

Several hon. Members *rose—*

Derek Conway (in the Chair): Order. A number of hon. Members have indicated a wish to take part in the debate, and we need to call the Front Benchers to make their contributions at half-past 10. Hon. Members might like to bear that in mind during their contributions.

10.14 am

Mr. John Greenway (Ryedale) (Con): I shall be brief, Mr. Conway.

The on-course bookmaker is a unique feature of the British horse racing scene, and we put him at risk at the peril of racing, in my view. People who go to our vastly improved race courses have a choice: they can bet with the bookie on the course, or with the Tote. As I think that some here know, I have been an adviser to the Tote for some time, and the last thing that it would want to see is the demise of the on-course bookmaker. The competition between them is a vibrant part of the racing scene. I do not believe for one minute that anyone running a race course in this country wants to see the demise of the on-course bookmaker either.

Let us unite in the view that we must retain on-course bookmakers and the ability to bet on the Tote, which is a feature that does not exist in other parts of the world. If one goes to France, one can bet on the pari-mutuels, but not on the on-course bookmakers, which, quite frankly, apart from the fact that my French is not good enough to keep up with the commentary, I find a pretty miserable experience, compared with going to York, Newbury or Ascot, for example. Let us be clear about our objective.

It cannot be said that nobody knew that this was about to happen. It was put out originally in the Budd report, six years ago, and in the Government's response in 2003. The Joint Committee that looked at the Gambling Bill, which I chaired, took evidence from the National Joint Pitch Council—we received a written memorandum from it—and oral evidence from bookmakers. The issue under discussion was not the relevant one at the time; the issue was the betting exchanges and the fact that the levy board was to be abolished, and probably the levy as well. That was the question.

I do not think that anyone quite knew the implications of this change. We have heard this morning about the funds that some bookmakers have paid for their pitches. We have all known for a long time that the current system is anachronistic and that generally there is support, even among bookmakers, for change. My right hon. Friend the Member for Chingford and Woodford Green (Mr. Duncan Smith) has campaigned on behalf of bookmakers in his constituency about those problems. In a sense, there was a need for change, which now has to be introduced in a way that is fair and preserves the racing scene that I have just described.

We need to take account of the fact that, as I have said, the levy was to be abolished, but now is not. On-course bookmakers have seen their margins reduced because of betting exchanges, which are growing. Of course, the abolition of off-course betting tax, which has been hugely beneficial to racing and off-course bookmakers, whose profits have grown, has put even more pressure on on-course bookmakers. There was a time when using an on-course bookmaker was the way to place a bet without paying tax, but that is the case no longer.

We must recognise those pressures, find a system for regulating this new market, provide security and continuity for those with pitches, achieve fairness, and ensure that pitches remain attractive. I listened to the hon. Members for Hove (Ms Barlow) and for Livingston (Mr. Devine), the latter of whom is to be congratulated on securing

this debate. However, we must bear in mind also the need to ensure on-course attendance by those bookmakers, because, quite frankly—far be it for me to decry any one of Yorkshire's nine race courses—a rainy day at Catterick on new year's eve is a pretty miserable experience. I have been there many times on new year's eve, and it usually rains and there are not normally many people about.

If we want those on-course bookmakers to remain, we must listen to their arguments. Ensuring their attendance is critical. We now have more than 1,500 fixtures on race courses—that is a hell of a lot of on-course bookmaker hours, and we need to ensure that they continue.

I agree with the hon. Member for Barnsley, East and Mexborough (Jeff Ennis) that we need to achieve consensus. With regard to changes in the Gambling Act 2005, I would be surprised if the Minister's response was that the Government would reopen the primary legislation, because, with all the other issues outstanding, it would be a can of worms. However, we need to achieve consensus. We have five years to sit down and discuss a way through these issues. I am sure that I speak also for the hon. Member for Barnsley, East and Mexborough when I say that the all-party racing and bloodstock group is ready, willing and able to sit down and be a conduit through which those discussions can take place.

10.20 am

Chris Bryant (Rhondda) (Lab): I enter this debate as a complete ingénu. I know absolutely nothing about racing. I have never been to a race course and have never placed a bet. I recognise that my hon. Friend the Member for Barnsley, East and Mexborough (Jeff Ennis) knows a great deal more about this subject than I do, although I note that of the two Yorkshire Members—my hon. Friend and the hon. Member for Ryedale (Mr. Greenway)—who have contributed so far, one suggested that Yorkshire is a nirvana and the other that it is a damp and miserable place on new year's eve.

A constituent of mine, Martin Davies, came to my constituency surgery a few weeks ago. He is an on-course bookmaker and has invested a considerable amount of his own money, and his own future, in building up a business on the basis of buying pitches. I want to make a very simple speech really. I believe that people bought pitches in good faith from the National Joint Pitch Council, believing that they were doing so in perpetuity—not, I would say, for life, but in perpetuity, which is quite an important distinction, because they believed that they were buying them and would then be able to sell them to another person, who might die a long time after them, but that is completely irrelevant. People believed that they were buying something and that that was their property—an asset that they had bought.

I greatly welcome the fact that my hon. Friend the Minister has this new portfolio. I am sure that he will bring great wisdom to it, but I hope that he will take some time in arriving at a decision on this issue. From his earlier intervention, it seems that his argument will be that people did not reasonably believe what I have set out and that they should have understood somehow or other that they were not buying pitches in perpetuity.

Mr. Sutcliffe: My hon. Friend should not read too much into my intervention: it was to help me to understand the argument that my hon. Friend the Member for Hove (Ms Barlow) was making.

Chris Bryant: I am grateful to the Minister for that intervention, because it seems to me that it was entirely reasonable of people to enter into that expectation. The previous system was hereditary, so one could only assume that any subsequent system was likely to be for more than just a few years. Moreover, the new system was being sold to them as a fairer system, not a less fair system. The injustice of what seems likely to happen in 2012 is so manifest that any reasonable person would consider that anyone expecting that they were buying pitches in perpetuity held that expectation on a reasonable basis.

On top of that, nobody has yet shown me any evidence that the NJPC made it clear that there would be a final date when all the pitches fell into abeyance. At no point was it made clear to people that they were buying only a temporary lease. Indeed, I would say that although it was clearly a form of leasehold, it was that form of leasehold that is commonly known as virtual freehold in British law. I believe that that is what people were reasonably buying.

Consequently, there are two elements of failure in the system. First, I believe that the Racecourse Association, through an element of legislative jiggery-pokery, has in effect engaged in a process not of petty larceny, but of grand theft. That is, to be honest, what will be happening in 2012 if the abandoning of pitches is allowed to go forward. Secondly, Parliament has not fully done its job. Many areas of many Bills may be passed without our fully understanding the their implications and consequences but, as the hon. Member for Ryedale made clear, what we are discussing now was never the issue when the Gambling Bill was going through Parliament. Perhaps we should have known that this issue would come along. It is therefore incumbent on Parliament to put the problem right.

I say to my hon. Friend the Member for Barnsley, East and Mexborough that he is far too nice—in many regards perhaps, but particularly in suggesting that a mere extension to seven years would be enough to appease people. If we were talking about 25 or 35 years, we might be in the right ball park, but people have invested dramatic amounts of their money and their livelihood in buying pitches, and for the slate simply to be wiped clean because of a piece of legislation that no one fully understood would be completely and utterly wrong. A mere extension to seven years would be wholly inadequate.

10.25 am

Mr. Paul Truswell (Pudsey) (Lab): I congratulate my hon. Friend the Member for Livingston (Mr. Devine) on securing the debate. It is a pleasure to follow my hon. Friend the Member for Rhondda (Chris Bryant), because my knowledge of this issue is probably inferior even to his own. I am not a gambler and have no specialist knowledge of the turf or turf accountancy, although I do remember, in the dim and distant past of my childhood, a favourite uncle skulking in back alleyways before his business became a little more legitimate. My knowledge, such as it is, was gleaned many years ago at my father's knee as I watched interminable hours of racing on the BBC's "Grandstand" while he followed the fortunes of the handful of horses on which he had bet a few shillings in those halcyon, pre-decimal days of black and white

[Mr. Paul Truswell]

television. Such were his limitations as a punter that he was one of the few people who actually backed Foinavon in the 1967 grand national, as opposed to the many millions who claimed subsequently to have done so.

However, despite the fact that it might be said that I do not know a stirrup from a silver ring, I can recognise an injustice when I see one. Only yesterday, a constituent of mine who is an on-course bookmaker wrote to me about his concerns and the impact of what is happening not only on him and his family, but potentially on other businesses that he runs. That inspired me to speak for a few minutes today. I will not name him, because I have not had time to obtain his permission to do so, but his story is similar to many others that have been related today.

My constituent says in his letter:

"As a Racecourse Bookmaker I have recently been told that my investments are to be taken from me.

The RCA…have written to my trade associations informing them that under the 2005 Gambling Act they have been given the power to confiscate"—

that is the word he uses—

"all bookmakers' pitches (seniority positions) from September 2012.

In 1998, when the NJPC encouraged me and all the other race course bookmakers to buy pitches with 'the comfort of a stable career and the certainty of their investments', I duly did just that and borrowed heavily to buy my pitches.

Since then I have worked very hard at gaining the respect and trust of customers, colleagues and officials and I have traded profitably every year. I have done absolutely everything that has been asked of me and now I am potentially going to lose everything without even any compensation. This cannot be just and I do not believe…a fair-minded Government would…allow such a travesty to occur."

On my constituent's behalf, I would like to put three questions that he put in his letter. Are the RCA statements correct? If so, was that really the Government's intention? If not—this is the point made by all hon. Members—what plans are in place to rectify the position? My constituent continues:

"Many of my colleagues have had meetings with MPs",

and the message has always been that that was not what the Government intended.

He says:

"If so, then no matter how small the size of the affected group…something must be done to put right such a wrong.

The strain of the events is already causing me major problems and I fear for the future."

He goes on to explain that he runs a major manufacturing company—it is in the constituency of my hon. Friend the Minister, although he is a constituent of mine—and because of the way in which the investment has been made, he fears that there may be impacts on the company, which employs 100 people.

I can therefore only echo all the points that have been made by my more knowledgeable colleagues, including my passionate and hon. Friend the Member for Rhondda, and hope that the Minister will give my constituent and other people in the same position some comfort in his response today.

10.29 am

Mr. Iain Duncan Smith (Chingford and Woodford Green) (Con): I did not intend to speak today, but I want to make two points. Before doing so, I congratulate the hon. Member for Livingston (Mr. Devine) on obtaining the debate and the Minister, who is an old football partner of mine, on his new position. I feel a lot more confident now that he is here and I hope that that will be borne out.

I am no lover of the NJPC, which has been a shambles since the day it was set up. It has been badly run and it is partly to blame for what has happened. It should have seen what was coming, but it failed to do so. Its whole purpose is to represent the bookmakers, but it has failed to do so.

I want to raise two points that have not been mentioned. One is that race course owners embarked on the process that we are discussing some time ago, and that should have been spotted. Some were placing pitches well away from the main stand as a way of devaluing their ability to trade; indeed, on one or two occasions, pitches were placed by the car park. The attempts by the RCA and race course owners to devalue what pitch owners are doing is therefore historical, and the Minister must look at that. As the hon. Member for Rhondda (Chris Bryant) said, pitch owners have purchased a position. Their problem, however, is that it is more like a flying freehold because there is nothing underneath it. All that they have purchased is the right to trade in a position, but the race courses can place that position anywhere they like, which devalues it. That must be borne in mind.

My other point is that seeking the highest bidder opens the industry up to corruption. There is a huge amount of money swashing around in eastern Europe, and people want to launder lots of it. There are lots of stories suggesting that it is possible to launder money through British race courses. I warn the Minister right now that we will be on the edge of a really serious process of corruption if we do not watch it. One of the guardians of the industry is the little bookmaker who, by his very size, is not open to such corruption. It is worth carefully looking at the issue, because the race courses may not be bothered with it.

To conclude, I simply line up with everybody else in saying that the sad thing is that the people who should have been represented have not been. We are talking about the small people—the small business men—and if there is one thing that any Government should do, it is to stand on the side of the small people.

10.32 am

Mr. Don Foster (Bath) (LD): I welcome the Minister to his new post and I am sure that we all look forward to his response. So far, the debate has been very one-sided, and I will stay on the same side as everyone else.

I congratulate the hon. Member for Livingston (Mr. Devine) on introducing the debate. I also congratulate the hon. Members for Hove (Ms Barlow), for Reigate (Mr. Blunt), for Barnsley, East and Mexborough (Jeff Ennis), for Ryedale (Mr. Greenway), for Rhondda (Chris Bryant) and for Pudsey (Mr. Truswell), as well as the right hon. Member for Chingford and Woodford Green (Mr. Duncan Smith).

The hon. Member for Livingston began by reminding us of what happened in 1998, when the list position arrangements were changed to allow trading in seniority positions. He welcomed that, although the right hon. Member for Chingford and Woodford Green has expressed serious concerns about it in earlier debates, including, most recently, on 14 March. As to which of the two is right, all that I can say is that the various constituents who have come to see me rather favour the view taken by the right hon. Gentleman.

However, we have moved on and we are now debating a separate issue, which has been well rehearsed in the debate. We are discussing the nature of the trading and whether people could reasonably believe that what was being traded was something that they held in perpetuity. The Minister rightly intervened on the hon. Member for Hove to ask whether people could reasonably have expected that to be the case—a point also raised by the hon. Member for Rhondda—and it is worth looking at that question. I will therefore concentrate largely on that issue in my brief contribution and I hope that that will help the debate.

As we know, the change in arrangements was introduced in December 1998. It is worth referring to clause 5 of the sales catalogue that was issued at that time, which says:

"The Buyer will be deemed to have knowledge of all matters which he could reasonably have been expected to find out given his knowledge as an Authorised Bookmaker and the exercise of due diligence."

I would argue strongly to the Minister that responsible authorised bookmakers did do their due diligence test, but that they certainly could not have been expected to know what would happen following the introduction of the new legislation and its erroneous interpretation by the RCA.

It is also important to note that the extensive conditions detailed in the catalogue consistently emphasise that the buyer is buying a title, which can be transferred only under the NJPC arrangements. Under company law, a title constitutes an asset given to the holder of that title. People therefore believed that they were buying a title, which is an asset, in perpetuity. They were further led to assume that that was the case because all the relevant documentation referred to an opportunity to buy into a prosperous new era. They therefore assumed that they had got something that would be of financial benefit to them.

Underpinning every statement in the documentation was the idea of establishing a profession with stability and longevity. The issue of obtaining a title was made very clear by the NJPC, which set out four principles in its documentation. Those principles included the establishment of relativity, the affirmation of procedure, the determination of location and security of title. That is absolutely clear, but that security of title is now under threat, which is having a huge financial impact on on-course bookmakers and particularly, as the hon. Member for Barnsley, East and Mexborough rightly said, on the colourful, smaller family-owned businesses, which are now in serious difficulty.

Why has all this happened? Why are people under threat? I do not understand why they are under threat. I have not only read the Gambling Act 2005—I served on the Committee that considered it and I have looked back at the debates about it—but obtained the draft regulations relating to the relevant sections—sections 167, 168 and 355(1). The only relevant issue raised in the regulations relates to the five times rule, which paragraph 1(8) of part 2 makes clear will go after 31 August 2012. I do not understand, however, why that gives the RCA the right to make all the other decisions that it has made.

I therefore have a few quick questions for the Minister. First, is he aware that his Department has been informed of such concerns and worries over the past three years? Is he aware that a letter was sent to his Department as a recently as eight weeks ago, but that there has still been no reply?

Secondly, is what the RCA is doing in the spirit of the Act or does it run contrary to it? Is the Minister aware that the federation will have no choice but to go to the European Court of Human Rights, as the hon. Member for Reigate said? It will do that under the first protocol to the European convention on human rights, which relates to property rights.

Thirdly, was the working group that was set up in the Minister's Department to ensure the smooth running of the Act given any remit to look at the issue before us? Although concerns were raised, I think that the Minister will discover that it was given no such remit. Perhaps he can explain why.

Finally, if the Minister has the opportunity, will he address an issue that has not been touched on so far? Bookmakers from other European countries, and particularly from Ireland and Australia, are involved in the issues before us, which means that there could also be EU involvement.

The hon. Member for Ryedale summed things up when he said that we need a fair solution. I served on the Committee that considered the legislation, and the present situation was not intended. We therefore look to the Minister not necessarily to find a compromise—indeed, we should not be talking about compromise because the proposal was not right in the first place—but at least to acknowledge that there is a significant issue of compensation to be addressed.

10.38 am

Anne Milton (Guildford) (Con): I, too, extend my congratulations to the Minister, and it will be a pleasure to face him on occasions such as this.

Like the hon. Member for Rhondda (Chris Bryant), I do not have huge experience of race courses or betting, but the hon. Members for Hove (Ms Barlow) and for Livingston (Mr. Devine) eloquently described what is quite a complex situation, and everybody who was unclear about the situation will now understand it fully.

There is no doubting the strength of feeling among the small independent bookmakers. We heard from my hon. Friends the Members for Reigate (Mr. Blunt) and for Ryedale (Mr. Greenway), my right hon. Friend the Member for Chingford and Woodford Green (Mr. Duncan Smith) and the hon. Members for Rhondda (Chris Bryant), for Pudsey (Mr. Truswell) and for Barnsley, East and Mexborough (Jeff Ennis). The hon. Member for Barnsley, East and Mexborough read out a letter that eloquently and articulately describes the real concern and heartache that small bookmakers feel. In a debate that is quite technical, it is important to capture that; what is happening is about real heartache, and the feeling of a group of people that they have, to date, been

[Anne Milton]

betrayed by the Government. I do not say that that was necessarily the Government's intention, but without a doubt that is what they feel.

We have a system that, with a few exceptions, appears to work well, although my right hon. Friend the Member for Chingford and Woodford Green talked about concerns about corruption. I know that he has raised several times, and continues to raise, issues about the National Joint Pitch Council. No one likes change, and change is on the horizon, but there is concern that the change that is happening will not only strip small bookmakers of their £100 million of assets, but—this is something that engages many of us here today—allow competition from the large bookmakers to swamp those small family businesses that are so important in many of our constituencies.

A period of considerable uncertainty looms, and although I was not a Member of the House when the Gambling Act 2005 was passed, it feels as if the issue of on-course betting was not well considered at the time. It rather got lost in the controversy that surrounded casinos. It is very easy to dismiss concerns about change as simple unwillingness to change. I believe that, as we have heard from hon. Members this morning, the debate is about considerably more than that. The Minister asked for evidence—I know he came back to that point in a later intervention—but whatever the evidence, the perception and the reality is that the small bookmakers felt that they owned something, and they now feel that someone is about to take away what belonged to them.

The matter could go to court. Everyone could spend a great deal of time in court, including the Government. The small bookmakers could spend their last pennies on it, and whatever the outcome no one would be very satisfied at the end. Alternatively, the Minister could agree today to reconsider the situation, and leave the people in the Public Gallery—it is always good to see people listening to debates—with some reassurance that he will examine the issue with an open mind. The current situation is of exactly the type that gives all levels of government—I am not talking about the present Government or making party political points—a very bad name, when they wade in without understanding the issues on the ground and bring forward legislation, while the small players at the front get forgotten. That is particularly relevant in the context of an Act that has courted, and continues to court, controversy.

I know that the Minister would like quite a lot of time to respond, and I think that all hon. Members present for the debate, together with, as I have said, the people in the Public Gallery, are anxious to hear what he has to say, so I shall not take up much more time. Fundamentally I want the Minister's assurance that he will reconsider, and look for a solution. I agree that we are not necessarily looking for a compromise, but want a solution. When debate on this matter is finally wrapped up and the Minister has considered it, people will need to feel that he has taken their concerns into account, and that they will not be stripped of something that they understandably feel belongs to them.

Derek Conway (in the Chair): Order. Before I call the Minister, I remind him that the only people whom I see in this Room are Members of Parliament, and he must bear that in mind.

10.44 am

The Parliamentary Under-Secretary of State for Culture, Media and Sport (Mr. Gerry Sutcliffe): Thank you, Mr. Conway; I welcome you to the proceedings this morning. I thank right hon. and hon. Members of all parties for their words of welcome to me in my new ministerial role, and I am delighted that my hon. Friend the Member for Livingston (Mr. Devine) was able to secure the debate.

It would be foolish of me to underestimate or to fail to understand the high level of interest in on-course betting and the emotion that the issue generates, not least because of the passionate speeches made here today by hon. Members, but also because of the many letters that my Department has received. I have read through the previous debates, and I understand many of the issues that need to be considered. My predecessor, my right hon. Friend the Member for Sheffield, Central (Mr. Caborn), wrote to hon. Members about some of the matters that were raised in the previous debate. This is my first opportunity to offer my thanks to my right hon. Friend for his work as Minister for Sport. He will be a hard act to follow.

My hon. Friend the Member for Livingston, like his predecessor in the constituency, the late Robin Cook, has a great love for and appreciation of British horse racing. I share his enthusiasm for that great sport and for the heritage, tradition and characters that go with it. I have shared racing day experiences with many hon. Members who are present today. I agree that a key part of the experience of live horse racing is to be able to place a bet with a bookmaker on the race course. It is exactly because we want to preserve that experience and encourage more people to enjoy live racing that we have maintained in the Gambling Act 2005 the right of bookmakers to be allowed into betting rings on race courses to take bets.

Before I address my hon. Friend's specific points, it might be helpful if I set out some of the background to the issue. The Horserace Betting Levy Board is a non-departmental public body that operates in accordance with the Betting, Gaming and Lotteries Act 1963, as amended. The board's main functions are to collect payments from bookmakers and use them for the three statutory purposes that relate to the improvement of horse racing set out in the 1963 Act. Since 1972, the board has also had the responsibility for issuing certificates of approval to race courses. Race courses can be issued with a certificate of approval only if they provide a place on-course for bookmakers to carry on their business.

At the time in question, the National Association of Bookmakers had responsibility for the administration of betting rings, under agreement with the Racecourse Association. As has been mentioned, in 1997, after seven years of disputes, that agreement was terminated by the RCA. That is a fundamental point with respect to the relationships that have existed all the way through. To ensure that betting rings were properly administered after the termination of that agreement, the levy board instigated a review.

Following an extensive consultation, the review recommended that a new administrative body should be established to be responsible for the administration and conduct of on-course betting rings. That new body was of course the National Joint Pitch Council. That brings

me back to the point of my intervention on my hon. Friend the Member for Hove (Ms Barlow), which was to arrive at an understanding of what the NJPC's role had been. I am informed that it never gave anyone the lifelong entitlement to a pitch. There were always qualifications, particularly as the new legislation came in: people had to study the intention of the new legislation.

The NJPC is not a public body. It is a company limited by guarantee. The Department has no direct influence over its decisions. Its board includes a number of bookmaker representatives. Its functions are essentially administrative, relating to the conduct of bookmakers on race courses through the national pitch rules. Among other things, those rules cover the allocation of pitches to on-course bookmakers. It is a condition of the levy board's certificates of approval that race courses observe the national pitch rules that the board has endorsed.

In late 1998, the NJPC also set up a system for the auctioning of pitch list positions. That was implemented at the request of the levy board to ensure greater freedom, transparency and accessibility in the on-course market. As we have heard, it replaced the old "dead men's shoes" system, whereby almost the only way to secure a pitch position was through inheritance. The auction system was a mechanism for one bookmaker to sell a pitch list position to another. Agreement was reached with the levy board and the NJPC on those auctions.

My hon. Friend the Member for Livingston is right to say that under the Gambling Act 2005, the certificate of approval system will be replaced. From 1 September 2007, the new premises licences will be issued by local licensing authorities, which will have a duty to take into account the three objectives of the Gambling Act: keeping gambling free of crime; keeping gambling fair and open; and protecting children and vulnerable people.

The new system of licensing will be clearer, more transparent and more consistent than ever. It will focus on the regulation of premises, including race courses, rather than on their administration, and allow race courses and bookmakers to develop a mature, commercial relationship for the first time. That is entirely appropriate, because it is good for racing and for bookies, and it is in line with this Government's aim of minimising bureaucratic burdens and allowing successful industries to run themselves.

It is not right to suggest, as some have done, that the Gambling Act itself does away with pitch lists. Although the certificate of approval system provided a certain authority to support the pitch list system, the lists themselves have never been recognised in statute. They do not—and never have—confer ownership of land to any of the pitch-list place holders, and it remains open for race courses and bookmakers to retain the existing system, or similar arrangements, if they so wish.

I freely recognise that the RCA's announcement that it will cease to recognise the lists from September 2012 has caused great consternation among bookmakers, as has been said today.

Mr. Devine: When my hon. Friend the Member for Barnsley, East and Mexborough suggested an extension of two years to 2014, I magically carried out a survey among pitch bookmakers and they unanimously rejected the proposal.

Mr. Sutcliffe: I am grateful to my hon. Friend for that intervention—so quickly something rises and then is shot down. The spirit of what my hon. Friend the Member for Barnsley, East and Mexborough (Jeff Ennis) is trying to achieve is the feel that I get from the tenure of the debate. We are alive to the concerns that exist.

Anyone who has followed the development of the Gambling Act will know that it has been characterised by frequent and thorough consultation, as has been said. We raised the issue of the administration of on-course betting in a consultation in 2000, and again last year. We received representations from bookmakers and race courses, and we examined them all closely. I know from letters that we have received from constituents that many are worried about the future of their bookmaking businesses post-1 September.

It is worth saying straight away that the Gambling Act itself does not threaten bookmakers' businesses or livelihoods in the way that has been described. Let me explain why. As I have already mentioned, the mandatory and default conditions attached to premises licences continue to require race courses to provide a place on course for bookmakers to carry on their business.

It is worth reflecting on the position paper issued by my Department in 2003 on the licensing of betting premises, to which the hon. Member for Ryedale (Mr. Greenway) referred. It set out the Department's views very clearly. Paragraph 2.6 said that

"it would seem odd that racecourses should not be able to ask for market prices from on-course bookmakers for using areas of their land on which bookmakers are conducting a business."

The paper went on to suggest that bookmakers would need a transitional period during which to recoup the value of their pitches and place their businesses on a profitable footing before the fully commercial system was introduced. We have honoured that proposal by providing a transitional period in the mandatory and default conditions: the five times rule will continue until 2012. For its part, the RCA has confirmed its current intention to honour the existing pitch list system for the same period.

I understand that the NJPC continued to run auctions for pitch list positions up to February this year. That was the NJPC's own decision. I note, however, that in auctions since 2005, a clear warning has been given to potential buyers that they should familiarise themselves with the new arrangements set out in the Gambling Act before deciding whether to bid for positions. That is why I asked my hon. Friend the Member for Hove about that point. I am not unsympathetic to some of the things that she said, and I wanted to hear her view.

As the hon. Member for Bath (Mr. Foster) has said, we have facilitated an industry working group to look at the wider administrative issues that relate to on-course betting. There are copies of the group's terms of reference and membership in the Libraries of both Houses. On the question that he asked me, I should make it clear that the working group, which is drawn from representatives of betting and racing, took a decision not to include consideration of this issue in its terms of reference.

I realise that the definitive nature of the RCA's announcement has caused some alarm, and, in the spirit of continuing consultation and co-operation, I want to propose two areas for further action. First, I want the conclusions of the working group on the

[Mr. Sutcliffe]

regulation and administration of on-course betting to be put out to consultation. Although, as I have said, the working group is not charged with examining the allocation of pitches, it is developing important proposals about an administrative framework to ensure the continuing smooth operation of on-course bookmaking, in the interests of the punter. I should like the proposals to be published and thus open to consultation for all interested parties as soon as possible. I make it plain now that I should also like them to enshrine principles of integrity, propriety and proper accountability.

Secondly, I want the race courses' representatives and on-course bookmakers to sit down together to consider how the existing pitch lists and the new commercial arrangements after 2012 can co-exist. It is only right for a mature and modern industry to come to a sensible and workable conclusion of its own making. I say that not only as the new Sports Minister, but as a former Competition Minister in the former Department of Trade and Industry. We have tried to make industry become responsible for its own decisions and its own future.

There is clearly a divergence of viewpoint between what the RCA wants to achieve and what the on-course bookmakers want to achieve. I am grateful to the hon. Member for Ryedale for offering the all-party group on racing and bloodstock to facilitate those discussions. It is only by the bodies that I mentioned coming together that we can get an agreement. People have got the right to go to law, and nobody can take that away from these individuals.

Chris Bryant: I remember the Minister taking the Consumer Credit Bill through Parliament. He was keen to make the same point then: it is always best if the industry can manage its own affairs well. However, he always said that it was necessary for Government to reserve the right to legislate if necessary. Will he do the same in this case?

Mr. Sutcliffe: I am grateful to my hon. Friend for that intervention. He is right that that was the style of operation in that regard. The complexity in this case involves the change from the certificates to the licensing regime that we put in place, and it would make legislation more difficult. I am prepared to say that this situation needs to be resolved—it cannot and should not be left unresolved. Meetings should take place, and we will facilitate them. I am happy to meet hon. Members to discuss this further, although I am sending the message out loud and clear that it should be the RCA and the on-course bookmakers who reach an adequate conclusion, because that is the right way forward.

As I have said, I shall continue to monitor the situation. Hopefully, we can get the interests of the racegoer and racing put to the forefront, because, as I have found in my short time in this job, many other issues in racing will need to be addressed. Racing is clearly an integral part of our culture and society, and I will look to the horse racing authorities to play their part; a number of disputes seem to be taking place on several issues and we now need to bottom them out. I am prepared to play my part in that, in consultation with hon. Members. Although the reassurances that I have given today will not meet all the requirements of the on-course bookmakers, I hope that they show the intention: this was not about the Gambling Act; it is about the ability of the industry to sort itself out—I hope that that is what will take place.

10.58 am

Sitting suspended.

Yardley Green Hospital Site

11 am

Mr. Roger Godsiff (Birmingham, Sparkbrook and Small Heath) (Lab): I am grateful for the opportunity to have this debate on the future of the Yardley Green hospital site, and I am pleased to serve under your wise and experienced chairmanship, Mr. Conway. I welcome the late-arriving Minister and warmly congratulate her on her elevation to the position that she now holds.

The Yardley Green hospital site has generated huge concern and anger in the local community. The site is in my constituency which, notwithstanding the success of the British economy over the past decade or so, is still one of the most deprived in the country. Some areas still have unemployment of more than 15 per cent. and there is massive pressure on all public services in the Bordesley Green area. The primary and secondary schools in the area are full and the more popular ones are massively oversubscribed. The pressure on social housing is enormous, and there is ever-growing need for health and recreational facilities. There is also a high birth rate.

Against that background, the local population saw the closure of the Yardley Green hospital as an opportunity to address some of those issues. The hospital site is close to Heartlands hospital, which has expanded recently to take in Solihull hospital. There has also been expansion on the existing Heartlands hospital site. I had no issue with the health authority when it judged that, with the growth of Heartlands hospital, Yardley Green hospital was surplus to requirements, but there was a clear expectation in the community that the site would be used for much-needed affordable housing, a desperately needed new secondary school, expanded general health facilities including—this is important—day care mental health facilities, and recreational facilities that could be used by local people.

It therefore came as a total shock when the Heart of Birmingham primary care trust, in conjunction with the Birmingham and Solihull mental health trust, began a consultation with local residents on the possibility of the site being used solely for mental health facilities. Several meetings were held at which representatives from the mental health trust made presentations about the need for additional mental health facilities in the west midlands. Initially, it was pointed out that no decision had been taken and that the purpose of the consultation was to ascertain the views of local people. It was also pointed out that in addition to the Yardley Green hospital site, three or four other sites in and around Birmingham were being considered and that similar consultations were taking place.

At the meetings in Bordesley Green, there was overwhelming opposition from local residents to the suggestion that the site should be used solely for mental health facilities, because of the other pressing needs in the area. At those meetings, I made clear my opposition to the site being used solely for mental health facilities. I pointed out that I had had previous dealings with the mental health trust in respect of another site in my constituency and that, to put it frankly, I was not convinced that the mental health trust or the health authority were acting in totally good faith in giving the impression that they were conducting a consultative process.

Based on my previous dealings with the mental health trust, I pointed out that I believed that it already had it clearly in mind to put solely mental health facilities on the Yardley Green hospital site because it owned the land, so that that presented the cheapest option compared with the other sites that it said it was considering. Furthermore, the trust had already embarked on a programme of closing mental health institutions in the countryside around Birmingham so that the land could be sold off, extremely profitably, for executive housing irrespective of whether the mental health patients living in those institutions wanted that to happen.

As the consultation moved on, more information about the plans emerged bit by bit, and it was eventually made known that the mental health trust had it in mind to build a medium secure unit on the site to accommodate 80 clients in a locked facility. It subsequently came to light that that facility would be bordered by a 5.8 m-high fence. When the full facts became known, there was even greater opposition to the proposal from within the area, but the trust finished its consultation process and then announced that, on reflection, it had decided that the most appropriate site for such a unit was the Yardley Green hospital site and—surprise, surprise—it also announced that the other areas in the west midlands that were being considered wholeheartedly supported the facility being put on the Yardley Green hospital site.

Yesterday, I received a briefing—I suspect that it was intended not for me, but for the Minister—from Karen Helliwell, in which the mental health trust came up with a number of reasons why I should speak for the proposal today. The briefing is a collection of spin, half-truths, innuendo and downright slurs. I shall address one or two of them.

The briefing points out that 114 responses were received to the public consultation, including 39 from local residents and two petitions signed by more than 1,300 members of the local Bordesley Green community. It then said that the majority of the 114 responses to the consultation supported the proposals for a medium secure unit. Nevertheless, there was concern among the population. No reference was made to the 1,300 people who signed a petition, nor to the fact that the petition violently opposed putting a medium secure unit on that site. It also says that the facility is closest to the centre of Birmingham and Coventry. It is certainly closest to the centre of Birmingham, but Coventry happens to be rather a long way away, so again there is a massaging of the true facts.

Finally, I take most offence at the fact that the briefing refers to the community liaison group, which was set up to conduct the consultation, and had been meeting since 6 June 2006. It said that "the Community Development Worker"—to whom I shall refer in a moment—

> "is responsible for ensuring that all the community issues are acknowledged. The last meeting was held on Tuesday, 29 May. In fact, members of the public have been put off attending the CLG meetings as they have been intimidated by protestors outside the meetings."

That is a direct slur and there is no justification for it. Indeed, Mr. Wilson, the project manager, wrote to me on 7 June stating:

> "Since January 2007, we have seen a decline in attendance at the CLG meetings. It has become apparent that while some people have found the CLG to be helpful, other people have not

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found it a useful forum. We have therefore taken the decision to postpone the meeting next Tuesday, pending a review of our communications strategy and how the community liaison group fits in with that. We know that many people are anxious about the development".

There was nothing about the meetings being called off, or about people not attending because, allegedly, they have been threatened or intimidated. However, I regret to say that that is the way in which the mental health trust has approached the issue—with a catalogue of spin, half-truths and innuendo.

John Hemming (Birmingham, Yardley) (LD): I congratulate the hon. Gentleman on securing the debate. Does he recognise that across the River Cole, in my constituency, people are concerned about the same proposal? The record of consultation shows an absence of willingness to respond to community concerns about the proposals for change.

Mr. Godsiff: I thank the hon. Gentleman and entirely accept what he says. I am well aware that he has constituents who feel just as strongly as my constituents about the matter.

A planning application was submitted to Birmingham city council in February for outline planning permission. A petition of more than 1,000 people was presented and, in addition to the opposition that I had made quite clear at the consultative meetings, Councillor Shah, the Labour councillor for the ward in question, also objected to the application. The two Liberal Democrat councillors for the ward voiced their objections to the proposals at the consultative meetings, but one of them, who was a member of the planning committee, was not present when the application was considered on 8 February.

At the meeting on 8 February, the planning committee, which has a majority of Conservative and Liberal Democrat councillors because they are in alliance on the city council, gave outline planning consent. The sense of anger and frustration felt by the local residents has manifested itself ever since.

John Hemming: The Labour councillors voted on the planning committee.

Mr. Godsiff: Councillor Shah, the local councillor, is not a member of the planning committee.

It is worth pointing out that the mental health trust had a paid community development worker who was involved in arranging the consultation process, and that surprise, surprise, he happened to be a Liberal Democrat councillor who represented the Springfield ward in my constituency, where the previous controversy over the location of the mental health facility arose. The two Liberal Democrat councillors for the ward did not seek to challenge the decision of the planning committee at the full council meeting, and by not doing so, many people locally believed that they betrayed the interests of their constituents.

John Hemming *rose—*

Mr. Godsiff: Mr. Conway, forgive me, but I have given way twice already, and time is getting short.

Bearing in mind the small majority that the Con-Lib alliance had on the council, I should be amazed if the two Liberal Democrat councillors for the ward had been prepared to stand out against the proposals. They would not have been able to persuade the Liberal Democrat group within the ruling alliance that the proposals should not go ahead.

The reason why I raise this debate today is because the people of Bordesley Green are extremely angry and frustrated that their clear opposition to the proposal has been ignored. They have been poorly served by their local Liberal Democrat councillors, who had it within their power to stop the proposals going ahead. The land is public land, and while the ultimate decision about what is built on it lies with the local planning authority, the residents are looking for help from the Department of Health to try to prevent the medium-secure unit from being built.

I end by reiterating what I said earlier. It really is hard to appreciate the anger and frustration in the area. The people of the area appreciate, as I do, that mental illness is increasing, and that one in four of the population will be touched by such illness at some time during their lives. They have no objection whatever to the provision of much-needed general health facilities on the site, which would incorporate day-care provision and facilities for dealing with people who suffer from mild forms of mental illness, such as depression. However, to place an 80-bed, medium-secure locked unit surrounded by a 5.8 m fence in such an area, which is deficient in so many other needs, such as affordable housing, additional school places, general health facilities and community provision, is totally wrong. The site is the wrong site and I hope that the Minister will give some help and support to the local residents to stop that ill-conceived project going ahead.

11.14 am

The Minister of State, Department of Health (Dawn Primarolo): Good morning, Mr. Conway. May I congratulate my hon. Friend the Member for Birmingham, Sparkbrook and Small Heath (Mr. Godsiff) on securing the debate? It is about a matter of great concern to him and his constituents. On the briefing to which he referred, if it was meant for me, I do not have it. However, I assure him that the briefing provided to me, as a new Health Minister, made absolutely clear the number of responses that were received, it referred to the two petitions and to the fact that they were signed by more than 1,300 members of the local community, and it made clear the way in which the local NHS has taken the consultation forward.

I understand entirely that such changes are at times difficult, and that they need to be fully explained. In my own constituency, those issues arise when there is change, and when there is a need to ensure that the full range of services that the NHS provides is available in our communities. I was grateful to my hon. Friend for referring to the fact that he does not question at all the provision of the full range of services, particularly in the mental health field.

My hon. Friend knows, and I shall make it absolutely clear today, that the development will provide a number of services, including the medium-secure mental health service. It will do so in a more attractive environment,

bringing with it training and employment opportunities. He reiterated some of his concerns, and to do justice to his points, I know that he has vigorously engaged with the trust on behalf of his constituents as the proposals have developed during the 15-week consultation period. He touched on the point that it should be made clear that the approval of the plans came from the Birmingham city council overview and scrutiny committee, with support from the local primary care trusts. Every opportunity has been given to consider the other options.

My hon. Friend is right that in considering where it was most appropriate to locate those services, the health care professionals looked at a range of possible sites that were in NHS ownership, including the two existing medium-secure units. However, neither site had enough room for an extension, and they were incapable of providing the type of accommodation that the service requires.

John Hemming: Will the Minister give way?

Dawn Primarolo: I shall give way to the hon. Gentleman briefly.

John Hemming: I thank the Minister for giving way, and I take it from what she says that she confirms that the Government support the proposal as it stands.

Dawn Primarolo: The hon. Gentleman understands the issues fully, because he, too, has been engaged in the process. I am making it clear that they are matters for the local NHS to decide, and quite frankly, the Liberal Democrats cannot claim to have a policy nationally to devolve more power and decision-making to the local area—

John Hemming: *rose—*

Dawn Primarolo: No, I shall not give way to the hon. Gentleman; I shall finish my response to his point.

The Liberal Democrats cannot claim to have a policy to devolve more power and decision-making locally so that local people can determine the service based on local needs, which must be the right proposition, and then, when it does not suit the hon. Gentleman politically, claim something else.

John Hemming: Will the Minister give way?

Dawn Primarolo: No, I shall not give way. When the hon. Gentleman gets that sorted out, we can engage on this issue. The provision of services to people with mental health issues is an important matter, and it would be a travesty if we did not engage in a proper consideration of what that requires of us and what is happening locally.

Through the local consultation process, several changes have taken place in response to public suggestions. My hon. Friend touched on some of those changes, such as the change in the location of the building so that it will be away from some rear gardens. I fully appreciate that there are still people who want further issues to be settled, but any attempt to take the matter beyond the consultation process and appeal against the development would have to challenge the process undertaken. Anyone who wants to make such a challenge would need to get relevant advice about how such matters are dealt with locally and what remedies are available. I have no doubt that my hon. Friend has already considered those points, given his usual thoroughness.

I should like to put the development into a wider context, because this is a matter of balancing local needs and concerns against the wider reasons for the development being necessary. The proposals demonstrate that the NHS is responding to the public need for a spectrum of services; they are about providing for local people. The local mental health trust serves a population of 1.2 million people, some of whom will suffer from acute, severe mental illness, a small proportion of whom will need treatment in a secure environment.

John Hemming: Will the Minister give way?

Dawn Primarolo: No, I will not. I should like to finish this important point. People with acute, severe mental illness, some of whom will live in that community, need appropriate care as close to home as possible, because families and friends should be able to visit. Given that many patients already feel isolated because of their illness, a familiar environment is desirable. It is always difficult to strike the right balance between the best interests of the patients and those of the local community.

Mr. Godsiff: On that specific point, I understand the arguments about facilities being close to relevant client groups. However, the clients will come not only from central Birmingham but from Coventry and further afield. Secondly, I have never, during my time as a Member of Parliament, had a letter from the relative of someone in a mental institution complaining that they are having difficulty in getting to see their relative. I have, however, had numerous letters from the relatives of prisoners complaining that they find it difficult to travel to see them and asking whether I can get the offender moved closer to home. Therefore, I understand the Minister's reasoning, but I have not had any complaint, locally, from the families of mental health clients, that they cannot get to see relatives in such institutions.

Dawn Primarolo: I shall tread carefully: I know that my hon. Friend is an assiduous and hard-working local MP, and that he therefore has contact with his constituents about many such issues. I must point out—I have experience of this as a constituency MP—that MPs are not normally the first port of call for the relatives of people who are suffering from severe mental illness, because they will be struggling with many things. However, I assure him that that is a relevant clinical point when considering how to make available the best treatment to those who have severe mental illness.

My hon. Friend talked about the wider geographical area. Of course, units of a certain size can provide detailed medical and wider support to individuals. I do not say that every unit is on the doorstep of every patient; but when balancing the many relevant issues, such as the availability of land on NHS sites and the needs of local communities, the local trust is charged with responsibilities to consider all those points in preparing local plans.

John Hemming: Will the Minister give way?

Dawn Primarolo: I am sorry; I have a few more points to make. In fairness, I must make some progress in responding to my hon. Friend the Member for Birmingham, Sparkbrook and Small Heath, whose debate it is. As I was saying, my experience is that the local issue has great resonance, but the specific vulnerabilities and difficulties relating to the requirements of the patients under discussion might mean that we do not always get such letters from their relatives.

In order to provide a comprehensive mental health care service for local residents, the trust needs to ensure that it has sufficient medium-secure accommodation. At the moment, a third of local men who need medium-secure care have to go out of the region. I, too, get letters from people who are finding it difficult to visit relatives in a prison that is further away, but there are also issues relating to individuals being treated out of the region. It is important at least to try to close that gap. As my hon. Friend pointed out, the majority of men who will benefit from the unit are from the Birmingham and Coventry areas.

Part of providing appropriate care in medium-secure services is making sure that the level of security is right. That is often a concern. Medium-secure services need to have significant levels of security. Those levels of security must satisfy the Healthcare Commission, local commissioners and, in the case of anyone being transferred from a prison, the Ministry of Justice. The Department is shortly to publish a set of principles and high-level indicators for medium-secure services, which are essentially to set the standards for those services. I am sure that my hon. Friend will want to consider that as well when considering the development. Those standards will be in place by the time that patients are admitted to the new unit.

I hope that I have been able to give some assurance to my hon. Friend. I encourage him, although he does not need any encouragement, to continue to talk to his local health services and, importantly, to shape this development, recognising all the challenges and pressures, to the benefit of his local community. I have listened carefully to all his points, and I also considered carefully the submissions in preparation for the debate. This is a matter for the local NHS, but I assure him that some of the broader points that he has made about the future shape of the NHS will need to be taken on board.

11.30 am

Sitting suspended until half-past Two o'clock.

Hospital Services (Sussex)

2.30 pm

Nick Herbert (Arundel and South Downs) (Con): May I welcome you to the Chair this afternoon, Mr. Conway? I also welcome the Minister to her new position.

I am grateful to have secured this debate on an issue that is probably arousing more passion and concern in my constituency and throughout West Sussex than anything else. There are hon. Members here from East Sussex and West Sussex who are all affected by the proposed reconfiguration of hospitals. We are grateful for this opportunity to make the case on behalf of our constituents and for the fact that this debate has brought the Minister here to listen to those concerns, which I am sure she will do. I should like to focus on West Sussex, in which my constituency lies, but my hon. Friends and other hon. Members might refer to the situation in East Sussex. I shall also keep my remarks as brief as possible, to allow everyone here the opportunity to take part in this short debate.

The situation in West Sussex is that the newly created primary care trust proposes to downgrade our three acute hospitals to one, so that there will be only one major general hospital for the whole county. That affects every hon. Member in West Sussex and some in East Sussex, and it affects me particularly, because my constituents use all three hospitals. I am therefore in a position to see how the proposals would affect the whole county.

The first thing that I should like to say about our objections to how the primary care trust has handled the process is that the justification for the proposals has fundamentally changed. More than a year ago, we were eventually told—when the strategic health authority and then the primary care trust admitted it—that the overriding reason for downgrading our local hospitals was a financial deficit in the health care sector in West Sussex and that it would get worse. The principal justification for the measures that the PCT said were needed was that it would no longer be sustainable to retain three acute hospitals for a population the size of West Sussex.

It is true that some clinical justifications for the change were set out at the time, but the overriding justification was clearly financial. Indeed, as a former chief executive of the primary care trust, Steve Phoenix, wrote to the *West Sussex Gazette* on 30 August 2006:

"The financial issues for West Sussex are very serious. Although the NHS will get more money, we are already in debt and there are major challenges in the way we receive funding."

He continued:

"if we do nothing, we will have a shortfall of £94 million by 2008/09. This an impossible scenario. Our plans will involve significant changes to major hospital services. We must invest our funding in direct patient care rather than expensive hospital buildings."

He could not have been more plain that the principal driver of the changes was the lack of funding available to the primary care trust that he perceived. That position was reinforced by the strategic health authority. As the chief executive of the strategic health authority wrote to me and other hon. Members on 31 July 2006 on the issue of finance:

"It is much better, and more responsible, to plan for a clinically and financially sustainable healthcare system, as we are doing."

The new Secretary of State, whom I welcome to his position, too, said in the debate on access to NHS services yesterday:

"These reconfigurations are being driven by local decisions in local NHS trusts, and they are driven by clinical need, not by any financial constraints."—[*Official Report*, 3 July 2007; Vol. 462, c. 853.]

However, he cannot have been aware of the primary care trust's original justification for the changes that are taking place.

Nevertheless, it now seems that the financial arguments for downgrading our local hospitals have simply evaporated. The latest case scenarios that the primary care trust has published, along with the plan for reconfiguration of our hospitals, actually show that in five years' time, in 2012-13, the local health care economy—that is, the West Sussex and Brighton PCTs and the three acute trusts—will end up with an annual surplus of £52 million. Let us deal with the argument once and for all: there is no financial case for downgrading our hospitals in West Sussex. The Secretary of State has now also said that there is no financial case for doing so. That crucial part of the argument for change and how the PCT has approached it for the past year has gone, yet the trust persists in the changes that it wants to make.

Now the argument turns on whether there is a clinical case for downgrading our hospitals, but those arguments are strongly disputed. Locally, they are disputed by consultants, who disagree about whether there should be only one major general hospital in West Sussex—an issue to which I am sure my hon. Friends will turn their attention. Nationally, we are relying on the evidence of some of the royal colleges, on which the whole future of two major hospitals could turn, simply because it is argued that the most serious accident and emergency cases ought to be treated in major centres. Given that there is no financial imperative for reorganising those major hospitals, it does not seem to make sense to put at risk major and much-prized local facilities simply to address that concern.

The concern of my constituents and of the whole population of West Sussex is about accessibility. In my area of West Sussex, the question is not about the size of the population served by the three acute hospitals or about the catchment areas, in the narrow sense; it is about whether those hospitals are accessible to a community, many of whose members live in remote areas. From one village—it happens to be called Washington—right in the middle of my constituency, at the foot of the downs, the distance to Worthing general hospital, one of the three hospitals affected, is a very reasonable eight miles, with a travel time of 13 minutes. If Worthing general hospital is downgraded, which is one of the options that the primary care trust has set out, the travel time could increase by two and half or even up to five times if patients have to travel to Portsmouth, which is one of the potential effects of the changes.

Indeed, in the document that the primary care trust published when the proposals were launched, it conceded that

"a minority of people may have to travel further"

for what it called "improved services." However, we are talking about a population that is relatively elderly. According to the 2001 census, just over one fifth of West Sussex's population was aged 65 years or over, which compares with an average of 16 per cent. in England and Wales. It is extremely difficult for elderly people to make regular visits to health care facilities that are further away. We are not just talking about travel times and safety for A and E services; we are talking about people who have to travel further for visits to facilities that are currently much closer.

The other day I met an elderly constituent of mine who lives in Storrington, in the middle of constituency, who has to travel a number of times of week to Brighton for radiotherapy, making a round trip of 41 miles on each occasion, with a travel time of 76 minutes. There is a huge amount of fear locally that, far from there being a greater provision of local services, which we were promised as part of the reconfiguration, services will be taken further away from the local community.

We have not seen the redeveloped local services that were promised as part of the reconfiguration, or any proposals for them. No assurance have been given in relation to one community hospital in Arundel, in my constituency. It simply does not make sense to say that acute hospitals might be downgraded and simultaneously to be unable to give assurances about the provision of community hospitals, on which people will presumably rely for more local services.

The absence from the primary care trusts' proposals of an option for at least two major hospitals, which is what many clinicians and the public have asked for, is a significant omission. It makes the consultation paper a flawed one, and we asked the PCT board, unsuccessfully, to withdraw the paper until it could present an option that we felt should be considered.

I should like to convey to the Minister the strength of feeling in support of the three hospitals in West Sussex—the Princess Royal hospital in Haywards Heath, Worthing and Southlands hospitals and St. Richard's hospital in Chichester. Some 300,000 people in West Sussex have signed petitions against the closure of those hospitals, and 25,000 people have marched. The Prime Minister may stand on the steps of Downing street, as he did last week, and say that he will listen to people and make the NHS a priority, and the Government may espouse the notion of patient choice, but what can any of that mean if the Government and the PCTs are unwilling to listen to the almost unanimous view of local people?

There can be no better way to demonstrate how people feel about the potential downgrading of their hospitals than to consider the Princess Royal hospital in Haywards Heath, in the constituency of my hon. Friend the Member for Mid-Sussex (Mr. Soames), who has fought tirelessly to retain those facilities. The Princess Royal will be the hospital most affected by the proposals. Under any of the scenarios proposed by the PCT, it will be downgraded. Yet a consultation document published only in 2004 promised that, in reshaping A and E services and moving trauma cases to Brighton,

"It is important to emphasise that the vast majority of local people will continue to receive A&E services from their local hospital. So there is no threat to A&E at the Princess Royal."

That promise was made not only in the consultation document, but to my hon. Friend on the Floor of the House by one of the Minister's predecessors, the right hon. Member for Barrow and Furness (Mr. Hutton), now a Cabinet Minister. He told my hon. Friend on 16 March 2005:

"There is no question of A and E services being downgraded or becoming a minor injuries unit. That is not going to happen."—[*Official Report*, 16 March 2005; Vol. 432, c. 383.]

[Nick Herbert]

When the Prime Minister speaks, as he did yesterday, about rebuilding trust in politics and reconnecting people with the political process, what can those words mean if Ministers feel able to come to this place, give assurances to hon. Members about the future of A and E facilities—an issue that could hardly be of more concern to local people—and renege on those promises within two years? That produces a sense of anger in my constituency and throughout West Sussex about how local people are being treated. They have no voice and they are not being listened to, yet they are being told by the Government that they will be listened to and that the NHS is now the new concern. How can the Minister square that circle? I urge her to recognise local people's concerns about the issue and how the justification for the downgrading of our local hospitals has shifted and been undermined.

I am grateful to the Minister for listening to my case. I hope that she will appreciate the strength of local feeling and that she or one of her colleagues will take the opportunity to come visit the hospitals. The previous Secretary of State visited the hospital at Brighton, but did not visit St. Richard's, Worthing and Southlands or the Princess Royal. If Ministers were to visit one of them, they would understand not only that clinical opinion is certainly divided about the merits of moving to one hospital in a county of that size but also that local feeling is strong. People have paid their taxes, and they feel that they are entitled to high-quality, local and accessible services. I think that they deserve no less.

Several hon. Members *rose—*

Derek Conway (in the Chair): Order. Understandably, a large number of hon. Gentlemen wish to take part in the debate. The Minister and the Front Bench spokesmen have indicated that they are prepared to cut down their usual time. If subsequent speakers can finish on the right side of five minutes, we shall hopefully get everyone in, but that is in your hands.

2.45 pm

Norman Baker (Lewes) (LD): There is very little difference between the hon. Member for Arundel and South Downs (Nick Herbert) and me on this issue. I congratulate him both on securing the debate and on how he put the case, and I welcome the Minister to her position.

My constituency is in the grip of a pincer movement of threatened loss of services. At the eastern end, maternity services at Eastbourne are under threat. Most seriously, we face the potential or likely loss of accident and emergency services at Haywards Heath, a hospital that many of my constituents in the north-west look to. My constituents are angry and bewildered that at a time when more money than ever before is going to the NHS—I congratulate the former Chancellor on his record on that matter—cuts of a hitherto unseen extent are being proposed. It is difficult to square that circle.

I must make it perfectly plain that not only has the case for removing A and E at the Princess Royal not been made, but it is exceedingly dangerous and will be counter-productive in its consequences for my constituents and those of other hon. Members present today. We are given three options in the consultation paper, all of which involve losing A and E services at the Princess Royal. The PCT is asking us whether we want to lose an arm, a leg or both. We are not given the option of losing none of the bits of our body.

I feel strongly that that is not what was agreed. When I had a meeting with the strategic health authority last year, I was promised that the options in the paper would include a status quo option, even if the PCT did not feel capable of recommending it. The option would be included, if only to allow the other options to be measured against it in terms of the clinical changes required and the financial costs. That has not been done. Similarly, with maternity services in Eastbourne, we were promised at an early stage that a status quo option would be included. It is only thanks to the hard work of campaigners who look to the Eastbourne district general hospital for services that a so-called option 5 is now being developed there.

The hon. Member for Arundel and South Downs referred to the financial case. He is right that the sands have shifted and the goalposts have moved on that matter, but it is worse than that, because there is a chance that what is proposed will cost the NHS money, not save it. The Princess Royal hospital in Haywards Heath is quite modern; it is about 15 years old. The Brighton hospital, which will be expected to take up the slack, dates from 1828. It is pre-Nightingale in how it was built and what it offers. Its car parking is insufficient; it is pretty inaccessible by public and indeed private transport. It is on the coast, so half its catchment area is in the English channel. It is not where one would put a hospital if one started from scratch, yet the proposal is effectively to close the emergency department in a hospital that is well situated in mid-Sussex and serves a wide population 360° around it, and to relocate services to Brighton.

That can be done only if money from the sale of land at the Princess Royal—it has been discussed—is used to provide new facilities at Brighton. But where is the sense in closing part of a recently constructed, 15-year-old facility and using it to bolster a hospital built almost two centuries ago with very little spare land, which it would cost a significant amount to develop? It makes no financial sense at all.

If we are to have any changes to our acute services and move towards community services, which is the Government's intention—I accept that it is a sensible intention in so far as it can be delivered—that will cost money, too. We do not know how much that will cost. The hon. Gentleman is quite right that the community aspect has not been properly considered. I do not know what the proposals are for Lewes Victoria hospital—it is not clear what will be put there. If we are to have services taken away, we need to know before they are taken away and, as part of the consultation, what will be done to provide an alternative to the services that it is proposed will be removed from our acute hospitals.

The issue of accessibility, which is key, was also raised. I represent a rural area, including villages such as Newick, Chailey and Wivelsfield. My constituents are already concerned about the journey times to Haywards Heath, without taking into account additional journey times to Brighton. I am sure that the hon. Member for Wealden (Charles Hendry) will have a similar point to

make about his patch. We talk about the golden hour in which to get people to hospitals. With the amount of traffic on the roads in east Sussex and the rural nature of many of the villages, I am not convinced that it could be guaranteed that people could get to Brighton within the hour. In clinical terms, it is simply not sensible to go down that route.

Public transport is pretty sparse in the rural areas, and the bus services that the Government want do not exist. Many of my constituents, who can ill afford it, end up taking extremely expensive taxi rides to get to hospital already. If they are going to be asked to take taxi rides to Brighton—or even to Hastings for maternity services—that will be an expensive business. It is not right to ask people to do that. I do not know the Government's view on social exclusion, but they will make it worse through such proposals.

The pressure on the ambulance service has not been thought through, either. If we are to have people taken to hospitals that are much further away, by definition ambulances will be on the road far more, spending more time at each individual pick-up. Has the ambulance service been properly consulted? What will be the consequences for it? How many ambulances and ambulance drivers will we need? What is the cost of that? Has it been factored in? I do not think that it has.

I am not convinced by the clinical argument that we need to have these single centres and that it is not safe to have different centres. My constituents certainly believe that the arrangements are perfectly safe and are happy with them. In fact, many of them would rather go to the Princess Royal hospital in Haywards Heath than to Brighton, given half a chance. There is no question but that people in my constituency believe that the present arrangements are safe. If they are not safe, what happens in the north of Scotland, Cornwall or other places that are more sparsely populated? They seem to manage all right—with fewer people going through them as well, I say to the consultant who claimed that a certain critical mass of individuals was needed.

The matter crosses party lines. I am pleased to agree—I hope that I will—with the Conservative Members who will speak after me. It is good that we have seen a cross-party approach and I thank the hon. Members for Mid-Sussex (Mr. Soames) and for Arundel and South Downs for the way in which they have approached the matter. In the north-west of my constituency, that cross-party approach has worked quite well. We need to go forward on that basis.

I note that although we have a vast turnout of Conservative MPs and 100 per cent. of Liberal Democrat MPs for Sussex in this debate, it is sad that none of the five Labour MPs who represent Sussex are here—[Hon. Members: "One is."] I beg hon. Members' pardon; 20 per cent. of them are here. I hope that they will realise that it does not help Brighton and Hove if Haywards Heath is closed down and services are removed from there.

I ask the Minister to listen to public opinion, which is strong in all our constituencies. If she does, she will come to the conclusion that the options that have been put forward, for the Princess Royal hospital in particular, simply do not wash.

2.53 pm

Peter Bottomley (Worthing, West) (Con): I echo what the hon. Member for Lewes (Norman Baker) said. I am glad that this is a non-party, all-party campaign and I am sure that the hon. Member for Crawley (Laura Moffatt) would join us in our debate, were she in a position to do so. In Worthing, the local Labour party, Liberal party, Conservatives, the non-political and the media—the *Worthing Herald* and Splash FM in the lead, with the support of *The Argus* and the other papers—have done a great job. I do not know how often the Minister has called a meeting of local residents to find that 6,500 people have turned up, and called another meeting to find that 8,500 have turned up—at a conservative estimate—but that is how keen people are to take part in the debate and to ensure that their voices are heard properly. Even more important than the popular voice and that of the patients are those of the doctors, nurses and support staff in our hospitals.

I shall make reference to one detailed paper that the Department of Health has seen. In the agenda contained in the primary care trust board papers for a meeting on 25 June, item 7 includes the heading "Financial Implications of reconfiguration documents". Page 7 gives information that is not referred to by the primary care trust in any other paper that I have seen. That is a scandal, and I want the Minister to tell the strategic health authority and the primary care trust to reissue the consultation documents spelling out that under options 1 and 3 there will be savings to the national health service, which have not been taken account of, of up to £24 million even when scaled back by a factor of 50 per cent. It is shocking and misleading, and it is either a mistake or it is deliberate.

I want the Minister, if she can in the next hour or so, to get page 7 of the annexe to item 7 of the agenda paper on financial implications. If we are told that there are calculated figures of £13 million here or minus £18 million there, and a £24 million saving to the health service is missed out because it happens to affect a hospital outside Sussex and Brighton and Hove—Portsmouth, in Hampshire—that should be taken account of. If the Minister reads pages 1 to 6 on the financial implications, she will see no other reference to that information. It is contained in one box on page 7 and I bet that 999 in 1,000 will never have spotted it. I do not believe that the independent directors of the primary care trust board or the strategic health authority knew it. My local papers did not spot it, and neither did the experts who considered the options. That is not fair or plain dealing, and I hope that the Minister will ask the chairmen of the SHA and the PCT whether they knew it or whether it was known by the people on the executive side. Did the lead director know it and, if so, why was it not mentioned at the PCT's public meeting? That is not right.

I now switch to a health meeting held in the House of Commons this morning. The health economist who attended said that there was no evidence that moving to massive acute hospitals makes a significant difference to outcomes. If the Minister asks the chief executive of the SHA, Candy Morris, for her recent exchange with Mark Signy, an acute medical specialist at Worthing, she will find a couple of things. First, when the clinical

[Peter Bottomley]

reference advisory group summed up what Mark Signy said in reference to acute medical admissions, it stated:

> "Only 1 per cent. of admissions require a primary angioplasty and therefore this procedure would not influence reconfiguration."

The chief executive put it out as:

> "Only 1 per cent. of medical admissions require a primary angioplasty (indicated for a particular type of heart attack known as a ST elevated Myocardial Infarction) and therefore this procedure would by itself have a direct influence on local acute hospital configuration"—

a direct contradiction. We have to assume that it was merely a mistake, and the word "not" was left out. However, given the number of people who will have read that letter from the chief executive of the SHA, she should write a press notice to say that she agrees with the specialist that the procedure does not have that influence.

The Prime Minister has quoted Professor Sir George Alberti and Roger Boyle as saying that the fact that 500 lives a year might be saved around the country means that one life might be saved every eight months in Worthing and district. I argue for at least two acute hospitals in West Sussex. I am not arguing about whether the one hospital should be in Worthing or Chichester, but for two hospitals. The Minister should require the SHA to re-consult on the option for at least two hospitals, with accident and emergency and maternity departments, so that the public can be consulted on that. At the moment, we are left with good grounds for judicial review, which the Secretary of State must know about. From the beginning, the SHA wanted a review and said so. The lead director said so. I am grateful to Derek Waller of Arundel, who has made that rather plain in his analysis of the East Sussex and West Sussex papers.

I could say a great deal more to the Minister, but I will make this point briefly. No hospital in Germany that I know of has more than 3,500 births a year and yet our plans are to have 4,000 or 6,000 in one—a baby factory for West Sussex. I know of no argument that all the babies born in Worthing should be moved to Brighton. In fact, a lot of the movement seems to be the other way. The Minister ought to ask the SHA and the PCT whether they have consulted mothers and mothers-to-be on that and what the trends are.

On accident and emergency, if significant numbers of clinicians at Worthing hospital—I think that the same would apply at Chichester—believe that it is not just saving one life every eight months that matters but avoiding losing two or three lives a month because of people having to go on journeys, that is all the better.

I end with something rather personal. I came back on the day of the state opening of Parliament to find my wife in pain. A GP dropped his surgery and diagnosed an ectopic, and we got to St. Thomas's hospital in eight minutes. If that had happened in Worthing after the plans had been carried through, my wife would have died. I do not think that I care about her more than other people, whatever their age, care about their spouses, partners, friends or neighbours. I want the Minister to make the PCT consult again on the two accident and emergency departments and two maternity departments and get the financial figures out in the open.

3 pm

Mr. Nicholas Soames (Mid-Sussex) (Con): I intend to be brief, because my hon. Friend the Member for Arundel and South Downs (Nick Herbert) set out the basic case clearly and many other colleagues wish to speak. The hon. Member for Lewes (Norman Baker) is a welcome supporter and has made a powerful case for the Princess Royal hospital.

This is the fourth time in seven years that the Princess Royal hospital has come up for review. That is no way to run a health service or look after patients, and above all, it is no way to treat the staff. The staff of the Princess Royal know perfectly well that there is absolutely no clinical evidence for the changes, although they have to be cautious in saying so.

On the face of it, the proposals are genuinely absurd. The Princess Royal is 15 miles south of one of the biggest international airports in the world and five miles or less from a busy motorway. It is in the centre of one of the fastest-growing parts of the United Kingdom, which has a rapidly increasing and increasingly young population. It sits in West Sussex, which, I do not have to remind the Minister, covers more than 770 square miles and has more than 750,000 people, a struggling transport infrastructure and a growing ageing population.

Infrastructure is about more than roads, railways, sewers and health and social services. It underpins national and local well-being. People in my constituency and elsewhere know that, and a powerful case will be made to the Minister, to whom I am grateful for saying that she would receive a delegation to talk about the matter. We will fight this every inch of the way.

Most importantly, the people in mid-Sussex, who have been through an awful lot with the health services in the past seven years, want an assurance from the Minister, if the so-called consultation is to be seen to be real—I know that she will intend it to be real—that the powerful, detailed and sustained views expressed locally will be listened to and paid attention to when it comes to the shake-up at the end of the process.

Finally, I urge the Minister to understand that there is nothing synthetic about the anger and disappointment that is felt not only in mid-Sussex but across the whole of Sussex. I hope that she will acknowledge that.

3.4 pm

Mr. Francis Maude (Horsham) (Con): The debate is timely and I congratulate my hon. Friend the Member for Arundel and South Downs (Nick Herbert) on securing it. In the long period during which I have been a Member of Parliament, I have never had so many complaints and concerns and so much anger expressed to me about the state of hospital services as in the past few years—that is as they are today in West Sussex, let alone how they would be after the Government's plans were put into action.

My hon. Friends have described vividly our concerns about the proposed depletion of hospital services, particularly in West Sussex. I do not want to repeat them, but I add that the model being proposed for the southern end of West Sussex has already been put into effect in the north end. Over the past 10 years or so, Crawley hospital has effectively been downgraded from an acute to a community hospital. Way back in 1998, a

joint health care NHS trust was formed between Crawley and the East Surrey hospital at Redhill, specifically to provide synergy and specialisation.

We were assured that small amounts of care would be transferred from Crawley to Redhill and that that would be it—no more salami slicing. But then the salami slicer got to work again, and gradually more and more services have been taken away from Crawley. Now the only hospital that serves much of my constituency and the whole of Crawley is at Redhill.

It is no criticism of the wonderful staff at Redhill to say that it is a hospital in crisis. I have a sheaf of complaints, cases and concerns from relatives of patients who have died there in appalling circumstances. Its staff are utterly demoralised and it is in crisis. To meet the Government's top-down targets, ambulances have been queuing outside A and E, so as not to get patients into the A and E queues, to make the numbers look better. The situation is intolerable and should not be allowed to continue. The proposals would make it much worse.

My hon. Friends the Members for Mid-Sussex (Mr. Soames) and for Arundel and South Downs and the hon. Member for Lewes (Norman Baker) made a strong case for maintaining the Princess Royal as an acute hospital, and I totally support that. It serves some of the villages and communities at the eastern end of my constituency. Even as it is, it cannot serve constituents who live in the Horsham area, Crawley or villages as far away as Billingshurst, which are already uniquely inconvenienced in their lack of access to acute hospital care. Under any of the options proposed by the SHA and the PCT, that would get worse.

I wish to make a quick point about accessibility. We always hear the same thing when such proposals are mooted—that what is crucial is not how far away the hospital is and how long it takes to get there, but how quickly paramedics can reach people. That is true in some cases, such as cardiac cases, but it just is not true in others, such as strokes. A stroke is caused by either a clot or a bleed, and the treatments are diametrically opposed in the two cases. The critical thing in avoiding a person being permanently damaged is the speed with which they can be got to hospital and scanned. If a stroke is caused by a clot, as most are, and anti-clotting agents are introduced quickly, a stroke can be almost completely or, in many cases, completely reversed. Think of the savings in the cost to the NHS and society as well as the human cost of so many stroke patients not needing continuing care.

Accessibility really matters. If my constituents become totally dependent on East Surrey hospital and, I suppose, the Royal Sussex at Brighton, they will find them both inaccessible. A constituent of mine in Billingshurst who sustained a serious injury had to wait 45 minutes before the ambulance got there, and it then took another hour and a half to get from Billingshurst to Redhill to the A and E. Time was not critical in that case, but there are plenty of cases in which it is. I am told that the air ambulance cannot even land in Brighton, so the difficulties are not overcome by air access. The matter is serious.

My case is not only that we need to keep what exists but that we need more. We need to reverse the ill-judged changes that have seriously affected the Horsham and Crawley area. I would make the case for a new hospital to serve Horsham and Crawley. As the Government should know, much more housing is being imposed on the area. Indeed, the Prime Minister talks generally about imposing more houses, and none of us is against more housing development, but we do insist that there is a proper assessment of infrastructure needs, and hospital services are central to that. The case for not only keeping what we have, but reversing some of the changes that have been made is therefore increasingly powerful.

I urge the Minister to take this issue seriously. Several hon. Members have said that we are taking a non-partisan approach, and that is absolutely right. Other parties—particularly local Liberal Democrats—have supported the campaign against hospital closures and the case for a new hospital to serve Horsham and Crawley. I do not wish to make a particularly partisan point, but the local Labour party in both Horsham and Crawley has been conspicuous by its absence and silence, and that causes concern. I therefore urge the Minister to listen. The new Prime Minister has made much of his willingness to listen, and the Minister has a good opportunity to get brownie points with him—if I can put it like that—by showing that she is willing to look again at the course to which the Government are apparently committed, but which will be very damaging for a large part of West Sussex.

Several hon. Members *rose—*

Derek Conway (in the Chair): Order. Just to help those hon. Members who still want to speak, let me say that the winding-up speeches should really start at 3.30 pm, but my intention is that they will start at 3.40 pm, which might help those who still want to catch my eye.

3.11 pm

Charles Hendry (Wealden) (Con): I congratulate my hon. Friend the Member for Arundel and South Downs (Nick Herbert) on securing the debate and on the way in which he introduced it. I agree very much with everything that he said and with other hon. Members who have spoken. I hope that the Minister will already be in no doubt that our constituents are confused and baffled. They hear the whole time that the health service is awash with money and that extra money is going in, but they see that health service provision in Sussex will potentially be devastated.

However, our constituents are more than confused—they are angry as well. They are partly angry about the process that has been adopted. In East Sussex, we have already gone through most of the consultation exercise, so we have a good idea of what will happen in West Sussex. What has happened has not been adequate. There is anger, for example, among the 15,000 constituents in and around Uckfield who get their health service provision in West Sussex. When the public meeting came to Uckfield, they could talk about provision only in Hastings and Eastbourne, which none of them access, rather than at the Princess Royal hospital. If they were to lose the Princess Royal, they would rather that their facilities were transferred to Eastbourne, but that option is not being made available. A completely arbitrary and unsatisfactory divide has therefore been created, when the issue should have been dealt with holistically across the county.

[Charles Hendry]

People are also angry at the presumption of closure. There is cynicism because they believe that the decisions have already been made and that, regardless of how strong their case is or how persuasively they make it, the decision will ultimately be to downgrade or close units at these important hospitals. There is also anger that the status quo is not being included, as it should be. We have had to fight for option 5 to be included at Eastbourne and Hastings, and there is now the whole issue of whether the status quo should be an option in West Sussex. I therefore hope that the Minister will take away with her the real sense of anger at the way in which things are being handled.

I also hope that the Minister will be seized of the fact that the proposals will have a devastating effect on many of our constituents. People at the southern end of my constituency face the loss or significant downgrading of maternity services at Eastbourne and the potential loss of the accident and emergency and maternity units at Haywards Heath. Those who live in the town of Uckfield can get to Haywards Heath in 15 minutes—that would certainly be no problem by ambulance—but it could easily take them one hour to get to Brighton. When I last went to Brighton, it took half an hour to get to the outskirts and 45 minutes—in absolutely dense traffic on clogged roads—to do the final three or four miles, and even an ambulance would be hard pressed to improve significantly on that time. We also face the loss of the homeopathic hospital in Tunbridge Wells, which serves many of our constituents in East Sussex.

We are moving in entirely the wrong direction. We are seeing pressure for new housing as never before, but those responsible are taking account only of known new housing and not of new housing that is inevitable, but which has not yet been allocated space. In Wealden, for example, we will be expected to accommodate 400 new houses every year for the next 20 years, but that is not being taken into account in the calculations. Based on such miscalculations, it is assumed that the number of people who will wish to access maternity services in Eastbourne will decline. That approach is fundamentally flawed and needs to be looked at again.

We must also be in no doubt about the consequences of expecting people to travel to Brighton, rather than to the Princess Royal in Haywards Heath. That extra hour or 45 minutes will, as colleagues have said, mean the difference between people surviving or dying. We recently had an impressive presentation by the head of the South East Coast Ambulance Service NHS Trust, who said that the ambulance service is brilliant at dealing with road traffic accidents, strokes and cardiac cases, but that it is not good at dealing with pregnancies involving difficulties. There are serious concerns that, if staff end up having to sort out a complicated pregnancy on a journey that is longer than would otherwise have been necessary, the well-being of the infant and the mother will be put at risk.

This country already does badly in terms of the survival rate for cardiacs. In Seattle or Finland, 50 per cent. of those who have a heart attack out of hospital are alive two years later, but the figure in this country is 6 per cent. The figure in Sussex and the south-east is starting to pick up, and we are seeing an improvement for the first time, but there is real concern in the ambulance service, which gave us those figures, that the figures will decline if people are expected to be treated in ambulances, rather than in the hospital closest to them.

If the Minister does come to Brighton, I hope that she will do so not just in the middle of the day, but on a Saturday night. I have been to the accident and emergency unit at 1, 2 and 3 o'clock in the morning, and I was appalled by the conditions. Transporting people for an hour more than is necessary to a massively overcrowded hospital in a busy city centre is not the right way to deal with people in emergencies. I hope that the Minister will respond to those issues. I know that she cannot give us the response that we want and say that the proposals will be put on hold, but I hope that she will say that our views will be listened to.

I was in the main Chamber a little while ago to hear the Secretary of State setting out the details of the health review, and what came out of that was a determination to listen. If the Minister listens to the doctors and clinicians in Sussex, rather than to the managers, she will find that there is no support for the measures that we are discussing; if she talks to the public, she will find that there is no support for them either. I therefore hope that she will say that any decisions must be put on hold while the Government carry out their protracted new review. I hope that she will tell us that any decisions must be based on what is wanted and needed locally and that, at the end of the day, they must truly be based on clinical need, rather than financial circumstances.

3.17 pm

Mr. Nigel Waterson (Eastbourne) (Con): I shall try to keep my remarks as short as possible, given the throng of colleagues who want to contribute to the debate. I pay tribute to the save the district general hospital campaign, which I and others started 18 months or so ago. In particular, I pay tribute to Liz Walke and Monica Corrina-Kavakli, who are just ordinary mums who feel angry and upset about what is being proposed and who want the best for their children and for other mums who will have children in my constituency in due course. I should also stress the cross-party nature of the campaign, both here today and in Eastbourne; it includes all parties, as well as Churches and community organisations, all of which want the same thing. Thousands of local people have joined marches and demonstrations and signed our petition.

I want to make two or three quick points to the Minister, whom I welcome to her new role—she will be spending money for a change, rather than preventing others from spending it. First, there is the consultation process. There is a real danger that it is totally flawed and that it will end up in front of a High Court judge in due course. The clinical director of my local hospitals trust made it clear in November last year that the trust was looking at one maternity unit in either Eastbourne or Hastings—that decision had already been made. There is therefore a real worry within the campaign that the decisions were made long ago and that everything else is mere window dressing.

Secondly, there is the fact that the consultation in East Sussex went ahead, unlike the one in West Sussex, which was stopped for the local election campaign. We

cannot understand what the difference was, given that we also had local elections in our neck of the woods.

Thirdly, there are the options: 1 to 4. Again, despite past promises, the four options all conceivably include shutting a maternity unit, either in Eastbourne or Hastings. We have been putting forward option 5, as the hon. Member for Lewes (Norman Baker) mentioned. All too often that option 5, produced by the campaigners and based on advice from clinicians—properly costed and thought through—has been treated as the poor relation. The PCTs have sent details of options 1 to 4 to GPs' surgeries, but, alas, they have not so far sent option 5. As I asked on Monday at a public meeting held as part of the so-called consultation, if, as I believe, the overwhelming response of local people is for option 5, rather than options 1 to 4, will they be listened to? Will that make any difference to the final decisions?

My hon. Friend the Member for Arundel and South Downs (Nick Herbert) mentioned in his speech the way in which the arguments have shifted. Money used to be the prime argument. Now we are told that the proposal is all based on safety. It is also being alleged locally that it is based on the support of clinicians. I am having real difficulty finding any clinician locally who supports the NHS proposals. Indeed, one of our leading local consultants effectively changed sides and said that he was unconvinced by the safety arguments.

The local GPs in Eastbourne have recently voted overwhelmingly against the options that are being proposed. It is total nonsense to suggest that the proposals have the backing of clinicians. Indeed, only in August 2004 a detailed clinical services review within the local hospitals trust for Eastbourne and Hastings concluded that a two-site maternity presence should be retained for those hospitals. The acid test should be, it seems to me, to ask the clinicians whether, if money were no object, a one-site solution would be safer than the present arrangements or something like them. I doubt whether any clinician could claim that things would be safer on that basis.

Accessibility has already been raised by one or two of the hon. Members who have spoken. I am told that the gold standard for the interval between deciding to perform a caesarean operation and actually performing it is about half an hour, according to the Royal College of Obstetricians and Gynaecologists. It can take an hour and a half, on average, or more, to get a pregnant mum from Eastbourne to Hastings or from Hastings to Eastbourne. At present we have two units—in Eastbourne and in Hastings—and they are as safe as any in the country. Why change a system that works well already and delivers safe, reliable services to families and mothers?

Finally, I want to touch on what has been called the domino effect. At the moment, the only thing that has been consulted on in my area is the future of maternity services, but hidden in the small print is the promise of future changes to paediatrics and possibly to accident and emergency services. As we know, once consultant-led maternity and paediatrics have been lost, it becomes difficult to hang on to a proper A and E department. My deep suspicion is that the powers that be in the NHS are waiting to see how much fuss there will be about closing one of the maternity units in our area, before they move on to paediatrics and A and E. I am deeply suspicious about the motives in all that is happening.

I cannot stress too much to the Minister, with her new responsibility, the strength of local feeling on this matter. People are incensed in a way that I have not seen in my 15 years as the local Member of Parliament. They are worried and concerned, and deeply supportive of the idea of retaining core services, including maternity, at Eastbourne district general hospital. They also take the view that people in Hastings should continue to have the same services in their hospital.

3.23 pm

Mr. Nick Gibb (Bognor Regis and Littlehampton) (Con): I congratulate my hon. Friend the Member for Arundel and South Downs (Nick Herbert) on securing this important debate, and I welcome the Minister to her new position, blinking in the sunlight after 10 arduous years in the dark corridors of the Treasury.

The more I learn about the NHS the more convinced I become that the principal problem facing the health service is the quality of its management. It is that poor-quality management that has led us, in the southern half of West Sussex, to the absurd position in which the West Sussex PCT proposes to decimate one of two leading major hospitals, either St. Richard's hospital in Chichester, or Worthing hospital. Both hospitals rank among some of the most efficient in the country, and both have strong reputations for clinical excellence.

Nothing, however, demonstrates the poor management I have spoken of better than the financial arguments deployed by the West Sussex PCT and the strategic health authority. We were told in January 2006 on page 11 of the document "Creating an NHS fit for the Future":

"Healthcare in Surrey and Sussex is not financially sustainable".

The document went on to say:

"The NHS in Surrey and Sussex had an underlying deficit of about £100 m in 2004/5"

and the

"underlying position is likely to worsen after 2007/8."

The graph showed a forecast deficit of something like £250 million by 2009-10. The S4 review—it stands for sustainable services for Surrey and Sussex; the NHS never misses an opportunity to create a new piece of jargon—demonstrated that

"the financial situation will get worse over the next few years if it is not addressed as the demand for healthcare continues to increase".

On that basis, the whole reconfiguration pre-consultation process was started. It was the argument put forward by every NHS spokesman at the plethora of public meetings that were held in West Sussex in the past year. We were told that we had to live within our means, that the financial position was unsustainable and that we could not afford two major general hospitals with a full A and E service. It is odd, then, that when the West Sussex PCT board papers were published on Monday 25 June, we could, as my hon. Friend the Member for Arundel and South Downs said, find no reference to ongoing deficits or the unsustainable financial position. Indeed, in the key document, "West Sussex Health Economy: Investment plan", the figures show a surplus of £12 million for 2007-08 and a surplus of £29 million in 2008-09, rising to £52 million by 2012-13. Those are calculated on the assumption of the status quo, with no downgrading of either Worthing or St. Richard's. Of course, there

[Mr. Nick Gibb]

have been efficiency savings at both hospitals in the past year, but such savings do not turn a growing and large deficit into a surplus of the order of £52 million.

The problem is compounded by the issue of Littlehampton community hospital. That well-loved and supported community hospital is now a pile of rubble surrounded by a tall blue security fence. It was knocked down to build a 40-bed state-of-the-art community hospital, after a long and protracted consultation process and a detailed business plan that made it clear that such a hospital was needed and was financially viable. As a result of the projected deficit, which we were told about in January 2006, the rebuilding plan was halted, and the future of Arun's community hospital was put in jeopardy and made dependent on the outcome of the West Sussex NHS reconfiguration. However, of course, there is no deficit. Yet there is no Arun community hospital in Littlehampton.

I ask the Minister to look into the case of that community hospital. We are told that it is Government policy to move health care closer to people's homes. A huge amount of time and effort went into planning and designing the rebuild. The project is ready to go and it has just been put on hold because of the review, but it would be absurd if a review one of whose objectives is to move care closer to people's homes were to conclude that Littlehampton and Worthing should have one less community hospital.

To conclude, I urge the Minister not to allow any of the three options proposed by the PCT. St. Richard's and Worthing hospitals are excellent and efficient hospitals in an area with an increasing population and congested roads. They are loved by everyone who uses them or thinks that they might use them. People will not accept the downgrading of either hospital, and I urge the Government to overrule any such decision taken by the PCT in West Sussex.

3.29 pm

Mr. Andrew Tyrie (Chichester) (Con): A great number of extremely important points have been made this afternoon. It is very rare that one can stand up near the end of a debate and say that one agrees with just about every word that has been said, but in this case, across parties, I do. It is important that the Minister should understand that this is not a case of MPs going through the motions. It is an issue of deep concern to all our constituents, quite out of proportion to anything else that I have come across in the 10 years for which I have been an MP.

I want to add just a few extra points to those that have been made. First, who is really taking the decision? We were told 24 hours ago by the Prime Minister that

"power must...rest with local communities"

and that individuals and communities should not be

"passive recipients of services provided by the state."

Today in the House, the Secretary of State for Health reinforced that. He said:

"Patients must have the chance to shape the kind of NHS they want, to say how they wish to access services".

That is exactly what we are all demanding for our constituents in West Sussex and East Sussex.

It seems extraordinary that the Secretary of State can make remarks like that at a time when it is so clear in our part of the country that an overwhelming number of people do not want the reconfiguration to go ahead. We will find out whether the words of the Prime Minister and the Secretary of State are just window dressing. If they are not, 140,000 signatures on a petition for St. Richard's hospital alone tell us immediately what the answer of any local community power would be. They would see no reason why Worthing hospital should not retain its accident and emergency; they would see no reason why it should not continue as it is. Let us find out in the next 18 weeks whether the words of the Secretary of State and the Prime Minister mean anything.

Let us take St. Richard's hospital as an example. It is a fantastic hospital. Morale has held up very well, despite the pressure that staff have been put under in the past 18 months with the pig's ear of a consultation process that we have had. Those in the local community feel that the hospital is theirs. There is a sense of ownership, which is a remarkable thing that should not be tampered with casually. St. Richard's was identified as the best hospital in the south-east last year, and in the top 10 for low mortality this year. Its financial improvement last year was the best of any trust in the country. The latest in-patient survey by the Healthcare Commission placed it in the top 20 per cent. in the country, and its reference cost—if costs were the issue—is the lowest of any acute trust in the south-east.

What is the case for reconfiguration? What logic could there possibly be for downgrading a hospital of that class? My hon. Friends the Members for East Worthing and Shoreham (Tim Loughton) and for Worthing, West (Peter Bottomley) could make a similarly strong case for Worthing hospital, too.

My second major point is about evidence for all the reconfiguration. A goodly number of my colleagues have already alluded to it. The financial case has been dissected by my hon. Friend the Member for Bognor Regis and Littlehampton (Mr. Gibb), and my hon. Friend the Member for Arundel and South Downs (Nick Herbert) accurately pointed to how the campaign by the primary care trust to close one or more of the hospitals has been retargeted around clinical evidence. But I believe we all know the truth, which is that demand will be managed downwards—that is, rationed by restricting supply. Fewer accident and emergency departments mean fewer people presenting. Ultimately, the reconfiguration is about money. We all know that that is the truth.

While we are on the case for reconfiguration, I would be grateful if the Minister defined in detail, in writing, what an urgent care centre is. I quite understand that she will not be able to do that today as she is new in her post. We sat opposite one another through the consideration of many Finance Bills. I welcome her, as my hon. Friend the Member for Bognor Regis and Littlehampton put it, into the sunlight of a spending Department rather than the drudgery of the Treasury.

Part of the so-called clinical case is that all our constituents will be better treated in the new urgent care centres, but a clinician said to me only recently, "We ask constantly for a definition of them but we discover that the emperor has no clothes. The PCT has no idea what an urgent care centre really is."

My third point is about the criteria for the decision. What methodology will be used? I have heard scarcely a word about that. We talk in vague terms about access, cost, feasibility, quality, staffing needs and clinical needs. Again, I know that the Minister cannot supply this today, but it is essential that we should have at the outset of the consultation process the weighting that the PCT will ascribe to the different outcomes so that we can orientate our campaigns to save our hospitals around the weighting that the Government will direct—it will be the case that they will direct—the PCT to make in respect of each of the various key headings. Without knowing the weighting, we might find that we win the argument on, say, five headings, but because the PCT arbitrarily decides to give a 90 per cent. weighting to one of the others, our arguments will count for nothing at all. It is essential that we have that analysis of the methodology.

My last point is about my constituents and our campaign. The reaction in my local community to the threat of closure of St. Richard's hospital has been quite amazing. It is extremely unusual for thousands of people to come on to the streets of Chichester about anything. They certainly did about this issue.

The Minister of State, Department of Health (Dawn Primarolo): What about poll tax?

Mr. Tyrie: I do not think that they came on to the streets of Chichester about the poll tax, but that was before my time. I take the Minister's point, but she may find that it acts like a boomerang. If she thinks the poll tax was a big issue, she will find that this is a far bigger issue than the poll tax ever was.

My constituents simply do not believe Ministers when they say that finance is not the issue, and that the decision will be taken on the basis of clinical evidence. They are absolutely convinced that finance is the issue and that many clinical concerns and all their wishes will be set aside. When I find so many volunteers such as one of the lead campaigners, Abigail Rowe, and so many clinicians such as my co-chairman on the campaign, Dr. Marjorie Greig, who are prepared to give up so much of their free time to work together on a campaign for St. Richard's, and when I see the groundswell of support, I know that if local consultation means anything at all, St. Richard's will stay open as now. I have absolutely no doubt that the same can be said for Worthing hospital as well.

3.36 pm

Dr. John Pugh (Southport) (LD): I congratulate the hon. Member for Arundel and South Downs (Nick Herbert) on initiating this debate and all hon. Members on having spoken so eloquently about the problem in Sussex. I welcome the Minister and congratulate her on being released after years of selfless and penitential toil on behalf of the nation's finances.

Traditionally, hospitals grew up as a result of local need, philanthropy and pride, and only sometimes through strategic planning. Services evolved in hospitals usually as a result of a change in the requirements of the patients or the national health service. Much of that change, to be fair, has been relatively painless—I think of the closure of tuberculosis hospitals and the like—but we now live in an age of rapid and painful reconfiguration, which is reflected in debates in this Chamber. Recently, we have had debates about Hertfordshire, Teesside and now Sussex. The story is not only about closures. There have been some new and much-needed developments as well in some of the reconfigurations.

In essence, there are normally only four drivers for change, three of which are legitimate and one is clearly not. The three legitimate drivers are clinical, financial and demographic. The clearly non-legitimate driver is party political interest and things such as heat maps. Sussex illustrates all of them. It also illustrates—quite clearly, on the basis of the contributions of hon. Members—the pain, protest, anxiety and downright huge amount of political trouble caused when reconfiguration comes in sight.

Sussex is almost a textbook example not of how to do reconfiguration but of how things turn out under the current circumstances. All the classic ingredients are there. There are financial pressures and debts, which are clearly accentuated in many places by trusts running services on multiple sites. There are clinical arguments about neonatal mortality, accident and emergency services and the trade-offs between distance, capacity and sophistication, with which I am sure hon. Members are fairly familiar. Institutional rivalry and town pride are at play, and professionals and politicians are backing different outcomes. That was obvious in the comments made by the hon. Member for Arundel and South Downs in introducing the debate.

However, ultimately, the inevitable solution—not the ideal solution—will be a decision by quango. Forget the consultation, whether it is good or bad. As hon. Members clearly believe, I accept that that process is often a sham, but even when it is not a sham, it is seldom decisive and is essentially ruled by quango. That is what the Government call local decision making, or decision making by local trusts.

Norman Baker: On the consultation paper, does my hon. Friend agree that it is difficult for people in the east of my constituency and in Eastbourne to make a rational judgment about maternity services for Eastbourne and Hastings when they are unaware of what the proposals are for maternity services in Haywards Heath?

Dr. Pugh: My hon. Friend is pointing out the weaknesses in the consultation process; often consultation is simply a preamble to do what people will do anyway.

Trusts are, in a sense, a slight misnomer because, although they are staffed by perfectly decent and qualified people, they are rarely ever trusted. Trusts in Sussex seem to fit the bill in that respect, as they span more than one community, which is always a difficulty, and answer to different masters and pressures. As is evident from the contributions made, the trusts do not reflect the democratic will, and it seems as though the NHS is deemed too complex for democratic decision making.

The hon. Member for Hastings and Rye (Michael Jabez Foster), who is not here, put these matters rather well in a quote that I read recently. He said:

"You can't close local hospitals. People would rather have slightly inferior services that are local".

[Dr. Pugh]

To some extent, he has hit a raw and pertinent nerve in that comment. I know about the statistics on neonatal death, the shortage of paediatricians, the working time directives and the various pressures linked to that, the sophistication of first responders, the reduction in bed requirements, the cost of high-tech medicine and the preferences of the royal colleges. All of those factors are part of the debate. However, we Members of Parliament also know that communities want an easily accessible accident and emergency department, maternity care within reach and access problems addressed. In other words, there is a balance of consideration.

We are not calling for decisions to be made according to untutored populism or simple nostalgia, but we want an informed public debate and a democratically accountable decision made. Democratically accountable decisions can be tough—I do not think that is an oxymoron—but people would prefer to make decisions, rather than to have decisions imposed on them.

Essentially, we want decision making in which clinical outcomes are tested and scrutinised. We also want transport links and patient journeys to be reviewed, financial arrangements to be fairly and transparently laid out and patients' preferences to be clearly identified. Catastrophically for Sussex, there is no mechanism whereby that can be done and that is the essential point of this debate.

The Government are calling for a review by Dr. Darzi, as they think it will be a kind of solution, but it is not a sure solution. I have been involved in debates in this Chamber about recommendations made by Dr. Darzi for Teeside that led to internecine warfare between Labour Members. I believe that Conservatives are promoting the proposal that the ultimate decision-making body should be the NHS board supported by HealthWatch, making representations on behalf of patients.

My personal view is that that is simply not good enough for the people of Brighton, Eastbourne, Worthing, Haywards Heath, Lewes or Bognor Regis. Those people have a right to a decisive voice in how their local services are configured, along with the responsibilities that that involves. I really believe that if people had a voice, this and so many issues that do not get much further than debate would not come to this Chamber, but would be resolved democratically at a local level, and we would not have to debate reconfiguration time after time, in relation to area after area. However, for the moment, we are doomed to go on doing so for quite some time.

3.43 pm

Tim Loughton (East Worthing and Shoreham) (Con): I congratulate my hon. Friend the Member for Arundel and South Downs (Nick Herbert) on initiating this important debate and welcome the Minister to her new position on the health team. This could be our first and last debate opposite each other.

I think that it is unprecedented for every single Member of Parliament for West Sussex to be present and to have taken part in a debate on this issue, apart from the hon. Member for Crawley (Laura Moffatt) who is rather straitjacketed by her position and is unable to do so. This is undoubtedly the largest single issue affecting every MP and every constituent in the whole of Sussex. It is unfortunate that the three Members for the Brighton and Hove area who are not constrained by being on the Government payroll, but who are affected by these consultations have not come here to add their comments on behalf of their constituents.

My hon. Friend the Member for Arundel and South Downs made it absolutely clear that the whole consultation has been shambolic and is based on a shifting justification. There is now no serious financial basis for the consultation and it appears that the £37 million projected surplus over the next few year for West Sussex primary care trust will not be spent on the health of patients in West Sussex. I strongly echo my hon. Friend's calls for the Secretary of State or some of his Ministers to visit our hospitals and see our patients who are under threat.

The hon. Member for Lewes (Norman Baker) reinforced the cross-party consensus of all the campaigns and, as he said, it is dangerous that these proposals are being put forward. My hon. Friend the Member for Worthing, West (Peter Bottomley) made it clear that the financial assumptions in the consultation are, in any case, seriously flawed. Every time we challenge the figures, we are not given a good response as to why such massive reorganisation is in the interests of our patients. Larger hospitals do not always make better hospitals, either from a clinical or financial point of view.

My hon. Friend the Member for Mid-Sussex (Mr. Soames) described the proposals as genuinely absurd and pointed out the proximity of Gatwick and the other pressures that exist in the densely populated county that West Sussex has become. My right hon. Friend the Member for Horsham (Mr. Maude) mentioned the downgrading of Crawley, in which the hon. Member for Crawley was herself complicit. When services were transferred to Redhill, the residents around Redhill may have cheered the extra capital investment. However, they are now finding that the extra pressures of numbers on that hospital means that they cannot get into their own hospital because it simply cannot cope. If West Sussex loses some of these services, I fear that the same thing will happen in Brighton. The infrastructure needs that we have in West Sussex are severe and we should ensure that the infrastructure is there before we commit to taking on extra house building and experience the population pressures that result from that.

My hon. Friend the Member for Wealden (Charles Hendry) rightly pointed out the cynicism that accompanies these consultations and the fear that decisions have already been made. He certainly made a good point about travel times and the complications for problem pregnancies that could lead to very real dangers for the mothers involved. My hon. Friend the Member for Eastbourne (Mr. Waterson) pointed out that it is ordinary people who have set up these campaigns of resistance. He mentioned the four options that people had in Eastbourne. We did not even have four options; we were restricted to three. There seems to be a commonality of missing options between the different consultations.

My hon. Friend the Member for Bognor Regis and Littlehampton (Mr. Gibb) challenged the financial savings and the statement that the deficits will not exist in a few years' time. My hon. Friend the Member for Chichester (Mr. Tyrie), who has led the campaign to save St. Richard's from the front with great skill and aplomb, asked who is taking these decisions. Is it just managers who are doing the Government's bidding and a case of the managers

who wear the Government's clothes having no clothes—to use the analogy of the Emperor.

The document that was produced last week and started the debate is flawed. It was nine months late and did not have a fourth option, which we were promised would consider the possibility of keeping two main hospitals in West Sussex with at least accident and emergency and maternity departments or the status quo. The representations made by Members of Parliament, councillors, patients and constituents to the PCT asked for that option, which was ignored with breathtaking arrogance by the PCT. We wrote a letter that was signed by every Conservative Member in West Sussex and by every leader, mayor and chairman of every council in West Sussex and most Opposition leaders. The letter pointed out that the consultation was flawed and asked for it to be suspended until the fourth option was restored. Arrogantly, the PCT completely and utterly disregarded the letter when, interestingly, most of the non-executive directors of the PCT sent their apologies when the vital decisions were being made.

Henry Smith, the leader of West Sussex council, has made the county council's view absolutely clear. He says

"This is a bleak picture of the future for health services in West Sussex, and the County Council rejects it totally."

It is no surprise that we have such strong campaigns to save St. Richard's, the Princess Royal in Haywards Heath and Worthing and Southlands hospitals. It is crazy that we are looking to downgrade hospitals in a county the size of West Sussex, which has 750,000 people and special needs for elderly people, in particular; some 4.6 per cent of the population of Worthing is over the age of 85—such people have additional needs.

I believe that, last week, the Brighton hospital had been on divert for nine days running simply because it could not cope with the pressure of patients arriving in ambulances. Regularly, there are ambulance queues outside that hospital, and it is a nightmare travelling to it. Yet the Royal Sussex county hospital in Brighton will be the major beneficiary of the downgrading of West Sussex hospitals, particularly the Worthing and Princess Royal hospitals. Despite the excellent efforts and hard work of the Brighton hospital's managers and staff, it is struggling under the pressure of work. Can it make sense to apply further pressure?

Last year, some 63,000 people went to the accident and emergency department in Worthing, of which a large number were admitted to hospital. They did not need just a plaster; they needed serious attention. How can Brighton and Hove cope with those extra 63,000 people? It is also interesting that Worthing hospital will this year deliver some 3,000 births, and most of the increase is from mothers from Brighton and Hove having their babies delivered there.

Worthing and Southlands hospital, the Princess Royal hospital and St. Richard's hospital, in Chichester, are good, cost-effective, and, as has been mentioned, well-liked hospitals. If it ain't bust, don't fix it, particularly given that we do not have a clue what will be put in its place. And neither do we know the displacement costs of the extra community activity that we have been promised. It is death by a thousands cuts! It is dishonest and unfair, particularly on the 3,200 staff at Worthing and Southlands hospital, and on those at other hospitals, over whose jobs there has been uncertainty in recent years. That is bad for local businesses, as the chairman of the South East England Development Agency said when he came to Worthing. Furthermore, it is bad for patients, staff and the NHS in Sussex. The "fit for the future" consultation document, which started all of this, is not fit for the future of our constituents. It is said that Sussex people won't be druv. Well, we will not be druv; we will fight for the future of our hospitals. I hope that the Minister listens.

3.52 pm

The Minister of State, Department of Health (Dawn Primarolo): I congratulate the hon. Member for Arundel and South Downs (Nick Herbert) on securing this very important debate and on his new position on his party's Front Bench. I hope that hon. Members who have spoken will forgive me if I do not refer directly to them in the short time available. Clearly, there are issues of great significance here that affect not only his constituents, but those of all hon. Members who have spoken.

Issues raised by Members are always of great concern. Potential change can provoke very strong reactions, and striving to further improve services for local people can involve such proposals for change. That can be uncomfortable for many at first. We must ensure that while acknowledging the difficulties and tensions involved, we do not lose sight of the ultimate goals of the NHS at a local level when it introduces proposals to improve services. All Members want to improve clinical outcomes in our communities, which sometimes means making difficult choices. When we talk about reorganisation and improvement, we are talking about saving more lives, providing better and safer services, getting the best clinical outcomes for our communities and consulting with the relevant people.

The hon. Member for Arundel and South Downs is quite right: this is not about finance or saving money; it must be about providing safe, high-quality care. Changes are being proposed to reflect and respond to what the public are telling their local NHS. They want more convenient and appropriate services available at times and in places more convenient to them. The NHS must respond to a variety of drivers for change and ensure that it keeps up with changes in services. Those changes are not imposed by the Government, but are proposals for improvements made by the local NHS, based on local knowledge, experience and clinical expertise. When developing proposals, such vast consultation processes, which are necessary, must involve everyone fully, particularly, in this case, clinicians. Regardless of what hon. Members say, that is what has happened in this case.

The overwhelming clinical case for change has been made by independent experts, such as Sir George Alberti, the national director for emergency access. However, I recognise what the hon. Member for Worthing, West (Peter Bottomley) said when he quoted other views and referred me to other clinicians. Of course, people have very strong views. We are trying to determine locally how to produce the best outcomes and services and how to ensure that our constituents have the best chances, in terms of convenience and emergency care.

Peter Bottomley: On a point of order, Mr. Conway. Is it in order for the Minister to quote Sir George Alberti, who, at a meeting with Sussex MPs, said that

[Peter Bottomley]

he would fight for two major hospitals in West Sussex, but then went back on that—for balance, I should say both?

Derek Conway (in the Chair): The hon. Gentleman has made his point, but the Minister was not out of order.

Dawn Primarolo: I am saddened by the hon. Gentleman's intervention and his aggressive pose in this debate. I have tried genuinely to listen very carefully to all the points that have been made. Any proposals for change that are a matter for the local NHS must, as is clear from today, have a message about the importance of making services relevant to local needs. Public consultation with all interested parties and stakeholders must take place in an informed and constructive way.

As the hon. Member for Mid-Sussex (Mr. Soames) said clearly, the proposals have now been put forward and are based on local priorities, but now is the time for local people to have their say. Those proposals and that consultation, when it closes, will bring forward results and outcomes for discussion in public in the autumn. All of the complex proposals for Sussex need to be developed in partnership with a wide variety of people, including doctors, nurses, other health professionals, local authorities, voluntary groups and local people and patients.

Norman Baker: Will the Minister give way?

Dawn Primarolo: No, I shall not give way. I have been very generous and this is a very complicated debate. In a very short period, I am trying to give a steer on how I intend to take the matter forward. The future of the proposals and the development of the service in the area are in local hands. The consultation and serious debate need to take place now and must deal with points raised by the hon. Member for Arundel and South Downs. I take note also of the specific points made by the hon. Member for Chichester (Mr. Tyrie).

Mr. Tyrie: Will the Minister undertake to supply in detail written definitions of "urgent care centres" and "weighted criteria" on the basis of which the decision will be taken?

Dawn Primarolo: I intend to look at every single point made today, including those of the hon. Gentleman, and to respond appropriately. I have listened carefully to the debate. I know the strength of feeling that hon. Members have clearly and effectively expressed today. However, I find it a little odd that, in a debate in which Opposition Members have spoken about defending their current hospitals, the right hon. Member for Horsham (Mr. Maude) made a bid for another hospital, with no regard to the possible impact on hospitals such as the Princess Royal. We need to think carefully about this matter and take it forward with consultation in order to reach the right conclusions for those who live in the area.

HMRC Office (Kettering)

4 pm

Mr. Philip Hollobone (Kettering) (Con): I thank Mr. Speaker for granting permission for this important debate and I welcome the newly appointed Minister to her post. She will respond to the debate in due course, but I want to leave her in no doubt whatever about the strength of feeling among staff at the local tax offices in Kettering, which is shared by local residents. They are outraged at the proposed closure of Kettering's tax offices. Those offices have many loyal and dedicated staff who have provided an excellent service to the people of the borough of Kettering and further afield in north Northamptonshire over many years.

I had the privilege, perhaps unusually for a Conservative Member of Parliament, of joining the staff on their picket line on 31 January, such was the strength of local feeling. I had the privilege to present on their behalf a petition to the House on 26 February, with more than 400 signatories protesting at the closure plans. I also attended a meeting in Her Majesty's Treasury on 10 May with officials including Mr. Michael Hanson and Mr. Brian Redford. I now have the privilege of opening this important debate.

In the main tax office in Kettering, there are 78 staff in total. Fifty-nine of them, or 75 per cent. of the work force, are female. Of those 59 women, 32 are part-timers, which is 54 per cent. In total, part-time staff in the Kettering tax office comprise 42 per cent. of the work force. Closure of the office would not only be a bitter blow to the local economy; it would very badly affect, in a totally unfair way, female employees. If Her Majesty's Treasury has not already conducted an assessment of the inequality as regards the effects on male and female employees of the planned closure, I very much hope that it will do so in short order.

Kettering and north Northamptonshire are a part of the country that will probably have, in the next 15 to 25 years, one of the fastest rates of growth for houses, population and jobs of anywhere in the United Kingdom. According to the Government's own plans, in north Northamptonshire, which includes Kettering, Wellingborough, Corby and east Northamptonshire, there will be an additional 53,200 houses by 2021, of which 13,100 will be built in Kettering borough. Also according to the Government's own plans, an additional 43,100 jobs are needed in the local economy. North Northamptonshire needs from Her Majesty's Treasury a vote of confidence that those plans will be successful and that the tax advice needs of all the new small and large businesses that are to be created in the local economy will have their own dedicated tax office nearby. It seems absurd that at a time when the Government are pushing through those housing expansion plans, they are in effect giving a vote of no confidence in the local economy by threatening to withdraw Kettering's own tax office.

The staff are rightly outraged, because they are being told that they will be relocated to Northampton or Leicester, but it simply will not be possible for many of the staff to be relocated to those locations. As I said, many of them are female and, because of their child care responsibilities, work part-time. Many will have to give up their jobs at a time when the number of people

unemployed in north Northamptonshire is approaching the number unemployed in 1997. Indeed, in the constituency of my hon. Friend the Member for Wellingborough (Mr. Bone), the number unemployed now exceeds that in 1997.

Mr. Peter Bone (Wellingborough) (Con): I am grateful to my hon. Friend for securing this exceptionally important debate. What he knows but perhaps the Minister does not is that my local tax office in Wellingborough is due to close as well, leaving no tax office in north Northamptonshire and adding to the number of people unemployed in Wellingborough.

Mr. Hollobone: That is an excellent point. I believe that some 170 staff are employed both in Wellingborough and in Kettering. The sensible thing for Her Majesty's Treasury to do would be to combine those offices at the present Cytringan house location in Kettering, rather than relocating staff from Kettering and Wellingborough to Northampton. The reason for that is that north Northamptonshire is a major growth area, and people, businesses and individuals simply will not want to travel to Northampton to obtain expert tax advice.

Northampton is about 16 miles from Kettering, which does not sound a long way, but between the two towns is the A43 road, which I have to tell the Minister is the most dangerous and congested road in the whole county of Northamptonshire. At peak times in the morning and evening, it is like a linear car park from Kettering to Northampton. The travel time will be more than an hour. That is significant because in the meeting at the Treasury on 10 May to which I was invited, Mr. Brian Redford, the senior Treasury official there, said:

"An hour travelling time could be wholly unreasonable for a woman working part-time with caring responsibilities."

I checked that with him at the time and it is exactly what he said. The point is that that will affect at least 32 of the 78 staff in the Kettering tax office at present.

The other alternative, which seems to have emerged rather later in the day, is relocating staff to Leicester. Leicester is even further away from Kettering than Northampton. It is possible for people to travel to Leicester by train, whereas there is no rail link to Northampton, but the car parking charges at Kettering station are already £5.50 a day. The train journey plus the travel to Kettering railway station plus the travel from Leicester railway station would in many cases take more than an hour and again would be impractical for most of the staff based at the Kettering office.

Of course, it is not only the staff who face those long and difficult journeys; it is also the people in Kettering who want to be able to speak to those tax experts about their complicated tax affairs. I have to tell the Minister that it is completely unreasonable to expect residents in Kettering to have to travel to Northampton to obtain the tax advice that they need. It would be even worse to insist that residents of Kettering go to the tax office in Leicester.

I know that the Treasury is saying, "Well, if we close the tax office in Kettering, we will have a customer-facing service that will be able to meet all the needs of local residents", but I have to put it to the Minister that although I can see why she is saying that, the depth of expertise that exists in the Kettering tax office simply will not be available at a front-facing, limited customer facility in Kettering. In any case, the Treasury could obtain the economies that it needs by merging the two tax offices in Kettering and the tax office in Wellingborough on the existing Cytringan house site in Kettering. That building is a wonderful location on the outskirts of town. The cost of running it must be lower than that of running any tax office in the middle of Northampton or Leicester, and there is room for expansion and for files, storage and other facilities.

Other organisations in Kettering are looking into establishing offices nearby, such as the borough council, the fire service and the police service, as will other public services in the future. There is potential to develop a real public service centre that will be easily accessible for residents in Kettering both now and in the next 15 to 25 years, in which time the local population will increase by between one third and one half. The tax office needs to accommodate not only the existing needs of local residents, but the tens of thousands of new people who will live in north Northamptonshire and the businesses that will set up there in the next 15 to 25 years. Following my conversations with Treasury officials on 10 May, I do not believe that they appreciate the size of the growth in the north Northamptonshire economy or the demands that will be placed on tax advisers.

There is also the green issue to consider. Requiring the Kettering tax staff to travel to Northampton or Leicester is not environmentally friendly. Yes, they could get the bus to Northampton, but that is likely to take an hour and a half in peak times and it will be difficult to get to some of the proposed offices. Travelling by car along the A43 would be very environmentally unfriendly. It is possible to take the train to Leicester, but there are certain transport problems first with getting to Kettering railway station and then with getting from Leicester railway station to the office. In this era of climate change, requiring 170 staff from Wellingborough and Kettering to travel to disparate locations is not very environmentally friendly.

I am worried about the effects that closing the tax office will have on local customers, who need access to the excellent service that they have been able to use for so long. In welcoming the Minister to her new post, I add that she could establish her mark at the Treasury and win a lot of plaudits from the residents of Kettering if she were to consider the potential closure of this tax office and urge the Treasury to think again. This is a special case; yes, I would say that, as the constituency MP, but I genuinely do not believe that the Treasury appreciates the expected rate of growth in the north Northamptonshire economy in the next 15 to 25 years. Withdrawing Kettering's tax office from the town at this time would send completely the wrong signal to its residents. We need more public investment in Kettering, not less, and to retain the loyal and dedicated civil servants who have provided such an excellent service to local people for so long.

4.13 pm

Mr. Peter Bone (Wellingborough) (Con): I congratulate my hon. Friend the Member for Kettering (Mr. Hollobone) on securing the debate on this issue, which is so important for the whole of north Northamptonshire. We all know that he fights valiantly for his constituents, but he has hit on an issue that

[Mr. Peter Bone]

affects many people and is not even in the Government's interests. I also welcome the Minister. We are lucky to have such a highly respected Minister answering the debate, and I know that she listens to arguments. I add that we are not trying to make any party political points today. Also, I must declare an interest as a non-practising chartered accountant.

I have visited Cytringan house in Kettering. On the outside, it looks slightly like a Gestapo headquarters, because of the fencing, but inside it is a modern, out-of-town office that could easily be expanded. That is where the Government have got things wrong. It cannot be financially sensible to keep two highly expensive offices in Northampton open while closing three relatively cheap offices elsewhere in the county. It would be more obvious to have a centre at Cytringan house, although I do not want to lose my tax office on the Embankment. I do not know whether the Minister has the same problem as me: every Friday, about a third of my surgery is taken up with people who have problems with tax credits. When they go to the Embankment, they get advice that they find useful. We have a high level of deprivation in north Northamptonshire, and to expect people to travel by public transport to Northampton is unfair and means a loss of service to people in my area.

We are not asking for something special. The average public expenditure per head of population in the east midlands is £6,334, whereas it is £7,184 for the UK as a whole, so each citizen in north Northamptonshire gets, on average, 12 per cent. less public expenditure than the rest of the UK, yet we are talking about withdrawing public expenditure yet again from the Wellingborough, Kettering and Corby areas.

My hon. Friend touched on an important issue when he noted that many of the people who are employed on the Embankment could not travel to Leicester or Northampton. Never mind the green issues, which are real; it is ridiculous to ask young women, who may have families, to travel that distance and back every day. One might say that Northampton looks to be only a few miles away on the map—that is probably how the accountants do it; they probably say, "We'll just have those two and knock those off"—but there are no easy transport links. It is much easier for my constituents to go to Kettering. The tax office there is just down the road from the hospital, so they could go to the hospital to have their hand fixed and then along to the tax office to have their thumb screwed. It is in a good location for both my hon. Friend's constituents and mine. Indeed, it is not a bad location for people from Northampton, because they can just pop along the A14.

The matter needs to be reconsidered. We are not saying that there should not be rationalisation, but we do not think that the Government's proposal is sensible. I hope that the Minister will look favourably on our comments.

4.17 pm

The Financial Secretary to the Treasury (Jane Kennedy): It is a pleasure to be here with you in the Chair, Mr. Conway. It is even more of a pleasure for me because it is a real honour to be speaking from the Front Bench again after my chequered career of recent years. I compliment the hon. Members for Kettering (Mr. Hollobone) and for Wellingborough (Mr. Bone) on their speeches, and thank them for their kind comments and welcome. However, I must warn them that in every Department in which I have served, I have been responsible for programmes in which various Government and public sector organisations have undergone thorough reviews of the way in which they provide services and, in particular, the locations from which they provide them. What we are asking Her Majesty's Revenue and Customs to do as part of this programme is a very sensible and normal practice in government.

I congratulate the hon. Member for Kettering on securing the debate and on the way in which he presented his case. I would have been proud to have made such a speech when I was elected in 1992 and made representations to a Conservative Government about very similar issues. I assure him that having listened to his speech, I shall also read carefully in the record the case that he has made.

When the Inland Revenue and Customs and Excise merged, the Treasury recognised that the new, merged organisation had significantly more office accommodation than it needed. Indeed, HM Revenue and Customs told us that it had about 40 per cent. more office accommodation than it needed to support its operations across the regions. The annual cost to the Department of accommodation in the urban centre of Northampton is about £1.3 million. I hope that the hon. Gentleman agrees that the Revenue and Customs board is charged with the responsibility of reducing unnecessary cost. Both hon. Gentlemen have acknowledged that they are not against reorganisation per se, but against its affecting their constituencies.

Beyond that, Her Majesty's Revenue and Customs is making significant changes to the way that it carries out its business. That has a further impact on these locations and the way in which staff are organised. Many customers now choose to telephone the offices or use the internet to file returns or make their claims, so it is right that the senior management examine all their operations to ensure that they are run as efficiently as possible. In some work areas, they see that need as best being served by concentrating work in larger units where the processes can be streamlined. In other areas, a more mobile work force are seen as the best solution to meet customer needs. Finally, there must be an emphasis on improving compliance by matching resources to the risks that HMRC deals with in particular locations. HMRC is ahead of schedule on its general efficiency programme, having made a reduction of 11,000 posts through a combination of restricted recruitment and voluntary early retirements.

Both hon. Gentlemen made the point about the advice that is available through these offices and on which their constituents rely. I emphasise that HMRC's approach is to reduce its use of office accommodation by concentrating on the back-office functions and making them as efficient as possible, rather than on the public inquiry facilities. One of my predecessors in the Treasury, the Minister of State, Department of Health, my right hon. Friend the Member for Bristol, South (Dawn Primarolo), who was speaking in this Chamber a few moments ago, made it clear that the network of inquiry offices must be maintained. Where an inquiry centre is to close because a lease cannot be renewed, for example,

HMRC has been asked to re-provide the facility as close as possible to the current inquiry centre. That will be the case across Northamptonshire.

A point was made about the reliance of local businesses on a local HMRC presence. Very little of what HMRC is carrying out locally is related to local business need. The HMRC plans are predominantly about reorganising the back-office function and do not affect face-to-face services. The skills set of the staff in those front-facing offices will be maintained.

The new department has been asked to draw up plans to improve services and reduce costs over the next five years—that includes the current one. The Government will invest significantly in each of the next four years to improve Revenue and Customs services. That will involve up to £1.5 billion-worth of resources.

As part of the review programme, a number of commitments have been given by my right hon. Friend, and we will stand by those: all inquiry centres are to be maintained; staff will not be compulsorily moved from an office ahead of the completion of the review for that office; and staff will not be required to move to an office that is beyond a reasonable daily travelling distance.

The two offices in Kettering that have been mentioned accommodate nearly 100 staff, and I understand the concerns that staff will have. In the entire urban centre, it is expected that over the next three years about 10 per cent. fewer staff will be needed than are currently employed. That is not a reflection on the staff currently working in Kettering; I join the hon. Member for Kettering in saluting the skills and experience that they have and the service that they provide to the public. It is worth bearing in mind that the number of public sector jobs in Kettering has increased by more than 2,000 in the past 10 years and the number of such jobs in Northamptonshire has increased by nearly 13,000 in the same period.

I will examine the statistic that the hon. Gentleman cited about the unemployment—I will do the same with regard to all his comments—because I was particularly drawn to it. I understand the concerns that people working in the area will have if the offices relocate. Such concerns relate to the following: the extra travel time that will be involved for some; the availability of transport links from people's homes; the environmental consequences of more journeys being made by road; and the impact on the local economy. He has raised exactly those issues.

For just those reasons, I have asked HMRC's senior management team to undertake the process of consultation in each of their offices, and to assess the impact of the proposals on customers, staff—that includes equality issues, which I shall discuss in a moment—local communities and diversity. I have asked that issues of equality and diversity be explored as part of that feasibility process. I am always happy to welcome Conservative Members to the debate on equality—they are welcome recruits—to ensure that equality is maintained.

Only after the completion of a detailed impact assessment reflecting those factors is a decision taken on whether to close an office. HMRC intends to provide as much flexibility as it can for staff to work part-time hours, alternating working patterns within the constraints of rationalising its office network. All proposed changes of location or work will be subject to a discussion between the individual member of staff and their manager to see whether arrangements can be made to support staff in their work-life balance.

Throughout the programme, the senior management in Revenue and Customs are committed to being open with staff, explaining the options available to individuals and exploring how their expectations can be matched with the need to make the operations more efficient. These are not easy decisions and they can be made only once all the facts are known.

HMRC recently announced decisions on its review of urban centres in outer London and the south-east. I wanted to cite that example to both hon. Gentlemen. As part of the support process in implementing those decisions, those staff will go through a detailed process with their managers. I can report that as a result of the representations made during the outer London and south-east consultation process and further feasibility work that was undertaken by HMRC, the initial proposals set out for consultation were revised. My point is that we are listening to the representations, and where a strong case is made, we are prepared to reconsider the proposals.

Mr. Hollobone: I am most encouraged by the Minister's remarks. The obvious solution to this problem is to combine the tax offices in Wellingborough and Kettering at Cytringan house in Kettering. When she studies the statistics, that will leap out at her. Staff are uncertain, so I must ask her when the decision is expected.

Jane Kennedy: I am coming to that in a moment. I shall want to consider the words that have been said in this debate, and the representations that have been made by both hon. Gentlemen, both today and previously, such as in the letters that the hon. Member for Kettering has written. The Parliamentary Secretary, Cabinet Office, my hon. Friend the Member for Corby (Phil Hope), has also written on this matter and we have received a wide range of representations from trade unions and the public. I shall want to consider all those things carefully. I cannot yet give the hon. Gentleman a time frame because I am still catching up on what the issues are and I want to understand them before a decision is made.

The proposals are still under consideration and consultation. Final decisions have not yet been made. All the information that has been provided during the consultation, including the petition that I understand was presented to Parliament, will be considered before an announcement is made.

I welcome this debate as part of our commitment to consult before taking final decisions. This is a long-term programme that will deliver a more responsive and efficient service for taxpayers and claimants in the long term. We have placed a heavy responsibility on HMRC and I have been pleasantly encouraged to see the care that is being taken over these decisions by the senior management team. The consultation exercises are the vehicle for taking into account the views that have been expressed today by hon. Members, and the views of staff, trade unions and the public. I am pleased that the hon. Gentleman raised these matters today.

Derek Conway (in the Chair): Order. Before I call the next debate, may I apologise to the Chamber for the fact that from time to time we hear the loudhailing from outside? I shall report it to Mr. Speaker, but hopefully it will not distract us from our deliberations.

Air Passenger Duty

4.29 pm

Jim Sheridan (Paisley and Renfrewshire, North) (Lab): I am delighted to have secured this debate on air passenger duty double payments, which the Government and the airline industry should examine urgently. I welcome the Minister to her new position and am confident that, if anyone can help to find a solution to the problem, she can.

I have pursued the issue for some time and exchanged a great deal of correspondence with the Minister's predecessor, but without securing a satisfactory outcome. That is not a reflection on the former Minister, who always listened carefully to my constituents' concerns, but we never achieved the necessary firm action, and I hope that in the days and weeks ahead we shall be able to change that.

Most hon. Members know that air passenger duty is an excise duty that was introduced to help to address the increasing environmental damage resulting from increased air travel. The duty is charged on the carriage of passengers flying from any United Kingdom airport on an aircraft with an authorised take-off weight of more than 10 tonnes or with more than 20 passenger seats.

The purpose of this debate is not to question the nature of the duty. Like most people, I accept that some changes are necessary in the provision of services, but what concerns me and my constituents, and many other people who travel abroad and who live in areas outwith easy reach of London, is the double charge with which they are often hit. Many regional airports offer a limited number of international destinations, and passengers are often routed through Heathrow, which is the central hub for UK international flights, from a regional airport to catch a connecting flight. Those living in Scotland, the north of England, Northern Ireland and, in some cases, Wales are often hit with a double or even triple charge because they must take two domestic flights to and from London and their long-haul flight. The Government's provisions to tackle that inequity and to ensure that passengers pay air passenger duty only once are fine in theory, but do not work so well in practice, resulting in many people being hit with the double whammy.

John Robertson (Glasgow, North-West) (Lab): I congratulate my hon. Friend on securing this important debate. Many of his colleagues have tried to find an answer to the problem.

People in my constituency, which borders my hon. Friend's, are charged £40 to go to London and then £40 to go to New York. They may have scraped and saved to obtain the most economic flight to New York, only to find that they must pay an extra £160 per person to travel both ways. Is it fair that those who can least afford it suffer the most?

Jim Sheridan: I thank my hon. Friend for his contribution, which is absolutely right. He gave a detailed example of the costs that are inflicted on people, some of whom have struggled not just for a year, but for many years to be able to go on the holiday of a lifetime, and who then have to pay the additional tax.

The guidance on air passenger duty, published by Her Majesty's Revenue and Customs, outlines the rules to assess whether a flight is connected and states that, if the departure of the second flight falls within 24 hours of the scheduled time of arrival of the first flight, it is connected. Airlines can also issue through-tickets whereby all flights on a journey are covered by a single air passenger duty payment. Unfortunately, those measures are not always compatible with the realities of modern air travel. For the most part, only larger airlines, such as British Airways and British Midland, offer through-tickets, and not everyone is fortunate enough to be able to pay the amount that those airlines charge on flights to and from London on top of their long-haul flight, particularly if they have young children travelling with them.

Anne Moffat (East Lothian) (Lab): I congratulate my hon. Friend on securing this debate. Is he aware of the good example of our hon. Friend the Member for Midlothian (Mr. Hamilton), who has arranged the family holiday of a lifetime to Florida, including both his children and grandchildren? The extra payment just to get from Scotland to London will be approximately £1,000 on top of the price of the holiday.

Jim Sheridan: My hon. Friend makes a valuable point, and I am sure that if my hon. Friend the Member for Midlothian (Mr. Hamilton) could have been here—he is occupied with other important business—he would have given a graphic example of just how the tax affects families north of the Watford gap.

Many families throughout the UK save for months to afford a holiday abroad and, to reach their holiday destination, they must travel via Heathrow. They have no choice. To save money, many of those families use budget, no-frills airlines such Ryanair, easyJet and Flyglobespan. It is often impossible to obtain through-tickets on those airlines because many of them fly to London's other airports such as Gatwick, Luton or Stansted, rather than to Heathrow, to reduce their own costs. Travellers then make their way to their connection at Heathrow. That is not taken into account by the air passenger duty regulations.

I am concerned that families in Scotland, the north of England, Northern Ireland and Wales must pay more for their holidays simply because of where they live. The Government have long been the champion of the family, yet families are being hit hardest by the inequity of having to pay the charge for each member on each leg of their journey. I call on the Government to work with the airline industry urgently to review the regulations to ensure that people from northern areas of the UK are not discriminated against. If that is not done soon, there will be an increase in people travelling to European hubs to avoid paying double charges, which would impact negatively on our airline industry, and that was never the Government's intention.

The financial gain brought into our capital by Heathrow and other airports will be threatened if that occurs, and I ask the Minister to meet all interested parties for a full and frank discussion of the many complex issues surrounding this problem. That may not be easy because

obnoxious airline owners may be unwilling to sit round a table and find a solution, but it is important that the effort is made.

The air passenger duty was introduced for the best of reasons, and the Government should be commended for their long-term view. However, it is important that any action taken by the Government is fair for everyone we represent. Airline and travel industry representatives are present today, and they are as keen as anyone to try to find a satisfactory solution, but I am not suggesting for a minute that the task will be easy.

I have met Treasury officials a couple times to try to sort the matter out, and I am sure that they understand the problems that have been identified by my hon. Friends the Members for Glasgow, North-West (John Robertson) and for East Lothian (Anne Moffat), but there must be ambition, keenness and appetite to get heads together to find a solution so that families who have saved up for holidays are not hit by the double or triple whammy of the airport tax. I do not think that that was the Government's intention when they introduced it.

4.39 pm

John Robertson (Glasgow, North-West) (Lab): I once again congratulate my hon. Friend the Member for Paisley and Renfrewshire, North (Jim Sheridan) on securing the debate and on his contribution. I shall broaden some of his points and discuss fairness. I have no doubt that the taxes had nothing to do with the Treasury's wish to collect money; it was obvious that they were to do with climate change. However, the planes would fly whether the taxes existed or not and, in fact, with low-cost airlines, more and more flights take off from our shores daily.

I shall discuss the aspirations of my constituents. I do not have one of the most affluent constituencies in the land; in fact, it contains a couple of the most deprived and poorest areas of the country. However, those people have aspirations, too—aspirations to see the world and to sample the good things that other, much more affluent people, have the opportunity to sample. But suddenly, a family of four has to pay £160 extra if they wish to fly from Glasgow to New York via London. Why would they want to fly via London? The fact is that there are very few flights from Glasgow direct to New York. They could take them, but they would still pay extra money. Almost all the cheap flights go through London, and in some cases, through other European cities, too. When we are discussing fairness, I sometimes wonder whether we have considered this country's hubs and the people who use them.

British Airways has cut many of its flights. It is trying to put its finances in order, and some of us believe that it is not so much interested in Britain anymore, but looking more towards the international market. That may or may not be true, but plenty of airlines wish to secure slots abroad. In doing so, they want to fly from the hub where most people are situated, so they attract their planes to those hubs. By attracting their planes to them, they make money for the airport that they leave from, for the airport that they stop at while waiting for the other plane, and for the destination airport on the way back. I do not think that that is fair to the people who can least afford it. I want my constituents to be able to fly from Glasgow direct to New York, thus saving half the tax money.

I also believe that the then Chancellor, now the Prime Minister, did not foresee the problem that such practice would cause outside London. The money that he receives affects the aspirations of my constituents. They want to go on holiday, and they want to take their family, but as my hon. Friend the Member for Paisley and Renfrewshire, North mentioned, they may have to save up for years to get that holiday. The people who have been saving for three or four years now find that they have to save for perhaps another year. However, people who have the money can go whenever they please, because they can afford it.

The aspirations of the poor are once again hit, but the aspirations of the rich are once again met, because they can afford to meet them. Our party is not in power to do that. We must consider the issue and think about the aspirations of every person in this country. We want to broaden their horizons just as the horizons of people who can afford it are broadened. My hon. Friend the Exchequer Secretary should reconsider the issue. I am not worried about the tax in general but people certainly should not have to pay twice, and if they travel from the isles or the far north, they certainly should not have to pay three times what somebody from London has to pay to take the same flight.

4.43 pm

The Exchequer Secretary to the Treasury (Angela Eagle): I congratulate my hon. Friend the Member for Paisley and Renfrewshire, North (Jim Sheridan) on his success in securing this afternoon's debate, which is about an important topic. I also thank my hon. Friend the Member for Glasgow, North-West (John Robertson) for his contribution, and my hon. Friend the Member for East Lothian (Anne Moffat) for her earlier intervention.

I shall do my best to soothe some of the worries, although I am not sure that I can produce the solution that my hon. Friend the Member for Paisley and Renfrewshire, North would wish for. He was right, however, to acknowledge that air passenger duty was introduced to address the environmental concerns about air travel, and I welcome the fact that all my hon. Friends welcome the tax from that point of view. They have understandable issues, however, with the way in which it is being put into effect.

To put it on record, air passenger duty is a way of pricing aviation's carbon emissions, and of helping to ensure that the industry pays the costs that it imposes on society at large with its pollution. The Government are committed to that principle, and I am glad that my hon. Friends agree with it. The air passenger duty will limit carbon emissions from aviation. They are a growing problem, and they are expected to grow in importance as more flights occur. The rate rise that was announced in the pre-Budget report will save the equivalent of 750,000 tonnes of carbon per year by 2010-11, which will be the equivalent of taking 400,000 cars off the road, so it will have a positive effect, for the purposes for which it was introduced.

Air passenger duty is paid by aircraft operators on all passengers departing from UK airports, with higher

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charges for flights outside the European Union reflecting the fact that longer journeys are more polluting. There is an exemption for passengers who are in transit—the issue for debate today—and transfer through the UK. There is a concession for passengers with connected tickets for more than one flight, but the way in which the concession works is causing the problems. For those passengers, the APD that they pay will depend on their eventual destination, but it will be paid by the carrier that provides the first leg of the journey.

I shall not explain the detail of that exemption, but if hon. Members are interested, it is set out in the Air Passenger Duty (Connected Flights) Order 1994. My hon. Friend the Member for Paisley and Renfrewshire, North correctly identified the way in which it works, and I do not intend to repeat it. However, it is important to emphasise that the concession is not restricted to passengers who book all their flights with one airline. Any airline can offer through-tickets, including for passengers who have connected flights with different airlines, if the airline collects enough information both to link the tickets and to account to Her Majesty's Revenue and Customs for the connection between the tickets. Many airlines offer that service to their passengers, including a number flying from Scotland, such as BMI and British Airways, and if they do, the double payment, as my hon. Friend characterised it, does not occur.

However, I accept that for their own commercial reasons, not all airlines wish to offer the service to their customers. In the case of the point-to-point airline, the concession does not apply. Since I realised that I would be having this debate with my hon. Friend, I have thought about the issue and the way in which the concession could apply. I must confess that I have not come up with an answer yet, but I am interested to hear whether he has one.

Without the necessary information to link a passenger's first flight to their second, which is the information that exists in through-ticketing, it simply is not possible to treat the flights as one journey for APD purposes. Aircraft operators are required by the law to account for the correct amount of APD to Her Majesty's Revenue and Customs—whether or not they pass the charge on to their passengers. Unless the airlines can identify for themselves and assure Revenue and Customs that the flights are genuinely connected, it is clear that the concession cannot be used.

The existing framework allows the aviation industry to avoid what has been described today as double payments, and all airlines can use the concession if they are willing to collect the required information. Any airline or aircraft operator from any part of the UK can offer the concession to its passengers.

Jim Sheridan: My hon. Friend the Exchequer Secretary has been extremely positive up till now, but the problem seems to be that the airlines are of the view that if they try to operate through-tickets, they would have to pick up any administration costs. Their view is that the taxes are Government-led, so the burden of administering them should not fall on the airlines. Therein lies the problem. I do not profess to be a professional in the travel industry, but if we can get the professionals together—that is, the Treasury team and the airlines—perhaps we can come to some sort of conclusion.

Angela Eagle: I am happy to keep thinking about that. However, the only way that I have so far been able to think of for point-to-point operators to provide the relevant evidence to Her Majesty's Revenue and Customs is the collection of information and proof from each individual passenger who travels with them on the first journey about where, if anywhere, they are going to fly next, since some point-to-point passengers obviously do not take a further journey, while others catch connecting flights. From the point of view of getting tax revenues and liabilities correct, there must be proof of where all those passengers who travelled on the first stage of the journey subsequently went. Traditionally, that has been proved by through-tickets and linked tickets. I am not sure how most passengers would react to their point-to-point airline asking them where they were going next, even if it was willing to do so, or asking them for proof, for tax purposes.

John Robertson: I just want to get right what I think my hon. Friend the Exchequer Secretary is saying. What she is saying is that if somebody can prove that they are taking more than one flight, they can claim back—

Angela Eagle *indicated dissent.*

John Robertson: They cannot, then. Just as people who buy goods in certain countries can claim the tax back before they leave the country, by submitting their bills, is there no way of doing something similar, so that somebody who can prove that they had made two flights and been charged twice could claim it back, not necessarily at the time, but in writing later on?

Angela Eagle: There is only one problem with that very good suggestion: the air passenger duty falls on the airline companies, not individual passengers. Therefore, it is up to the airline companies whether to pass that cost on to their customers. Although my hon. Friend makes an extremely good suggestion, it does not fit with the structure of the tax.

I should like to reassure my hon. Friend the Member for Glasgow, North-West that the amount of air passenger duty that would be payable on, say, an economy flight from Glasgow down to Heathrow or Stansted is £10, not £40. For long-haul flights, the air passenger duty rate is £40, so the extra cost for an individual who did not get a connecting flight from Glasgow to Heathrow and then on to Florida, for example, would be £10, not the £40 that my hon. Friend quoted. The extra costs are not quite as bad as those in the example that he gave, because flights in the European economic area are charged at £10 for economy and £20 for business class. The only way to get to his example of £40 would be for two adults to travel business class, which I suspect is not likely, given what he said about his constituents. The costs are there, but they are not as substantial as my hon. Friend indicated.

Also, all flights from the highlands and islands have been exempted already, because of the remoteness of the area. Therefore, there are not three payments of tax

if one travels from the highlands and islands. The first flight, into Glasgow, is exempted, while the cost on the second flight, if it is a domestic flight in economy class down to London, is £10 and the cost for a long-haul flight is £40. The extra cost from the inability to through-ticket in that example is therefore just £10, or £20 if one goes the other way. We have to bear that in mind when we consider the administrative changes that it might be reasonable and relevant to introduce.

We know that some point-to-point airlines choose not to get involved with the extra administration and responsibilities implied in through-ticketing, particularly because they would have responsibilities for hotels and so on, if the ongoing flight were cancelled. From some of their business plans and niche marketing, I understand why point-to-point operators at the low-cost end of the market might not wish to get involved in those responsibilities and why they therefore do not offer through-ticketing.

Jim Sheridan: I do not know whether it would be workable, but one simple solution could be for people to be given a receipt at the first point of travel—that is, at the regional airport—saying that they have already paid the tax, which they can then show during the second part of their journey.

Angela Eagle: I would have to think that through, but I am not going to do so on my feet—that would get me into significant trouble very quickly. I am happy to consider all my hon. Friend's suggestions, but he must remember that the tax is organised so that it falls on the first carrier. In a point-to-point situation, there is only one carrier. We have discussed how difficult it is to get information about what a particular passenger may then do. With through-ticketing that is not a problem, because everything can be proved; but again, the point is that the tax falls on the first carrier. If there is an onward flight, we have to get evidence for the through-ticketing concession to bite. That is the nub of our problem.

As I said, I am quite happy to keep an open mind about the issue, but such matters often turn out to be more complex than people imagine. We need to remember that although the costs are there, they are not as high as some people thought. A person travelling to Florida will incur the £40 cost for long-haul flights anyway, wherever they travel from in the UK.

My hon. Friend the Member for Paisley and Renfrewshire, North also said that we need to keep the tax under review, and we certainly do. When the tax was first created, low-cost airlines and point-to-point operations did not really exist. Other issues have also arisen in the development of the airline industry that are beginning to challenge some of the categories for the cost of air passenger duty, particularly the economy and business class distinction. As a result of the increasing range of products being marketed by airlines—including business class-only flights and premium economy seating—we are consulting with the industry on definitions of classes of travel in air passenger duty. We must be careful to ensure that in responding to changes in the aviation industry we do not make air passenger duty more complex to operate.

On the increase in point-to-point services, we do not believe it appropriate to check and record the onward plans of each individual, to confirm whether they have connecting flights. For the amount of tax liability that that would save for individuals, it would be a big burden to place on point-to-point operators, many of which rely on their light touch and low costs to keep their operations profitable, according to their business models. If we require operators to do that, point-to-point carriers would, in effect, be compelled to become through-carriers.

Jim Sheridan: I am grateful to the Exchequer Secretary for giving way again. As I understand it, there is an appetite in the travel industry to try to reach a satisfactory conclusion, because it is in the industry's interests for people to travel. My hon. Friend is surrounded by some of the best brains in the civil service. If they had the same appetite for coming to a satisfactory conclusion, we could find a way forward. Will she agree to meet the travel industry?

Angela Eagle: I am more than happy to keep such issues under consideration, if anyone can think of a solution that does not impose business models that are not commercially welcome on particular airline operators. I have an open mind, and if anyone has any suggestions, I would be happy for them to get in touch and let me know about them.

Question put and agreed to.

Adjourned accordingly at Five o'clock.

Westminster Hall

Thursday 5 July 2007

[JOHN BERCOW *in the Chair*]

Occupied Palestinian Territories

[Relevant documents: Fourth Report from the International Development Committee, Session 2006-07, HC 114, and the Government's response thereto, Fifth Special Report, Session 2006-07, HC 430.]

Motion made, and Question proposed, That the sitting be now adjourned.—*[Mr. Roy.]*

2.51 pm

Malcolm Bruce (Gordon) (LD): It is particularly appropriate that you should be in the Chair for this important and timely debate, Mr. Bercow. I welcome the new Minister to his post and give him my good wishes. I wrote, on behalf of the International Development Committee, to the new Prime Minister before he took up office to ask him to beef up the Department for International Development and to give it an appropriate number of Ministers. I am glad that he has done so, and I expect that the Minister appreciates having three colleagues rather than only one, as would have been the case in the previous Administration. I look forward to hearing the Minister's reply and to the future engagements that I am sure that members of the Committee will have with him.

Obviously, events have moved on since we produced our report, and not for the better. When it was published, in January, after our November visit to Palestine and Israel, we were particularly concerned, from a development point of view, that although an increasing amount of development aid was going to the occupied territories, poverty was also increasing at a high rate. The reasons for that were not hard to find, and I shall address them, as the report has done. We said in the report that the situation was unsustainable and would deteriorate, stating:

"The danger of the current approach is that it might push Hamas into a corner which encourages violence rather than negotiation."

We also pointed out that

"Hamas now has closer links to governments like that of Iran than it had two years ago."

The events of the past two or three weeks show that that was not an inappropriate analysis. Indeed, last year, Jan Egeland described Gaza as a "ticking time bomb". Unfortunately, it has now exploded and the fallout is not yet clear. The takeover of Gaza by Hamas was brutal and unjustified, but the failure to secure recognition of its election victory may have contributed to its frustration, at least in part.

Mrs. Louise Ellman (Liverpool, Riverside) (Lab/Co-op): I follow the reasoning in the right hon. Gentleman's report and in the comment that he has just made, but do not comments from Hamas about

"keeping the flame of resistance alive until our Palestinian flag will fly anew over the walls of Jerusalem, the shores of Haifa and Jaffa"

indicate a Government who are not prepared to accept the existence of the internationally recognised state of Israel?

Malcolm Bruce: We know that, and I might come to that point later. I could retort to the hon. Lady that Israel is illegally occupying a significant piece of territory that does not belong to the state of Israel, and yet it does not always suffer the same degree of international condemnation for so doing, but I do not want to justify one wrong against another. I shall address her point in slightly more detail later.

Like all hon. Members, I am sure, I very much welcome the release of Alan Johnston this week. His kidnapping was deeply stressful and was damaging to the Palestinian cause. Clearly, Hamas will want to take credit for the release, or at least to tell the world that it indicates that it has control of the security situation in Gaza. We were unable to visit Gaza because of the security situation. The previous Secretary of State managed to get in shortly afterwards, but others have found it difficult. It is effectively a prison, sealed off by land, air and sea, with virtually no resources and no functioning economy. The question that we have to concern ourselves with is: how is the basic essence of life to be maintained there?

Our former Prime Minister, Tony Blair, is to take up the role of Quartet representative. He faces an awesome challenge and a crisis of credibility with the Palestinians, given his close ties to the Bush Administration and to Israel. How can he mobilise international assistance, as he has been specifically asked to do, let alone develop the economy of Gaza in those circumstances without talking to Hamas? He will have to do so sooner or later. If he were here, I would say to him that Hamas will have to be involved in talks at some stage, as part of the wider process, just as on the path to peace in Northern Ireland he had to talk to Sinn Fein and the IRA.

Our report, and its timing, were motivated by the fact that while international aid and the UK's contribution to the occupied territories was rising, incomes were falling and poverty was increasing, with the most vulnerable—older people, women and children—suffering the most. I shall not go into the statistics now, but they show how deeply people were affected in practical ways. As our report says, that situation was directly attributable to two facts, the first of which was the withholding of revenue from the Palestinian Authority: both the customs revenue collected by Israel on behalf of the Palestinian Authority and budget support from international donors. The second fact was the effective blockade of Gaza and the total disruption of access and movement around the west bank, both of which were imposed by the Israeli Government.

John Battle (Leeds, West) (Lab): Our Committee's focus was the alleviation and tackling of poverty, but we cannot tackle poverty in the west bank and Gaza without considering the politics and economic realities. The right hon. Gentleman rightly pointed out that although certain groups have used blood-curdling rhetoric and carried out serious attacks of violence and terror in the past, they eventually had to be brought into talks to bring about a peace agreement. I suggest that it might not be simply his view and that of the

[John Battle]

Committee that in order to tackle poverty in the west bank and Gaza, there will have to be dialogue with all the parties, including Hamas. That might now be the wider view.

Malcolm Bruce: I am grateful to the right hon. Gentleman for that intervention, because that is the essence of our argument. Our report is an International Development Committee report, but I make no apology for straying into politics, because we cannot deliver development in the occupied territories without some form of political settlement. I want to know how it will be possible to deliver humanitarian assistance and support to the people of Gaza if we do not talk to the people who are in control there. I do not see how that assistance can be delivered in any other way.

The consequence of withholding aid, which might now be restored—I want to ask the Minister a few questions on that—was that the Palestinian Authority effectively collapsed. Its employees, by which I mean not only civil servants but nurses, teachers, doctors—essential workers—went unpaid, and, as a result, many went on strike. Economic activity was paralysed by the restrictions.

The Quartet is unequivocal in its requirements of Hamas and, if I may say this to the hon. Member for Liverpool, Riverside (Mrs. Ellman), completely equivocal in its approach to Israel. Paragraph 60 of the report specifically states:

"However, while severe pressure has been placed on the Hamas-led PA to change its policies and accept Quartet principles, no comparable initiative has been taken with the Government of Israel to encourage it to put into practice agreements it has signed up to or to end clearly identified practices which are causing poverty and suffering in Gaza."

The imbalance causes a great deal of resentment and is a practical obstacle to progress.

Mrs. Ellman: The right hon. Gentleman talks as if Hamas is a normal political organisation. Is he aware that article 32 of its charter talks about the Jews' plans being

"embodied in the Protocols of the Elders of Zion"?

Is that not just one example of plain anti-Semitism?

Malcolm Bruce: I am sure that the hon. Lady will have many more such quotes. I want to reassure her that I endorse nothing of what Hamas says, stands for or does in terms of violence. I am not here as an apologist for Hamas; I am here as a political realist, accepting the fact that, whether we like it or not, Hamas was elected by the people of Palestine. However, it has been denied the right to have any kind of engagement.

Conditions are legitimate, but we have imposed similar conditions in the past on all kinds of movements, for example the IRA, EOKA and the Mau Mau, and ultimately, we have to deal with the facts on the ground. That is the essence of my point. I am not asking anyone to like or appreciate Hamas, but at some point we will have to talk to it. It is my belief that Tony Blair, in his position, may have to talk to it sooner rather than later.

What is the state of life in Gaza? I wonder whether the Minister can answer this direct question: is there enough food? There were indications of difficulties in that regard. Are hospitals and schools functioning? What measures are in hand to provide long-term support—access and movement? Is the temporary international mechanism—TIM—continuing or are steps in hand for salary payments to be restored directly, through the Palestinian Authority? If that happens, will they be backdated, and if so, will TIM contributions be in any way deducted from or charged to the PA? While we were there, that possibility was mooted.

On the west bank, are the number of restrictions increasing or diminishing? Is work continuing on the security fence? Is the development of E1 still on hold? Are other settlements on the west bank still expanding? Those are real questions; we need to know whether the situation has changed positively or negatively. I suspect that I know what the answers are, but if the Minister has up-to-date information, hon. Members would be happy to hear it.

I appreciate that the Department has given £1 million to the Red Cross for humanitarian relief in Gaza. Will the Minister indicate what other aid the UK is providing directly and indirectly, and whether it represents an increase compared with the previous two years?

Tony Blair faces a huge challenge if he is to move from the present crisis to establishing even the beginnings of a viable Palestinian state. I believe that Israel and the Quartet are taking a significant risk by investing their support so directly and completely in President Abbas. His Fatah party was defeated at the elections to the Palestinian Authority largely because of public disaffection with extravagance and corruption in the past.

Many Palestinians, most of whom had voted for Fatah, told the Committee that they felt they were being punished for a democratic vote. One woman told us that the UK, "Had invaded Iraq to impose democracy but refused to recognise the Palestinian democracy resulting from a free and fair election." When I put that to Tony Blair on his appearance before the Liaison Committee, he replied:

"We have recognised the Government."

That slightly surprised me. When I queried it, he said:

"We have recognised Hamas as having won the election."

He continued:

"Let us be absolutely clear what the problem is. The problem is not whether we recognise Hamas have a mandate and have won the election, the problem is that if they want money from us...we need to make sure that that money is not being used for them to buy weapons."

That is a fair point: it is our money and aid money. That issue needs to be addressed, but it does not apply to the Palestinian Authority's own money. Its money had been collected, on its behalf, on the borders by Israel and had been withheld. That was the biggest single factor in bringing about the effective collapse of the day-to-day functioning of the Palestinian Authority. The Department for International Development, among other donors, had invested so much time, effort and resources into building up that body.

There is real anger and frustration among ordinary Palestinians. I am not necessarily talking about those

who support what Hamas stands for, although some might have voted for it. The Palestinians have made many mistakes for which they are paying, and Israel has legitimate security concerns, which they are addressing robustly. Nevertheless, we face a long haul, in which the ordinary, beleaguered Palestinians face unreasonable hardship, are prevented from developing their own economic salvation from what should be a productive economy, and find that Israel is free to impose disproportionate reprisals, seal off activity and continue an illegal occupation without let or hindrance. The essence of our report, and, indeed, the up-to-date comment to add to that report, is simply: how long can this go on?

3.6 pm

Richard Burden (Birmingham, Northfield) (Lab): I, too, welcome the Minister to his new position, and to this debate in particular. This is an area of the world in which I know he has a genuine personal interest. Both he and I were observers to the Palestinian parliamentary elections in January 2006. All the international observers agreed that those elections were fair and democratic. That is remarkable, given that they were taking place under conditions of occupation.

I want to endorse everything said by the right hon. Member for Gordon (Malcolm Bruce), Chairman of the Select Committee on International Development, in introducing our report. The elections to which I just referred have, in many ways, formed the backdrop to its contents and to the Government's response.

I found the Government's response to our report most disappointing. It seemed to come from a script that was written before anyone had read our report and that representatives of the Departments concerned rehearsed before us during evidence sessions. As a result of those evidence sessions, we produced a report that challenged some fundamental inconsistencies in the approach hitherto adopted by not only the UK, but the EU and the Quartet. The inconsistencies and challenges that we outlined were based not on prejudice or conjecture but on the evidence that we had received in our evidence sessions and what we saw with our own eyes when we went to the area. When we produced those challenges, we got back a response that simply repeated that script complete with the same inconsistencies.

Since our report was published, significant developments have taken place, particularly arising from the Hamas takeover in Gaza two or three weeks ago. The right hon. Gentleman made the point well that, if anything, such developments make our report even stronger.

I hope that the Minister will not take this personally, but I must warn him that some of what I say will be critical. I say that not because I want to have a go, but because I want change. Yesterday's release of Alan Johnston opens up a window of opportunity for change, if only we are prepared to grasp it. With willingness to change being a watchword of our new Government in the UK, I hope that we will grasp it.

As the right hon. Gentleman said, at the centre of our comments was the contention that the boycott has been counter-productive. We do not say that it has caused the suffering of the Palestinian people, because it has not. The cause of that suffering is occupation; movement restrictions; closures; Israel's construction of a wall and of settlements on land that does not belong to it; the economic and military blockade of Gaza by Israel; and the withholding of millions of dollars of tax revenues. Our report makes it clear that, although those are the causes of the suffering, the imposition of a boycott policy on Hamas and then on the national unity Government by the Quartet has made that bad situation even worse and even more dangerous.

Malcolm Bruce: On the Government of national unity, will the hon. Gentleman confirm that the impression that we got from the British authorities that we spoke to, both here and in Palestine, was that if there were a Government of national unity, they would be minded to release funds? In reality, when that Government of national unity were created, no progress was made until they fell apart.

Richard Burden: That is a very fair point. The British Government started saying that we would talk to those members of the national unity Government who accepted the conditions, but not to others. That is madness; we say we want to move forward and engage in dialogue, but we once again put barriers in the way of our ability to allow dialogue to take place.

Mrs. Ellman: Was it not the case that moneys were not released to the national unity Government because no commitment was given that those funds would not go to finance terrorism? Is it not a fact, now that the Palestinian President is acting in his own right, that the Israelis have agreed to release at least £300 million of Palestinian funding? Is that not a good start and an indication of good will?

Richard Burden: On the second point, we will wait and see. I welcome any release of money, but I am not sure that the money that my hon. Friend mentions has actually been released yet. Similarly, the Israelis gave a commitment to release 250 prisoners, but I am not sure that that has happened yet either, although I am aware that more arrests have been made. On the question of why no money was released, let us be clear that the boycott was put in place and maintained during a Hamas ceasefire; it was introduced not in response to terrorism, but in the context of a ceasefire. So what my hon. Friend says is simply factually incorrect.

I am clear that Hamas's military takeover in Gaza a few weeks ago was not justified, even if it does, ironically, appear to be bringing order to the streets of Gaza. However, the EU, the Quartet and ourselves are in a state of denial about our contribution to the creation of the very circumstances that unleashed the bloodshed that we have seen in recent weeks. We told the Palestinians to go down the path of democracy, but then shunned the Government who came out of the elections that we supervised. We told Hamas to turn away from violence and to commit to democracy, so it stood for election, suspended its attacks on Israel and offered a long-term ceasefire. When that happened, we ignored those changes and, as my hon. Friend made clear, we are still not admitting that they took place. Instead, we boycotted Hamas, telling it that its election would be disregarded by the outside world unless it signed up, without qualification, to the full renunciation of violence, the full recognition of Israel

[Richard Burden]

and the full acceptance of international agreements between Israel and Palestine.

We are absolutely right to say that all those ingredients are essential to a long-term solution, but we made them preconditions to even talking to the elected Hamas Government. We have never applied similar preconditions in other situations and we certainly do not apply them to Israel, despite the fact that it does not live up to them, as was proved in evidence before the Committee. For example, Israel has never, in practice, renounced violence in pursuit of its objectives. It also continues to violate its own obligations under international law and existing agreements through its continued occupation of Palestinian land and its construction of a wall, not along its own lawful borders, but beyond them. That was confirmed in evidence that the Committee received.

The trouble is that our boycott has provided a cover for the economic and military blockade of Gaza, which has cut off most Palestinian trade access by land, sea and air. Last month, Christian Aid reported that more than 80 per cent. of the 1.5 million Palestinians in Gaza are without a regular income. Are we trying to address that through measures such as the temporary international mechanism? Of course we are, but the bitter irony is that we are now having to spend more on emergency food and medical aid to a Palestinian population caged in by the boycott and by isolation than we ever did before we imposed the boycott. That aid is more expensive and less effective than it would have been, because we have insisted on bypassing the very institutions that we would need to use to deliver it effectively. That has helped to increase unemployment among public sector workers and to deepen poverty across the west bank and Gaza. As a result, we now have to put in even more aid to offset the effect of our own policies.

The crisis in Gaza is getting even worse. Only last week, a mother of five, aged 31, died because she was one of thousands of people who were stuck at the Rafah crossing after Israel closed the border. People were stuck outside in the searing heat, in some cases without any shelter. We should remember that the border is not between Israel and Gaza, but between Gaza and Egypt. If we are to help the people of Gaza, we must do something about that. The international community and indeed the EU are meant to have monitors there, but our ability to affect the situation seems to be hampered by whether Israel allows the border to be opened.

If we want to help President Abbas, as I think we should, we should really do something about the continuing conditions of occupation in the west bank. We should insist that the release of tax revenues happens in practice and that it goes further. We should do more about prisoners; even some of our colleague parliamentarians—some of those who were elected in the elections that my hon. Friend the Minister and I supervised—have been abducted by Israel, in contravention, once again, of international law.

Our report makes many recommendations about what Israel should do to solve such problems, and the Government assure us in their response that they regularly raise most of the issues that we have raised in our report, including illegal settlement building, the demolition of Palestinian homes and the fact that, under the EU-Israel association agreement, Israel continues to claim trade preferences for goods imported into the EU that are produced on illegal settlements, not in Israel. Apparently, such issues are regularly raised, so let us test what that has meant in practice recently.

The middle of June was a tumultuous time in Gaza and the west bank. A few days later, on 18 June, the Israeli Foreign Minister met EU Foreign Ministers, including the then Foreign Secretary, at the EU General Affairs and External Relations Council. I tabled some questions asking what issues had been raised with the Foreign Minister of Israel. One of my questions was:

"To ask the Secretary of State...what discussions she has had with the government of Israel in the week commencing 18 June on the situation in the West Bank and Gaza; and if she will make a statement."

I was assured:

"My right hon. Friend the Foreign Secretary discussed the situation in the Occupied Palestinian Territories with Israeli Foreign Minister Livni on 18 June. In the week commencing 18 June, our Ambassador in Tel Aviv had extensive discussions with the Israeli Prime Minister's Office, Ministry of Foreign Affairs and Ministry of Defence, amongst others."—[*Official Report*, 25 June 2007; Vol. 462, c. 212W.]

That was very good news. So what did they talk about?

Another of my questions was

"whether she held discussions with EU partners in the week commencing 18 June on Israeli settlement building on the E1 plan",

which is a particular problem,

"and elsewhere in the West Bank; and if she will make a statement."

The answer was:

"My right hon. Friend the Foreign Secretary did not hold any discussions about settlement activity in the West Bank with her EU counterparts in the week commencing 18 June."—[*Official Report*, 25 June 2007; Vol. 462, c. 209W.]

It then repeated the mantra that settlement building is illegal.

I asked whether there had been any discussions with EU partners in that week

"regarding the effectiveness of EU arrangements for monitoring the importing into the EU of goods produced in Israeli settlements built in the Palestinian territories but labelled as made in Israel; and if she will make a statement."

The answer was:

"EU Foreign Ministers did not discuss settlement goods at the EU General Affairs and External Relations Council on 18 June."—[*Official Report*, 25 June 2007; Vol. 462, c. 210W.]

I asked what discussions there had been about the EU-Israel association agreement and its future. The answer I got back was:

"At the EU General Affairs and External Relations Council on 18 June my right hon. Friend the Foreign Secretary, along with other EU Foreign Ministers, discussed the peace process with Israeli Foreign Minister Livni. They discussed the current situation in the Occupied Palestinian Territories and next steps. There was no discussion of the EU-Israel Association Agreement."—[*Official Report*, 25 June 2007; Vol. 462, c. 213W.]

I asked whether there had been any discussion at that meeting of the

"demolition by Israel of homes in the Occupied Palestinian Territories; and if she will make a statement."

The answer that I received was:

"My right hon. Friend the Foreign Secretary has not discussed house demolitions with the Israeli government in the week commencing 18 June." ."—[*Official Report*, 25 June 2007; Vol. 462, c. 210W.]

I asked whether there had been any discussion of the labelling of goods on which trade preferences were claimed but which were produced in settlements built in the occupied Palestinian territories. The answer was:

"The Government have not had any discussions with the Government of Israel on these issues during the week commencing 18 June."—[*Official Report*, 25 June 2007; Vol. 462, c. 210W.]

That is really not good enough. I therefore ask my hon. Friend the Minister to look again at the Committee's recommendations. Let us start again, because change is possible. The Government should look at our report from scratch. Let us see what we can do to fulfil in practice, and not simply in theory, the reassurances that we got in the response to our report.

The recent speech by the then Economic Secretary to the Treasury on an economic road map was very positive. Let us take that logic forward. Dialogue works. We are rightly committed to dialogue with the Israelis, but let us also have more evidence about how to take that forward in practice with the Palestinians, not because we want to support one Palestinian faction against another, but so that we can help, from our end, to rebuild the national consensus under the legitimate President of Palestine, President Abbas. That will be vital to securing a durable peace between Israel and the Palestinians.

3.20 pm

John Barrett (Edinburgh, West) (LD): I am pleased to be called to speak today, and to see you in the Chair, Mr. Bercow. As a member of the Select Committee, you have taken a great interest in its work over many years. I congratulate the Minister as well on his new appointment. I am glad to see him as part of an expanded team responsible for one of the most important Departments of State.

I served on the Select Committee for five years, until just after the report was produced, and I have noticed great changes in that Committee. One of its members, alongside whom I served, has sadly passed away. One has been promoted to Government office, and one has defected from the Conservative party to the Labour party. The Committee not only produces effective reports; it gets up to a lot of other things as well. As I have said, the report was one of the last that I was involved in preparing, and although events have moved on considerably since it was published, it is still useful in outlining the immense challenges that we face. As the hon. Member for Birmingham, Northfield (Richard Burden) mentioned, the Government response was disappointing. However, I shall, I hope, touch on that aspect of the matter later.

In the face of much misery in the region—we saw a lot of that during the Select Committee visit—there is some hope. The release of Alan Johnston earlier this week proves that we should never give up hope. In the future, when we see former Prime Minister Blair as a middle east envoy, I hope we will wish him, and anyone who is working towards peace in the region, well. However, we are all aware of the former Prime Minister's role in the past 10 years, and his special friendship with the US Government. I for one am left wondering what he can do that he has not tried already. Will he be a force for good, or will his presence be a red rag to a bull? US and UK foreign policy in the region has not added much to its stability in recent years.

The ultimate solution must be the two-state solution, to which the UK Government have repeatedly stated their commitment. In time, the new Prime Minister and Foreign Secretary will presumably, like their predecessors, confirm that that is still the case: that is at the heart of the report. However, that solution cannot happen if one state is non-viable. At the moment, Israeli occupation of the west bank is making it impossible. If the Palestinians have their own state, it is increasingly likely that Palestine will be a failed state before it has a chance to grow.

The facts on the ground are incontrovertible. GDP is in decline. More than 1.3 million Palestinians are still living below the poverty line. Food insecurity rose by 13 per cent. during 2006, and between 25 June and 12 October 2006, 261 Gazans died—60 of them children—following Israeli air strikes in retaliation for rocket attacks. That is more than 10 times more than during the same period in 2005. During the same period, two Israelis were killed and 15 were injured by home-made rockets fired out of the Gaza strip. The number of checkpoints and road blocks, many of which the visiting members of the Select Committee saw during their visit, has increased by 40 per cent. during 2006, and more than half of the 700 km-long barrier route has been constructed, despite the advisory opinion of the International Court of Justice, which declared the route to be in contravention of international law.

The facts of what is happening on the ground, many of which are detailed in the report and were seen by members of the Select Committee, show the difficulties that exist. Back-to-back transfers of goods at checkpoints have resulted in the destruction of fresh produce. The Select Committee Chairman, my right hon. Friend the Member for Gordon (Malcolm Bruce) referred to those problems and the fact that checkpoints, the barrier wall and the lack of aid getting through were destroying not only the day-to-day existence of men, women and children, but business life. That business life must develop if development assistance to the territories is to be reduced in future.

As has been mentioned already, Israel's withholding of the Palestinian Authority's revenues and the withdrawal of budgetary assistance have come to an end, and the Israeli Government have agreed to release some of the funds to the authority. However, I do not believe that the international community put sufficient pressure on the Israeli Government to do that earlier. The freezing of funds, coupled with the western economic boycott, had crippled the Palestinian Authority, depriving key workers of pay.

The key problem throughout has been the use of aid as a political tool; that does not work. It would be easier to understand Israel's withholding of such aid for political reasons if there were a track record of such action yielding political results. In reality, the withholding of aid has only worsened the situation in the west bank and increased feelings of distrust among

[John Barrett]

many Palestinian people. The temporary international mechanism has been established, and perhaps the Minister will be able to tell us how that is developing now and what is happening.

Practical programmes to combat poverty in the Palestinian community are desperately needed, but we have a ridiculous situation in which some projects funded by UK and EU taxpayers are being blown up by the Israeli Government. When I was last in Palestine, I saw the remains of a bombed Palestinian police station, which was full of computers supplied by the UK Government—the UK taxpayer—to help to combat crime. One reason given to us for the attack, at the time, was that it was to deal with an unknown terrorist: to kill a terrorist who was being held at that police station. He fled when the building collapsed. Such contradictions are commonplace there.

Aid alone, however, will not solve the problem. In the report and in the Government's response, it emerges that Palestinians are the most aided people on the planet. If aid solved problems, we should not be having today's debate. We need real moves forward to make Palestine a viable place for inward investment, trade and economic development. On paper, the occupied territories enjoy a liberal market and trading regime; in reality, both internal economic activity and external trade are hugely disrupted every day. Encouraging words are useless unless they are backed by action. That leads me to the double standards applied in our treatment of Israel and Palestine.

Although severe pressure, including the withdrawal of humanitarian assistance, has been placed on Hamas and the Palestinian Authority, no comparable pressure has been put on Israel to meet its obligations under international treaties. The Government point out in their response to the Select Committee's report that the Quartet is asking nothing more than the renunciation of violence and recognition of Israel's right to exist. I accept that, but I argue that what each side does is more important than what people say. That very point was confirmed in an exchange, during a Select Committee evidence session, between the hon. Member for Birmingham, Northfield and a Mr. Gooderham. He was asked:

"So the theory is more important than the practice. That is what you are saying?"

Mr. Gooderham replied:

"I think it is, yes. I think so long as you have an organisation that is committed to violent means to achieve its political ends, then, yes."

The final comment from the hon. Member for Birmingham, Northfield was:

"So you withdraw aid to the Palestinians because theoretically Hamas is committed to violence, even though they are not actually committing violence, but you do not do anything to Israel if they are theoretically in favour of the Roadmap, even if they are not abiding by their obligations under it?"

The reply was yes: and that is what is happening on the ground. Hamas may regularly state its desire to wipe Israel off the map, but it is in no position to do so. Israel, on the other hand, does not explicitly call for the destruction of Palestine and often talks a good talk. Yet its wall-building programme, the theft, I would say, of natural resources, and the expansion of settlements amount to doing that by stealth.

I should like the Quartet to focus less on what is said and more on what is done by both sides. Israeli policy on settlements and the building of the wall are dividing the country and enforcing an effective apartheid on the Palestinian people. The details of the construction of settlements in map 1 in the report show, as well as access roads, razor wire, the domination of demand on water supplies and the strategic location of the settlements on hilltops. Those developments are the actions of a regime that has ended all hope for many Palestinians that the west bank will ever become their homeland in a meaningful way, unless those settlements are removed.

Many of the report's recommendations are identical to those made back in 2004. That shows the absolute lack of any positive movement, despite a number of token gestures. Although it is important that the international community puts appropriate pressure on Hamas to change its position and renounce violence, that is better done through dialogue, rather than using isolation and intimidation.

We only have to look to Ireland to see the importance of getting rival factions round the negotiating table. Much has been made of the part that the former Prime Minister played in the resolution of the long-running problems in Northern Ireland, but we must remember the role of those leaders who were prepared to get round the negotiating table with people they clearly despised.

John Battle: This is an important matter—we are discussing the politics of the situation and the difficulty of having dialogue with people who use violence—but the hon. Gentleman and all of us may recall that the business of getting people to move away from violence and to get round a table and have dialogue is incredibly complex, difficult and takes place by stages. That does not always mean handing over guns immediately, but may involve intermediaries to negotiate that difficult process over a long period. That does not pre-empt the possibility of dialogue.

John Barrett: The right hon. Gentleman makes an important point. The process is long drawn out. It has taken many years to get to the present stage, and clearly it will be many years before anything like a solution is found, but steps along the way—even small steps—are important.

In the end, if development assistance to the occupied territories becomes a thing of the past—that is what we all want—and there is peace in the region, the economy can again grow and support those who live there. We will get there only if there is leadership on all sides, with leaders who are prepared to negotiate without resorting to violence and leaders who show that they have a vision for a peaceful future. Let us hope that, if there is another such report from the Select Committee in three years, we will have moved on further than during the past three years.

3.32 pm

Mrs. Louise Ellman (Liverpool, Riverside) (Lab/Co-op): This report is strong and well documented, and I have

no doubt that the humanitarian and economic conditions described in considerable detail are unacceptable. The major issue that we must all address is how the situation can be changed. I believe that the report, well documented as it is, does not fully comprehend the reasons for the situation. It acknowledged in a number of different places that Israel has security problems, but it does not sufficiently understand the nature of Hamas, and it does not address the reasons for the situation, so that they can be addressed and rectified.

Comment has been made during the debate on the conditions that Hamas has failed to fulfil: the acceptance of the existence of the state of Israel, the acceptance of previous agreements, including the road map, and the renunciation of violence. Before progress can be made in resolving a deeply complex and unacceptable situation, it is important to recognise that Hamas is not a normal political organisation. Indeed, it is clear from Hamas statements recently, as well as in its charter and its actions, that it inspires ideological hatred based on religion.

Article 7 of the charter states:

"The Day of judgment will not come about until Moslems fight the Jews (killing the Jews)".

Article 22 states:

"With their money they stirred revolutions in various parts of the world... They were behind the French Revolution, the Communist revolution... With their money they formed secret societies, such as Freemasons, Rotary Clubs, the Lions...for the purpose of...achieving Zionist interests."

Article 13 states:

"There is no solution for the Palestinian question, except through Jihad. Initiatives, proposals and international conferences are all a waste of time".

Article 32 refers to Zionists and Jewish plans embodied in the protocols of the elders of Zion.

Those statements are all embedded in the Hamas charter. They do not refer to the past. Although the charter was put together relatively recently, they are very much alive. On 3 June this year, the Palestinian information centre in Gaza stated:

"Keep the flame of resistance alive until our Palestinian flag will fly anew over the walls of Jerusalem, the shores of Haifa and of Jaffa."

Perhaps even more disturbingly, on 29 June this year, Hamas TV showed to young children in the Palestinian territories that are under the control of Hamas a Mickey Mouse-type cartoon character called Farfur being beaten to death by Israelis, Jews were called dogs, and Farfur was depicted as a martyr, teaching the cult of death. I have watched that cartoon, and what it underlines is unacceptable. It teaches hatred and the cult of death to young children.

Richard Burden: The document to which my hon. Friend refers is appalling, but does she believe that the existence of appalling statutes, documents, constitutions and so on should preclude talking or engaging in dialogue with anyone from the organisations involved? If she believes that, does she think it would have been reasonable for the Palestinians to refuse to engage with or talk to the Israelis because of the constitution of the Jewish National Fund, which said—she will correct me if I am wrong—that it should be a matter of principle that only Jewish labour should be employed on land owned by the fund, which is most of the land of Israel.

Mrs. Ellman: My quotations illustrate the fundamental nature of Hamas, not one of its policies. I do not think that, on its own, that is a reason not to talk to someone, but failure to recognise the existence of the state of Israel at a time when Hamas is firing rockets on civilians outside Israel—2,000 rockets have been fired since the settlers left Gaza—tells me about the nature of the organisation.

A third of the state of Israel consists of non-Jewish people, who are employed, have full civilian rights and include members of the Knesset and Ministers of the state. Questions could be asked about many individual countries, but the nature of the state of Israel is to have equal citizens.

I believe that there is a way forward, which is to look at economic co-operation between the Palestinian Authority and Israel with international support on the basis of peace and acceptance of two states: Israel and Palestine. The way to do that was shown by this country when a special Palestinian conference was held in London in 2005, at which the Palestinian private sector declaration was signed with the Israelis and involved the World Bank. That put together proposals to develop the economy of and business in the Palestinian Authority and to involve the private sector. At a meeting hosted in Tokyo in March this year, a Japanese initiative launched a proposal to build a new industrial park on the west bank, and the Japanese pledged major investment there.

Negotiations are taking place between Israel and British Gas, which I hope are close to fruition, to supply Israel with gas from outside Gaza, with the royalties going to the Palestinian Authority. Work is going on with the Peres Centre for Peace and the Palestinian organisation, PalTrade. The World Economic Forum launched the Israeli-Palestinian Business Council in May this year. Those are all examples of economic co-operation that can take place between those authorities.

Malcolm Bruce: There are obviously many examples of constructive co-operation between Palestinians and Israelis in a business context, but does the hon. Lady not accept that, for such co-operation to deliver real economic benefits, all the restrictions need to be removed to enable economic transactions to take place? After all, Wolfensohn put his personal money into greenhouses in Gaza, and the people had to throw the produce away, because Israel would not allow them to the market. We had many examples of businesses on the west bank that simply could not get their people to work or their products even to the local markets, because of the restrictions. If Israel will not withdraw from the west bank and allow freedom of movement, none of that economic co-operation will deliver long-term benefits.

Mrs. Ellman: I agree that, to enable economic initiatives to flourish, there must be freedom of movement and a normalisation of relations, which means that there must be a peace treaty—an agreed peace on agreed borders. The International Development Committee's report on a number of occasions acknowledges Israel's security issues, but it fails to acknowledge that some of the restrictions, including those on movement, borders and other problems, relate to security. For example, a number

[Mrs. Ellman]

of references have been made to the security barrier. It would be much better if there were no need for any such barrier and if there were an agreed boundary, but it must be acknowledged that, since the barrier was put up, there has been a 70 per cent. reduction in civilian deaths by suicide bombings and a 90 per cent. reduction in incidents. Clearly, it has some relevance to the security situation.

I agree with several hon. Members that any solution must be found through negotiation, peace and on the basis of mutual recognition. I ask them to remember that 8,000 Israeli settlers withdrew from Gaza, but that, since that withdrawal, more than 2,000 rockets have been fired from Gaza at Israeli civilians. That is not a very good Palestinian response to withdrawal. However, it is paramount that an effort to restart negotiations takes place.

Our former Prime Minister has a new and special role as special envoy to the middle east, and his remit concentrates heavily on economic development and on supporting the Palestinians in building up their governance. All that activity is important, but for it to flourish, it needs peace and negotiations. I hope that that will happen. Anybody who has a genuine concern about the humanitarian plight of the Palestinians and, indeed, of the Israelis knows that the way to a solution is through peace, negotiation and mutually respected and acknowledged countries.

3.42 pm

Ann McKechin (Glasgow, North) (Lab): I also welcome my hon. Friend the Member for Dewsbury (Mr. Malik) to his new role as a Minister in the Department for International Development, and I wish him every success. As a member of the International Development Committee, I endorse the report's recommendations, which our Chairman, the right hon. Member for Gordon (Malcolm Bruce), set out and amplified in his own contribution.

I am reminded not only of the Committee's visit to the west bank last November, but of my earlier visit to the Gaza strip as part of a parliamentary delegation organised by the Labour Middle East Council a few years ago. Visiting Gaza, one is struck by how small a piece of land it actually is. It is one of the most densely populated areas in the world, and it is strewn with rubbish and graffiti. People literally live on a rubbish tip. It is a place of constant fear, tension and suspicion, but the fate of the children of that area has made an indelible mark on me, and it is something that I shall never forget.

Many children had visible signs of malnutrition, and many were psychologically scarred by the continuous violence that surrounded them, as one could witness in the frequent aggressive behaviour of small boys in the street. There were also fading signs of any hope for their future. That was three years ago, so I struggle to imagine how much worse the situation has become for those children over the past 12 months.

In the unique political debate that applies to the Palestinian territories, the international community has struggled to align the recognised principles of humanitarian relief and development. Those principles, which are applied elsewhere, have to come up against some very undesirable Governments and political Administrations. Sudan and Zimbabwe are just two that spring to mind, and only this week, the Committee took evidence on the continuing conflict in northern Uganda, where the international community has to engage in dialogue with the Lord's Resistance Army—an organisation that has committed some of the worst atrocities known to man. At times, we must make difficult decisions with organisations and Governments who lie on different parts of the scales on issues such as democracy, human rights and corruption.

However, we are discussing Palestine, so we apply a different set of principles to that situation. The international community took an immediate, absolutist approach by withdrawing all direct aid to the Palestinian Authority, even though it was widely recognised that public sector employment was a key element in maintaining the economy. The public sector was the largest employer and the biggest spender, employing more than 161,000 people, who, in turn, it was estimated, supported more than 1 million people in the population. The inevitable plummet to disaster, which we are witnessing, does not give the international community any credit. We have to ask whether we need to make some fundamental changes. Not paying up to 80,000 security staff proved to be catastrophic; it meant letting loose 80,000 people with guns on the streets. Imagine being a woman or a child in Gaza, faced with that situation on an hourly and daily basis.

Yesterday in Parliament, Mr. Alastair Crooke, the UK director of Conflicts Forum, gave a talk to the Council for Arab-British Understanding. He has worked with, among others, former President Bill Clinton and Senator Mitchell to try to find solutions to the middle east problem. His analysis was particularly depressing, but he pointed out that the election result was very difficult for Fatah to cope with, because it believed that it had a natural leadership of the Palestinian Authority. It also proved difficult for anyone in the international community to accept the result of an election that it had encouraged.

The international community's reaction precluded the necessary dialogue to try to form a transition to a secure environment and a peaceful democracy. It encouraged Fatah to claw back powers from the Palestinian Government, and it funded an increase in the presidential forces and their training. That shows us that aid is not necessarily neutral; it certainly was not in Palestine. We must assess whether we made the right decisions, because as Mr. Crooke said, throughout the whole middle east region, tension is building upon tension, fear upon fear, suspicion upon suspicion. If we do not step back and try to relieve the tension, mistrust and fear, we will move towards a potential world catastrophe on a level that we have not seen since the world wars that afflicted the 20th century. That must make us step back.

Yesterday, as my hon. Friend the Member for Birmingham, Northfield (Richard Burden) stated, the release of Alan Johnston represented one small step and one small sign of hope. I commend the remarks of our new Foreign Secretary yesterday. They represented a nuanced and balanced approach, and I hope that we can build on that and on the statements by other new members of the Cabinet, such as the Secretary of State

for Children, Schools and Families, who, in his former position as Economic Secretary, made last month a very good speech about economic development in Palestine.

The Government and other members of the international community should consider three small steps now. There is the issue of the temporary position, which cannot prevent the social and economic collapse that is happening now. It is by definition temporary. There have been welcome changes involving work with the Ministry of Finance this year. We must consider further that situation and the question of public employees and their salaries, which is vital to the stability of the economy, particularly in the Gaza strip.

The hon. Member for Edinburgh, West (John Barrett) mentioned the situation regarding border posts, which is an absolutely key point. We witnessed on the west bank last November the utter madness of so-called back-to-back crossings, whereby people have to unload their lorry and carry their goods by hand or in a small trolley to another lorry across the road. The process was chaotic and actually seemed to be insecure—at one point, someone was told, "Well, it's just bags of flour. Don't bother opening them, just carry them across anyway." There was no electronic testing or physical testing of the products. My impression was that the system was designed simply to frustrate.

Malcolm Bruce: It is worth emphasising that the back-to-back crossing that we watched was between two parts of Palestinian territory. It was not on a frontier, but was internal, within the west bank.

Ann McKechin: I absolutely agree with the right hon. Gentleman. What is worse is that people repeatedly face long delays at crossings, manual checks and young army staff who seem to have received little training and have little understanding of how to look for security items. However, the state of Israel has one of the most advanced and sophisticated defence industries in the world. It is a world leader in electronic defence equipment, yet it seems to be incapable of devising a sophisticated checkpoint system.

As we witnessed in Northern Ireland in the time of the troubles, the United Kingdom had the most sophisticated defence posts in the world. No one likes defence posts or checkpoints. However, in the case of Northern Ireland, that technology at least allowed them to cause the minimum of disruption, which allowed the economy to proceed fairly normally and caused as few queues as possible, so that people were not tied up for half a day or a whole day at a time, or told to turn back, because that day was just not suitable. Taking some simple steps to improve the efficiency of those posts could help the many law-abiding citizens who find their lives frustrated day after day, and—if I might say so to the previous speaker, my hon. Friend the Member for Liverpool, Riverside (Mrs. Ellman)—help improve the security of the state of Israel and that of the entire region generally.

I am reminded of a story, which the chief executive of the Augusta Victoria hospital in East Jerusalem told us when we met him, of a 10-year old boy with cancer who was trying to get into the hospital, but whose mother was turned back at the checkpoint. The boy was put into a taxi on the other side and had to be driven, unaccompanied and suffering from cancer, to enter the hospital, where no one knew who he was or where he had come from, except that he was seriously ill. The human rights of children should be paramount in any consideration on humanitarian relief. Small steps to alleviate such callous disregard for human rights should be key.

Finally, support for the Palestinian private sector needs to given now, not at an indefinite point in the future, when we think it might be appropriate to invest. It is difficult to strike a balance between humanitarian relief in an ongoing conflict and development. However, we need to support and maintain those businesses and organisations, some of which we met on our visit and which are struggling against all the odds that we can imagine in a business setting, and to keep them alive. If we allow them to die, close down or be destroyed, the task of eventually entering Gaza and trying to rebuild it will be one hundred times more difficult and we will have lost the skills, the expertise and the will to drive the economy forward.

There are still people in Palestine who want to do that and long for the day when they can transact their businesses normally. If we could take some small steps towards making their lives more productive and fruitful, we would send out the signals that are necessary. As my right hon. Friend the Member for Leeds, West (John Battle) stated, those are the small steps that we need to take now if we are going to keep the peace alive. Otherwise, we will simply build up tension, fear and aggression, and be left with a consequence that none of us here would want to face.

3.55 pm

Lynne Featherstone (Hornsey and Wood Green) (LD): I welcome the Minister to his place and wish him every success.

The Liberal Democrats are fully committed to a two-state solution, as are all parties in the House. Both Israel and Palestine have the right to viable and secure states, recognised internationally and by their neighbours. Recent events show that that remains a distant prospect. The international community has not applied itself to peace in the way that this intractable conflict demands.

The election of Hamas to the Palestinian Authority in 2006 was unexpected and, to those who wish to see a lasting peace in the region, hardly welcome, given Hamas's track record. However, the election was, like it or not, the outcome of a clear democratic process. As we have heard, the Quartet laid down three key principles: renouncing violence, recognising Israel and respecting previous agreements. They are wholly reasonable demands and sooner or later they will have to be met. However, preconditions and setting barriers even to beginning a process are not conducive to reaching that outcome. We strongly oppose the decision to suspend aid to the territories, particularly because no method of delivering aid was in place at that point.

The methods of Hamas are inimical to peace, and the commitment to the obliteration of Israel a fundamental barrier to a lasting settlement. However, during my relatively short time in politics, I have never known groups to begin with a moderate statement. Any negotiating position starts at the extreme—what Hamas says is foul

[Lynne Featherstone]

and unacceptable, but then we have heard foul and unacceptable things before, from groups that are now part of a democratic, established Government.

So far, the attempts to force Hamas into recognising Israel by undermining its support among Palestinian people have failed. Of course, the ultimate responsibility for the recent events in Gaza can lie only with Hamas and Fatah. However, the international community has absolutely no progress to celebrate, because the marginalisation of the political wing—the wing through which there was some possibility of negotiating with Hamas—has failed.

I was therefore disappointed by the Government's response to paragraph 17 of the report, which states:

> "We believe that the international community is right to place pressure on Hamas to change those policies which militate against a peace process...this would best be achieved through dialogue and engagement rather than isolation. The danger of the current approach is that it might push Hamas into a corner which encourages violence rather than negotiation",

as it has. The report continues:

> "The international community must also ensure it is not bolstering one faction against the other and thereby increasing the risk of internal strife."

Wise words as far as they go, but the Government's response does not really acknowledge what the report is saying and does not envisage that some sort of engagement with Hamas is now vital if we are to make any progress. The Government rightly point out that Hamas needs to renounce violence and recognise Israel's right to exist. As I have said, that must be part of a process. To set a barrier so high that we know that it is impossible for Hamas to start on that journey will not deliver the result that we all want and that I am sure Israel wants. However, for many Palestinians Hamas has a mandate, and we cannot ignore that fact.

Rather than seeing things in black and white, and imposing sanctions on people for having cast a vote, we must look at the reasons that Hamas was elected in the first place and the conditions for that result. One huge reason was the perceived corruption of various elements in the Palestinian Authority and the dominant Fatah party. It is clear that some of the votes were protest votes against Fatah, which bolstered Hamas. Also, Hamas is not a stupid organisation—it uses opportunities. It provides essential services, such as schools, hospitals, food and housing in the occupied territories, which neither the Palestinian Authority nor the Israeli civil administration was providing, thereby creating dependency ties. Hezbollah did the same in Lebanon. If the "civilised" west takes away people's ability to survive, no wonder a vacuum is left for others to rush into. The electorate's decision seems to have been influenced less by foreign policies and more by Hamas's domestic policies.

In a striking example of the importance of dialogue, the Palestinian Authority's and Fatah's lack of progress in reaching a peace deal with Israel also pushed people towards Hamas. Furthermore, although I congratulate Israel on having disengaged from Gaza as a unilateral initiative, that was inevitably seen in the Palestinian territories not to have been the result of negotiations with the Palestinian Authority or Fatah. Fatah therefore looked weak, and victory could be claimed by Hamas.

Mrs. Ellman: Is the hon. Lady suggesting that the Israelis should not have withdrawn from Gaza?

Lynne Featherstone: No, of course I am not; perhaps I did not explain myself brilliantly. I was saying that because the withdrawal was unilateral and had not been negotiated between the Palestinian authorities and Israel, it offered Hamas the opportunity to claim credit.

We also need to realise that Hamas is a movement with many voices, and the voices inside the occupied territories often disagree with the leadership in Syria. The Government must not rule out dialogue and discussion with all elements. On the issue of the recognition of Israel, we must note that Hamas had been doing well in the municipal elections in the occupied territories before its victory in the Palestinian legislative elections. Several Palestinian mayors have been Hamas members who have had no choice but to deal with the Israeli authorities, given the state of occupation under which the Palestinians live. I regard that as a hopeful sign: if we can get the process started now, Hamas may one day recognise and work with Israel at the other end of the process.

Let us remember that before the Israeli-Palestine Oslo accords were signed, Arafat and the Palestine Liberation Organisation were also classed as terrorist. At that time, various international actors started dialogues with the PLO, which was offered incentives and moderated. Israel herself was talking to the PLO behind closed doors at Oslo, and the declaration of principles was signed. What has happened since has not been perfect for various reasons—including internal failings on both sides—but it has been a step in the right direction and has showed that listening, dialogue and exchange are the only way forward and the only way to avoid further radicalisation and marginalisation.

After President Abbas expelled Hamas from Government and set up an emergency Administration, the United States, Israel and the European Union chose to restore direct funding to the Palestinian Authority and its emergency Government. We welcome that resumption of funding. However, we cannot ignore the reality on the ground: there are now two de facto Governments, in Gaza and the west bank. The influence of the emergency Government is of little or no consequence in Gaza; it is therefore essential that aid should be delivered to avert humanitarian catastrophe. The European Union must play its part in that. At this point, I should raise the issue of the Rafah crossing. Whatever the politics, that involves cruel and unusual treatment for those stuck in an impossible situation on the border.

The already difficult economic situation in the occupied territories was made worse by the withdrawal of funding to the Palestinian Authority Government. The international community has a duty to find a way of ending the economic and political marginalisation of the political wing of Hamas. Otherwise, we will simply exacerbate the situation.

The temporary international mechanism was flawed. It was, of course, better than nothing at all, but without the Government apparatus it had little chance of delivering meaningful impact. Given that many essential workers are going unpaid and that the organs

of government are being starved of funds, the resulting situation should surprise nobody. Financial aid is essential to the ordinary Palestinians of Gaza, who are most affected by those events but have least say in them. New efforts are needed to persuade the Israelis to release more of the money that they have been holding back for the past year, although we are delighted that some of it is now to be released.

Europe has an immense role to play in the region; arguably, it has never maximised its influence. The European Union is both Palestine's largest aid donor and Israel's largest trading partner. Europe must find a strong common position on Israel-Palestine and use a singular voice to help find a solution to the conflict.

The report paints a stark picture of economic growth and private-sector development. The current state of play in the Israeli-Palestinian conflict requires that the Palestinian people, their basic services and what exists of their institutions, are supported through donor aid. That position is untenable. The Government have to realise that the simple provision of aid, on which the Palestinian population so heavily depends, relates to the lack of a viable economy. Aid can help to bring a resolution to the conflict only if it is channelled into projects that promote economic growth and institution building in the occupied Palestinian territories and is complemented by a serious effort by the international community to bring about a fair and sustainable resolution to the conflict.

Such a resolution might not—perhaps could never—give each side what it wants, but it could be enough for both sides to have peace and prosperity. Economic growth in the occupied Palestinian territories is essential and could show the benefits of peace. Collective sanctions against all Palestinians just create more desperation, lack of faith in the international community as peace brokers and lack of faith in the future. They also create an atmosphere in which extremists can thrive and prosper by providing basic services such as food aid, hospitals and schools. Nobody else is providing those services, so dependency ties are created.

What I have learned from looking at such situations around the world is that intransigence delivers nothing—it means that absolutely nothing can change. Recently, I visited the middle east, both Israel and the west bank, and my overriding sense was that it is the ordinary people on both sides who suffer greatly. To respond to an issue raised today, I should say that one thing that surprised me was that although the security blocks on the Palestinian west bank were indeed awful, the Palestinians whom I talked to still put the blame on the Palestinian Authority for deliberately retaining the better passes for those in senior positions. I am concerned that there is still a degree of corruption.

I went to a school by the Kalandia refugee camp to visit some 15-year-old girls who were having a workshop that aimed to build their capacity to vocalise their feelings. We are influenced by the media around us, and when I asked them what was the biggest barrier in their lives, I was expecting them to say that it was the corrupt Palestinian Authority or the Israelis who were making their lives a misery. However, they actually said that the biggest barrier was their culture; they were expected to get married and have babies at age 15. That brought it home to me that in such territories people are trying to live lives with all sorts of issues to counter. I hope that the international community can take the process forward without intransigence on any side. If we in this Chamber can agree on that, perhaps there is a way forward.

4.8 pm

Mark Simmonds (Boston and Skegness) (Con): May I begin by saying how pleased I am to see you in the Chair this afternoon, Mr. Bercow? I also welcome the Minister and congratulate him on his appointment. We Conservatives are pleased that the Department for International Development has expanded—indeed doubled—its ministerial team. Although the number of Ministers has gone from two to four, I am sure that this Minister will have no shortage of issues on his desk. I am sure that he will find the job extremely rewarding; it is one of those rare departmental positions from which a Minister can make a real, immediate and lasting impact. I wish him well. Finally, we Conservatives were delighted at the release of Alan Johnston. We hope that he manages to find his feet again, and are delighted that he is back with his family.

The right hon. Member for Gordon (Malcolm Bruce), the Select Committee Chairman, should be congratulated on the Committee's thorough and prescient report. He introduced what is—let us be honest—an emotive and impassioned subject in his usual measured way. We have seen this afternoon that passions run high on both sides of the argument. He eloquently set out many of the issues in an articulate and detailed way. He was right to highlight the problems that have been exacerbated by continued building in the west bank and to highlight Israel's legitimate security concerns. I am sure that he would be the first to acknowledge that the international community needs to work together to find a satisfactory resolution to the problem or serious regional problems could well develop. I would certainly advocate discussions with Syria and the other main players in the region that need to engage with the issue, too.

We then heard from the hon. Member for Birmingham, Northfield (Richard Burden), who is passionate and knowledgeable about the subject. He seemed surprised at the Government's response to the Committee's report and its pre-meditated content. I was not particularly surprised when I saw the response, and I suspect that other members of the Select Committee were not particularly surprised either. He rightly mentioned the security barrier, which is an emotive issue. As the hon. Member for Liverpool, Riverside (Mrs. Ellman) mentioned, there have been significant reductions in terrorist atrocities as a direct result of the construction of the barrier. However, as I saw when I was in Palestine, it divides some Palestinian communities. When I was there, a pregnant lady wanted to get to hospital to give birth and she was not allowed to do so. Some serious issues need to be addressed on both sides of the divide. All that I would say to the hon. Member for Birmingham, Northfield is that to enable a satisfactory solution to that immensely complex issue, there needs to be a balanced view and an understanding of the issues on both sides. One of the depressing things that I found when I went to Israel/Palestine was that at a senior level and a political level, that balance was not there. It is present in both

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sets of populations and we need to build on that to try to find a satisfactory solution.

We then heard from the hon. Member for Edinburgh, West (John Barrett), who is knowledgeable about international development issues. He mentioned Tony Blair's appointment; we think that he will have problems generating traction on the Palestinian side, but of course we wish him well. If he can play a role in trying to engage the United States in this fundamental issue he will have played a significant part. There is no doubt that the disengagement of the US Administration in trying to find a satisfactory solution to the middle east situation has led to an exacerbation of many of the problems. The hon. Gentleman was also right to highlight the severe decline of the gross domestic product of the Palestinian areas.

We then heard from the hon. Member for Liverpool, Riverside, who is a passionate and knowledgeable advocate of the view that she expounded. She was right to highlight the fact that the situation is complex and point to some of the appalling quotes from what Hamas and its supporters have said. There is more to democracy than winning elections, and once Hamas had won the election it needed to establish the rule of law. It needs to benefit and build a pluralistic civil society. It needs a commitment to peaceful dialogue. She was right to highlight the issue of hatred, which still exists on both sides. It needs to be eradicated, if possible, through constructive and sophisticated dialogue.

We then heard from the hon. Member for Edinburgh—

Ann McKechin: Glasgow.

Mark Simmonds: Forgive me; that was a big mistake. We heard from the hon. Member for Glasgow, North (Ann McKechin), who is very knowledgeable in such matters. She is a regular contributor to international development debates and her contribution is always welcome, illuminating and knowledgeable. She was right to highlight the appalling conditions, particularly in Gaza. I was interested that she mentioned northern Uganda, which is the only place in the world that I have visited where I have seen conditions worse than those in Palestine.

The hon. Lady was right to highlight the plight of children and the importance of the public sector in building capacity to provide not only services but a boost to the economy, and to allow people to be paid for the work that they do. However, I would suggest that that is not only about supporting the private sector, but about stimulating and enhancing it. It is only through wealth creation that jobs will be created and poverty alleviated, and that there will be a greater understanding and bond between those on the different political sides.

Other hon. Members have rightly highlighted the appalling conditions in the Palestinian territories. Aid accounts for one quarter of the annual gross domestic product. I think that I am right that the Palestinian territories are the highest per capita recipients of aid in the world. Poverty rates in Gaza and the west bank doubled last year even before Hamas seized control of Gaza: 56 per cent. of those in the west bank and 87 per cent. of those in Gaza were living in poverty. Unless the international community can do something quickly, those statistics will deteriorate even further.

The key to a lasting settlement between Israel and Palestine is security, and the Select Committee was right to highlight the

"fundamental relationship between Palestinian economic viability and Israeli security."

Intense and urgent action needs to be taken to achieve a lasting peace between the Israelis and the Palestinians. Peace in the region in totality may not hinge merely on the creation of a Palestinian state, but it is the most significant pillar.

We in the Conservative party believe that three key things need to be addressed quickly. First, we need to find an acceptable way to continue the delivery of aid to the Palestinian population in Gaza under the temporary international mechanism. Secondly, we need to support and channel communication between President Abbas and Prime Minister Olmert aimed at improving conditions in the west bank and Gaza, despite the fact that President Abbas's Administration has, by his own admission, credibility problems with some of the Palestinian population. Thirdly, there need to be urgent diplomatic efforts by the Quartet and the Arab quartet to seek a way forward. Any way forward requires Hamas to make a credible movement towards the acceptance of the Quartet principles.

I have to say to the hon. Member for Birmingham, Northfield that it would be difficult for any British Government, irrespective of their political colour, to approve the use of British taxpayers' money for an organisation that has not yet renounced violence and still does not acknowledge the right to exist of the group with which it is supposed to negotiate. Those fundamental steps must be made before direct engagement with Hamas can take place.

Richard Burden: I think that I follow what the hon. Gentleman is saying, but perhaps he could address the point made by my right hon. Friend the Member for Leeds, West (John Battle) about stages. The hon. Gentleman ran two things together: the use of taxpayers' money for a Government or organisation, and the issue of engagement. When Hamas offers long-term ceasefires and talks about accepting Israel as a reality, do those moves go far enough? Absolutely not, but are they not grounds for saying that we should start to talk about things, see what they mean and see whether we can get things to move forwards?

Mark Simmonds: I understand the hon. Gentleman's points, and argue in return that an issue needs to be addressed. Of course, things need to take place in stages, but it would be difficult for the UK Government to have a direct conversation with an organisation such as Hamas. Other players in the region should be having that dialogue: Syria is one and Iran is possibly another, although it has perhaps been involved in a negative way with what has happened recently in Gaza. The regional players and the Arab quartet need to be involved in far greater detail and to a greater degree than they have been to date.

We welcome the resumption of the transfer of taxes to the new Palestinian Authority, as well as the

unfreezing. I understand that some money was sent on Sunday, that more was sent yesterday and that some will be disseminated through the public sector—but only in the west bank, not in Gaza. We need to return to that and it would be helpful if the Minister could explain the UK Government's position. It is essential that some money should circulate in the economy, or the people of Palestine will have no chance of generating economic growth and decent reasonable livelihoods.

It needs to be acknowledged that DFID has made a contribution in Palestine. Since 1996, it has provided £372 million of aid. In 2006-07 alone, DFID allocated £30 million for the Palestinian territories, of which £24 million has been disbursed via the temporary international mechanism, non-governmental organisations and international agencies. DFID has also allocated funds via the global conflict prevention pool for water resource management, policing advisory services and strengthening the capacity of civil society.

Only last month, the then Secretary of State for International Development announced that £1 million would be channelled through the International Committee of the Red Cross for immediate humanitarian need. It would be helpful if the Minister could say whether that money has been allocated and whether it is actually reaching the people for whom it was intended.

Poverty alleviation, economic growth and foreign direct investment are impossible without the ability to trade. The Palestinian territories are hindered in their ability to trade by restrictions on the movement of people and goods. That point has already been made. Steps must be taken to ensure that at checkpoints there are legitimate, fair and efficient means to enable the swift movement of people and goods, while defending Israel's right to security. The lack of such means is a major reason why Gaza's economy shrank by up to 10 per cent. in 2006 and poverty rates are growing.

The Government's response to the Select Committee report states that they accept that

"shrinking market access and lack of free movement are the main constraints to growth in the Occupied Palestinian Territories."

DFID funded the investment climate assessment, which concludes that progress must be made in the following areas:

"re-establishing movement and access, while maintaining Israeli security...improving the investment climate; and...developing the capacity of enterprises."

Has any progress been made since that assessment was undertaken, despite the current change of circumstances in Gaza? If not, what change of policy is DFID putting in place to cope with the new Hamas regime?

The report concludes that the European Union's association agreement in the Palestinian territories is ineffective and hinders the movement of goods in and out of the territories. It states that steps need to be taken to ensure that the procedure at checkpoints is legitimate and efficient. What are the Minister and his officials doing to put pressure on the European Union to ensure the effective operation of the association agreement?

The report also states that there are discussions with the European Commission about how best to take forward the World Bank's finding that the Rafah trade corridor, referred to earlier, could be used to provide high returns for Palestinian exports. Has any progress been made on greater use of the Rafah trade corridor to negate the suffering that many people are undergoing because of the closure of the limited access through it?

The Karni crossing used to handle between 200 and 300 trucks a day and is a vital trade route to Gaza. Is DFID still working with the Foreign Office and the Ministry of Defence to support the US security co-ordinators' work there, for both commercial goods and people? Another fundamental factor in the depression of the Palestinian economy has been the fact that while almost 45,000 Palestinians used to work in Israel every day, for security reasons that figure is now almost zero.

We accept that events have overtaken much of the report, but it would be helpful if the Minister addressed the following points about the current humanitarian situation, UK funding and DFID's strategy on the Palestinian territories. As I have said, Israel has agreed to resume the monthly transfer of taxes to the new, Fatah-led Palestinian Authority. We welcome that step. The Quartet has agreed to lift the economic embargo on direct assistance to the Palestinian Authority. Will the Minister provide more details? Will the direct budgetary support begin immediately? If so, how much of DFID's budget will be given? Will it be in addition to the temporary international mechanism, or will it act as a replacement? How will DFID monitor the money to ensure that it is spent for the purposes for which it was originally intended?

Currently, the money delivered under the temporary international mechanism is channelled through the office of the President. However, the greatest poverty exists in Gaza, and the whole purpose of the mechanism was to circumvent the Hamas structures of government. How will the funds that are being put into the mechanism be delivered in Gaza if the circumvention of the Hamas political apparatus is to continue? The mandate for the mechanism ends on 20 September and has already been extended four times. Does the Minister expect it to be extended again and, if so, for what period?

There is clearly an immediate necessity to get humanitarian assistance into Gaza in particular. What is the Minister's assessment of the humanitarian situation, and are the funds being sent through various mechanisms, whether the Red Cross or the United Nations, reaching the front line? He will be aware that there was a UN appeal for roughly $450 million. Of the money that was pledged, how much did the UK contribute and how much was delivered by other international donors?

The initial country assistance plan put together by DFID stated its objectives as

"more effective, accountable and inclusive Palestinian institutions...humanitarian and development assistance delivered more effectively"

and enhanced prospects for peace. I am sure that all hon. Members would agree about that. DFID claims that those objectives have not changed since the

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election of Hamas in January 2006. Is that still DFID's view, and is it making progress towards those objectives in the changed circumstances, particularly in Gaza?

The priority for the Palestinian territories and Israel must be security and stability in the middle east. There is a blueprint as to the way forward, which was almost agreed at Taba. Palestine in particular must ensure economic growth and the ability to trade, which will contribute to the alleviation of poverty. Sadly, recent events in Gaza make a two-state solution less likely in the immediate future, more complex and more difficult to achieve.

The fact has been highlighted that there is no one person any more who represents the Palestinian people. I urge the Government to provide well targeted, accountable development assistance that is carefully monitored to ensure that it reaches those who most require support and assistance. They should also work with the international community not just to deliver humanitarian assistance but rebuild Palestinian public services and assist in the development of trade, economic growth and security. Those are the combining factors that will ultimately lead to a satisfactory political solution and the significant alleviation of poverty that is much needed in the Palestinian territories.

4.26 pm

The Parliamentary Under-Secretary of State for International Development (Mr. Shahid Malik): I was expecting the hon. Member for Caernarfon (Hywel Williams) to be in the Chair—I fear that my reputation precedes me. May I say, Mr. Bercow, that yours certainly precedes you? It is the most unexpected of pleasures to have you in the Chair for my maiden debate as a Minister. You are one of those politicians who command respect for their integrity right across the House.

I shall first respond to the various contributions, which have been extremely useful and, importantly, based on personal experience. That makes them much more powerful and relevant. I commend the Chairman of the Committee, the right hon. Member for Gordon (Malcolm Bruce), for his frank and candid approach to the debate. For obvious reasons, he is well respected in the field of international development. He is right that international aid cannot in itself lead to sustainable economic growth in the occupied Palestinian territories. Like him, I welcome the release of Alan Johnston and the role played by both President Abbas and Ismail Haniya and Hamas.

The right hon. Gentleman was right to say that the situation is fluid, given recent events. On whether there is a sustainable solution, the truth is that in the long term there can be no such solution in that part of the world without the inclusion of Hamas. At the same time, Hamas must be clear that it has obligations. The Quartet has set out principles and we expect them to be adhered to.

I shall deal in my closing remarks with the questions that the right hon. Gentleman raised about the temporary international mechanism. On the situation of people living in the Gaza strip, we know, for example, that 70 per cent. of the population are food-insecure.

I believe that it was the right hon. Gentleman who raised the issue of the Rafah border. Certainly, one of our colleagues did. If it was not him, my papers are a little muddled. None the less, I shall deal with the matter now. The Foreign Secretary will be speaking with his Egyptian counterpart over the next couple of days. He hopes to get some movement on a situation that, clearly, is unacceptable from anybody's perspective.

My hon. Friend the Member for Birmingham, Northfield (Richard Burden) has a clear passion in this area. It is a passion that I share and that I believe every Member in this Chamber shares, by virtue of their attending this debate. He has done some interesting and valuable work in trying to move forward issues that, on occasion, are clearly contentious but that need to be raised and discussed none the less.

I had the privilege of being alongside my hon. Friend and other colleagues when we acted as international observers of the Palestinian elections in January 2006. They were, without doubt, the best elections that I have experienced in my life. I wrote in the *New Statesman* that Nablus was more like Notting Hill. There was a kind of carnival atmosphere, and there were more women out on the streets than anybody else. That was probably the peak of Palestinian optimism in the past couple of years. It is tragic that between January 2006 and July 2007 we moved to where we are now.

On Hamas, I reiterate that the Quartet has set out its three principles, which deal with non-violence, the recognition of Israel, and respecting and accepting existing agreements. My hon. Friend asked about the clearance revenues. The amount of $120 million has already been released to the new Palestinian Government, and I am happy to tell him that the total amount that we believe ought to be released is circa $800 million. It is certainly the position of this Government that the entirety of that money needs to be released.

John Battle: I congratulate my hon. Friend and neighbour on his appointment and wish him well. I thank him for allowing me to intervene.

To follow up on the remarks of the hon. Member for Hornsey and Wood Green (Lynne Featherstone), is the Minister in a position to say whether any of the money that has been released has gone to medical care? I believe that we would all agree that insisting that appropriate medical care reaches people, whether combatants or not, and whatever the conflict, is an absolute priority. Our report recommended that with regard to doctors' and nurses' salaries and medical provisions for hospitals and clinics in the occupied territories, the withholding of funds should be lifted. Has that now happened or is it happening today? Medical needs should have been exempted months ago, when our report was published.

Mr. Malik: I thank my right hon. Friend for that intervention. In his constituency—in fact, across Leeds—he is known not as right hon. but as right on. He usually is right on, and this case is no exception.

My right hon. Friend raises an important issue, and I shall deal with some aspects of it in my closing speech. There is a new political reality, and it might well present opportunities for us to look at some situations in a rather different way. However, I do not want to pre-empt anything that has not yet happened. I shall

wait for my right hon. Friend the Foreign Secretary and my other right hon. Friend—and boss—the Secretary of State for International Development to continue their discussions. I know that the Prime Minister himself is keen to look at the new political reality and see how we can take best advantage to move forward the peace that we all want.

As well as the revenues, I am pleased to say—indeed, I will probably repeat this, or try not to, in my speech—that more than 130 truckloads of food and humanitarian supplies have been delivered to Gaza. What is really needed now is for the Gaza borders to be opened and, as I believe others have said, for imports and exports to start to flow.

On the arrest of Palestinian Cabinet Ministers, this Government's position is clear: they ought to be charged or they ought to be released. The current state of affairs is not acceptable. Indeed, on 30 May, the Quartet asked for their release.

Mr. Andy Slaughter (Ealing, Acton and Shepherd's Bush) (Lab): I am sorry that I have not been able to make the speech that I wanted to make this afternoon. Unfortunately, acceleration of business on the Floor of the House meant that I had to deal with matters there, and I have come back here to find that this business is also collapsing. Unfortunately, it has been one of those days. I shall not try to make my speech under the auspices of an intervention, Mr. Bercow, but I hope that I may be given a moment to raise one point in relation to what the Minister has just said. I congratulate him on his appointment. As someone from his intake, I am pleased to see him up there.

What the Quartet says and what it does, and what the British Government say and what they do, seem to be very different. The discrepancy between the Government's stated policy and action on the ground is profound. I had the opportunity to spend five days on the west bank about six weeks ago. Some of the issues that were dealt with in the earlier part of the debate, when I was here—the separation barrier, checkpoints, settlements, settler roads, controls on access, annexation of east Jerusalem, and what is happening in the centre of Hebron—are all matters that the Quartet and the British Government have expressed concern about and have said are illegal acts. The difficulty is that all those problems persist and are being accelerated. What are the Government actually going to do rather than say to curtail the Government of Israel in what is, in effect, the destruction of the possibility of a two-state solution by the cantonisation of the west bank?

Mr. Malik: I thank my hon. Friend for that intervention. He is right to raise that issue, and I shall deal with some aspects of it in my speech. He is right to say that ultimately it is actions, not words, that will give confidence and hope, but it is through dialogue with all the parties that we get the action that he wants and that I am sure everybody in this Chamber wants as well.

Mrs. Ellman: I would like to add my congratulations to my hon. Friend on his position. Does he agree that, although the points made by my hon. Friend the Member for Ealing, Acton and Shepherd's Bush (Mr. Slaughter) are relevant, the solution lies in the resumption of negotiations on the peace process? Does he also agree that it is totally unbalanced to blame Israel alone for the breakdown of a negotiated peace?

Mr. Malik: My hon. Friend is correct. It takes all sides to work together to make peace, and although we can argue about which element has the greater share of blame, ultimately all sides must have some discomfort if we are to achieve peace in the region—Lord knows there is enough discomfort there at the moment.

The hon. Member for Edinburgh, West (John Barrett) was right to raise the potential of a failed state, as he termed it. He also spoke about the temporary international mechanism, which was mentioned by other hon. Members. The TIM will continue until the end of September, and President Abbas has welcomed that. It will play an essential role in delivering aid to Palestinians in the west bank and in Gaza. The UK and the EU are currently exploring other ways of providing support directly to the Palestinian Authority.

It is right to say that leadership is critical and that moving the situation forward requires people who are willing to take risks and show leadership. In any crisis such as this there are opportunities, and it is up to people to grasp those opportunities. The hon. Member for Edinburgh, West was, probably not for the first time, right in much of what he said. The UK Government must provide an even-handed approach to all sides of the conflict and ensure that all sides adhere to their international obligations.

I think that the right hon. Member for Gordon spoke about engaging with the national unity Government. This Government did engage with those elements of the national unity Government that were prepared to accept the Quartet principles. That might not be exactly what the right hon. Gentleman was looking for, but it would be unfair to say that there was not engagement with the national unity Government.

My hon. Friend the Member for Liverpool, Riverside (Mrs. Ellman) was right to talk about the constitutions and other things that exist on bits of paper. Obviously, people who say that their objective is the destruction of the Jews are despicable, and nobody in this room could possibly want to see that on any bit of paper. This Government will not tolerate anti-Semitism or any other form of discrimination. My hon. Friend was also right to talk about Hamas in the context that she did because it will be a constant reminder about the challenge that Hamas faces if it wants to move forward. I slightly disagree with her about the wall, because I would say that Israel has the right to build any wall that it wishes, if it feels that that would give it extra protection. However, that wall can only be within Israeli territory and cannot be on occupied territory where it patently contravenes international law.

Mr. Slaughter: It is the Government's stated position that in so far as the wall trespasses on to the west bank, it is illegal. Would the Minister go further than that and recognise that the principal purpose of the wall is to allow the expansion of illegal Israeli settlements on the west bank and as part of that process to incorporate Palestinian farmland and Palestinian settlements? Putting Palestinian settlements within the wall would, of course, negate the whole security argument. On that basis, will

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the Minister make it clear that the Government's position is that the wall should be withdrawn to the green line and on to Israeli territory?

Mr. Malik: I shall deal with some of that in my closing speech, but I will say that the Government's position is actually quite clear.

John Bercow (in the Chair): Order. I apologise for interrupting the Minister, but for the avoidance of doubt, this is his closing speech.

Mr. Malik: Sorry. Let me rephrase my point: at the moment I am dealing with responses to hon. Members and the prepared text is en route. Unfortunately, some of my remarks may be repeated, but it is better that they are repeated than omitted. The position of the Government is clear: we consider the future for the region to be a two-state solution based on the pre-1967 borders. That has not shifted for a number of years, since the previous Prime Minister gave the commitment in 2001. Thank you, Mr. Bercow, for reminding me that this is indeed the closing speech and that I do not get two bites of this particular cherry.

My hon. Friend the Member for Glasgow, North (Ann McKechin) gave a moving insight into the reality of life in the occupied Palestinian territories. Her description of Gaza as being literally a rubbish tip was very powerful, and I say to her that that is an indictment on all of us. We all need to do so much more to eradicate the poverty and hardship that are the reality for people who live in Gaza and the west bank. She spoke with much common sense, which is not unusual for her. Sadly, that seems to be a commodity that is, on occasions, in short supply in this part of the world.

The difficulties of everyday life under occupation were highlighted extremely well by my hon. Friend and she is right to speak about support for the Palestinian private sector. Let us be clear: there can be no viable Palestine without a diverse economy, and the private sector will play a crucial role in that. She was right to say that small steps will be important as we move forward.

The hon. Member for Hornsey and Wood Green (Lynne Featherstone) was right to stress the importance of the democratic process that took place. Her analysis of the success of Hamas and of the issues around corruption, frustration and protest was spot on. She also raised the issue of the Rafah crossing. I think that I have dealt with that already. The Foreign Secretary will in the next few days ring his Egyptian counterpart to try to bring some relief to a situation that clearly ought not to exist.

Richard Burden: I am very much enjoying my hon. Friend's closing speech. He has mentioned the Rafah crossing on two occasions and I am pleased that the Foreign Secretary will raise that with his Egyptian counterpart. Given that the closure of the Rafah crossing is an action not of the Egyptian Government but of the Israeli Government, will he also raise it with the Israeli Government?

Mr. Malik: As ever, my hon. Friend raises a pertinent point. I am sure that he will have noticed that I am not yet the Foreign Secretary.

Richard Burden: Perhaps the Minister can pass on the message.

Mr. Malik: Given that some of the Foreign Secretary's team are here today, I am quite sure that that important message will be conveyed.

The hon. Member for Hornsey and Wood Green was right to talk about the desperation that can push people to extremism, but I must say also that nothing can ever justify violence. I am not suggesting for a second that that is what she was saying, but it is an important statement that we cannot make often enough. It must be our job in part to try to eradicate the hardship that leads to such desperation and vulnerable people engaging in extremism and ultimately violence.

After the Good Friday agreement, I had the privilege to be appointed by the late Secretary of State for Northern Ireland as a commissioner for the Equality Commission for Northern Ireland. Those three years taught me that peace and prosperity go hand in hand, which is why it is correct that we are having this debate at this time, given the new reality that potentially exists in that part of the world.

Last but by no means least, I shall turn to the hon. Member for Boston and Skegness (Mark Simmonds). In my prepared text, I hope that I shall deal with many of his points. His reputation precedes him—and I do not mean that negatively. I was told to expect machine gun questions, but it was not as bad as I had expected. Maybe he was being kind and gentle because this is my first time speaking for the Government. Everybody in DFID welcomes the Committee's stance on the number of DFID Ministers. Personally, of course, I have much for which to be grateful. With my inclusion, we have doubled the capacity of the ministerial team—although I am not so sure that we have doubled the intellectual capacity. There is a new political reality, but the truth is that we do not really know what that holds. We know that there is a real opportunity to get things moving in a way in which, over the past year and a half or so, we have been unable to do for a host of reasons. That in itself will generate much discussion.

The hon. Gentleman asked a question about the involvement of Arab states. I think that it would be in everybody's interests to attempt to revive the 2002 Beirut declaration. I know that he and his party support that position. That potentially gives us an opportunity to begin some of that incredibly important work. The International Committee of the Red Cross has a well-established programme in the Gaza strip and the £1 million that has been signalled has already gone to those in the Gaza strip who will benefit.

There is now a significant opportunity to look at budgeting. Since June 2006, in addition to that £1 million, another £15 million of bilateral Government aid has gone in via the TIM to support front-line Palestinian health services, allowances for Government workers and the operation, maintenance and repair of water, sanitation and electricity services. In April, an additional £15.6 million went to the United Nations Relief and Works Agency, which has helped to provide essential services such as health,

education and housing to 4.1 million Palestinian refugees in the west bank, Gaza, Lebanon, Jordan and Syria. Some 70 per cent. of the population of the Gaza strip are refugees who will benefit directly from that assistance.

On DFID's objectives, the country assistance plan has not been changed. We are supporting and looking constantly to further peace and humanitarian assistance, but better aid remains critical to poverty reduction for Palestinians. DFID continues to support Lieutenant-General Dayton, the US security co-ordinator, in his efforts to improve movement across the Karni crossing.

Let me belatedly congratulate the International Development Committee on its report. It was an excellent read, or at least the summary of the summary was an excellent read. On a serious note, it was an excellent read. I congratulate it also on securing this really important debate at a crucial time. I welcome its work on this important issue and am pleased to say that the Government agree with many of its conclusions.

I would like to take the opportunity to join hon. Members in welcoming the release of Alan Johnston. I extend our best wishes to his family, friends, work colleagues and loved ones. It is welcome news from a part of the world where, sadly, good news is rather scarce. I acknowledge the role played by President Abbas and, indeed, Ismail Haniya and Hamas.

I thank hon. Members for their kind remarks on my new appointment. I shall speak from the heart: by and large, I think that all parliamentarians, and especially members of the International Development Committee, get involved in politics because they want to, and believe that they can, change the world. I am so privileged and utterly humbled to be playing a small role in a Department whose mission is nothing less.

This is a deeply troubling time for the occupied Palestinian territories. The political uncertainty, economic decline and worsening insecurity of the last year culminated in June, in the violent takeover of Gaza by Hamas, which has had serious political and humanitarian consequences. The majority of people want a peaceful two-state solution. I believe that even those who seem less keen on one must realise in their hearts of hearts that it is the only show in town.

I want to make it clear that violence—especially the violence that we have seen recently—is completely unacceptable; summary executions, attacks on hospitals, the abuse of captives and so on have no role to play in the occupied Palestinian territories or indeed anywhere else.

Along with my Government colleagues, I want to express my full support for President Abbas and his emergency Government headed by Prime Minister Fayyad. The priority for us now is to help in the best way we can. The former Secretary of State for International Development, who is now my right hon. Friend the Secretary of State for Environment, Food and Rural Affairs, spoke to Prime Minister Fayyad to explore how we can do that. We fully support the conclusions of EU Foreign Ministers on the need to develop the conditions necessary for urgent practical and financial assistance.

We must ensure that help reaches the 1.3 million people of Gaza. In that context, the Israeli decision to allow humanitarian access is most welcome. Since 15 June, more than 130 truckloads of basic food and humanitarian supplies have got through. That will help, but for Gazans to start rebuilding their lives, they need more than the very basics. They need to be able to buy fruit and vegetables, fresh milk and baby formula. For Gaza's people to have money in their pockets, the economy needs to function. That means not only importing but exporting goods. We are pressing Israel to ensure full humanitarian access to Gaza and to allow trade as soon as possible.

What about the future? In many ways, the destiny of Hamas is in its own hands. We continue to call on Hamas to adhere to the Quartet principles: committing to non-violence, recognition of the state of Israel and acceptance of previous agreements. Ultimately, all parties must surely realise that sustainable peace can be attained only through dialogue that helps to create a common understanding. Bullets, bombs, killings and mayhem are exactly what ordinary people on all sides wish would cease.

Despite the current crisis in the occupied Palestinian territories, we must not forget the underlying problems that have prevented peace with Israel. Blame for the violence in Gaza lies with those who have chosen to pursue their aims through violence, but as we know too well, the responsibility for bringing a resolution to the Israeli-Palestinian conflict is spread much more widely.

For Israelis, the consequence of militant Palestinian violence is a life marred by fear. Last year, 23 Israelis were killed by the violence both inside and outside the occupied territories. In the past six years, 3,500 rockets have fallen on the Israeli town of Sderot—I hope that I pronounced that correctly—causing 10 deaths. Many people in Israel feel under attack. The threat is reinforced by the failure of Hamas to meet international principles, and its violence in Gaza has merely exacerbated the situation.

In 2006, 661 Palestinians died as a result of Israeli military action. In the same period, the Palestinian economy contracted by about 10 per cent. One of the main causes was Israel's decision not to pass on the VAT and customs revenues that it collects for Palestinians—about $55 million a month. That starved the Palestinian Authority of more than half their revenue, leaving them unable to pay their workers, on whom one quarter of Palestinians depend for their family's livelihood. Businesses suffered because the Palestinian Authority simply could not pay bills. This week, Israel made its first payment in 15 months, of $120 million, to the emergency Palestinian Government. We call on Israel to release the remaining funds as soon as possible.

Withheld revenue has been the immediate cause of Palestinian economic decline, but the longer-term cause is Israeli security restrictions on movement. The average west bank Palestinian has been unable to visit friends or family in Gaza since 2000. Almost 550 roadblocks and checkpoints in the west bank limit the movement of goods and people from one town to another. That makes trade impossible: the cost of transporting a container from Gaza to the west bank is as much as that of moving it from the west bank to China. That has huge consequences for the economic, cultural and social fabric of Palestinian life.

Israel's security concerns are legitimate and must be addressed, but the presence of almost 500,000 Israeli settlers throughout the occupied west bank, including

[Mr. Malik]

East Jerusalem, means that the security restrictions affect the whole west bank economy. The barrier winds its way around settlements, placing 10 per cent. of west bank land inside Israel, as has been said. Roads reserved for settlers make transport between cities for Palestinians in the west bank virtually impossible. Many colleagues have had the misfortune to witness that at first-hand; mercifully, we do not have to witness it every day.

One challenge for the international community is to show the Palestinian people that we have not forgotten them—we have not. We are providing support through the EU's temporary international mechanism. Built on initial work by the UK, that has helped 150,000 Palestinian families—about 1 million people. It has ensured that health and education services have continued and it has provided fuel to ensure that power is provided to medical facilities, water and sewerage plants serving 1.3 million people.

Mr. Slaughter: The Minister has been generous with his time. He said that he hoped that the Palestinian people thought that the British Government had not forgotten them. I fear that people probably do think that the British Government have forgotten them. The statistics that he has given perhaps reveal that. I am thinking of the inequality of arms, quite literally, and the power that the Government of Israel have in relation to the Palestinian Authority.

The Minister gave the figure of 10 per cent. Is he aware that the World Bank report published in May said that access to 50 per cent. of the west bank was restricted for Palestinians, and is he aware that the Secretary of State for Children, Schools and Families made a speech a few weeks ago, when he was still the Economic Secretary to the Treasury, in which he said that Palestinian gross domestic product was only 7 per cent. of Israel's and the average Palestinian income was only 6 per cent. of that of an Israeli? Are the Government not falling into the trap, in trying to be balanced, of not being balanced at all? They are giving equal weight to the Government of Israel and the Palestinian Authority in these matters, whereas in fact almost all the infringements that prevent the economic and political operation of a Palestinian state are as a result of the actions of the Government of Israel.

Mr. Malik: I thank my hon. Friend for that intervention. He makes a criticism that I think many people will genuinely make. Sometimes it may be unhelpful to get into the issue of quantum. I accept fully that any objective person can consider the situation that I am painting as I speak and make their own analysis of it and draw their own inference from it. That is what my hon. Friend is doing. I was aware that the former Economic Secretary made those remarks; I happened to be present at the time and they are quite stark remarks, which should make us all face the reality of what is going on in Israel and the occupied Palestinian territories and should fuel us to do even more to try to bring lasting peace and solve a problem that simply will not go away.

The 40th anniversary of the occupation is almost upon us. I can understand fully why people who are suffering in that part of the world believe that they are being neglected, but I can assure my hon. Friend the Member for Ealing, Acton and Shepherd's Bush (Mr. Slaughter) that the Government do not believe that we could ever neglect the issue of the middle east. With regard to conflicts that need to be settled around the world, my personal perspective is that this one is probably No. 1. We need to understand that we live in an interdependent world. If we can get some hope in the middle east and bring some kind of just resolution for all parties concerned, that will take out much of the anguish and anxiety that we see, which affects not only the middle east but all parts of the world.

DFID and other European donors have so far given £188 million through the TIM, which shows that the international community can make a real difference when it works together. The Select Committee's report makes a timely and valuable contribution. As usual, it has listened carefully to the evidence and provided considered advice. We agree that working outside the Palestinian Authority has added to the risk of its institutions failing. Following the appointment of the new Government of Prime Minister Fayyad we, along with the rest of the EU, are urgently looking at ways of working directly with them.

Ultimately, development for the Palestinian people depends on there being an end to the conflict. As the report notes,

"there is a fundamental relationship between Palestinian economic viability and Israeli security. The benefits from the achievement of both would be mutual."

A two-state solution—a viable state of Palestine alongside the state of Israel with both being secure and respected within recognised borders—remains the only way for Israelis to live in peace and for Palestinians to live in dignity and to prosper. That solution must remain our aim, but it increasingly looks to be at risk. Although people broadly agree on what it will take, despair and disillusion is evident on all sides. Our challenge is to restore hope that peace is possible.

John Barrett: The biggest problem in relation to a two-state solution is the violation of the property rights of the Palestinians in the west bank. To have lost one's land and then be told, "Let's discuss potential compensation," is similar to how it would be for the Minister if someone took his house from him, against his will, and then said, "Let's discuss a price." Does he agree that the settlements on the west bank are a major problem?

Mr. Malik: I thank the hon. Member for—his constituency escapes me for a split-second, but only for a split-second, I promise—Edinburgh, West, of course. It is better to check than to get it wrong. For the record, that comment was not aimed at anybody. The hon. Gentleman is right: the settlements are completely unacceptable. The Government's position is, as I have already stated, for pre-1967 borders to be observed. I hope that that gives him some comfort regarding where we are coming from.

Jeremy Corbyn (Islington, North) (Lab): Will the Minister give way?

Mr. Malik: I shall continue to be generous, as it is my first outing.

Jeremy Corbyn: I apologise that I was not here for the first part of the debate, as I had a constituency engagement. I congratulate the Minister on his appointment. I am interested in his last point. Is he saying—I hope that he is—that the Government's position is that the settlements on the west bank must be removed as part of a peace process, rather than yet more Palestinian land having to be given up in return for a potential settlement in the future?

Mr. Malik: I am not going into the detail today, but am speaking about the principle. The detail will be negotiated and discussed between the parties who are directly involved. I am making a basic point about our position. We want to see a viable Palestinian state, on the pre-1967 borders, side by side with a secure, safe and confident Israeli state.

My hon. Friend the Member for Islington, North (Jeremy Corbyn) has helped me to move to my next point. Ultimately, only the Israelis and Palestinians can make peace. The Palestinian leadership must work hard to resolve the current situation. It must restore calm, it must open internal dialogue and it must demonstrate that it is capable of providing a competent Administration.

Israel must also play its part. As a first step, it must urgently release the remaining Palestinian revenues and provide adequate access into and out of Gaza. It should then ease movement and access restrictions in the west bank, and take a hard look at its policies on settlements, which are contrary to international law and threaten the viability of an agreed two-state solution. Actions from both Governments are needed. The current crisis might suggest that peace is further away than ever, but they could also choose to see it as an opportunity. For the sake of both ordinary Palestinians and Israelis, it is an opportunity that they must not fail to grasp.

I end by sharing an anecdote with the Chamber, which is about being positive. There is a lot of negativity around this subject, for obvious reasons. I was there as part of a delegation back in 1993. You are probably thinking that I was too young to be there, Mr. Bercow, or perhaps you are not, but I was there none the less. It was day seven, and the Oslo peace accord had just been announced. When one is there when something like that is happening, one thinks, "Is this really happening? Is it momentous, is it big, is it small?" At the time we relied on the seven o'clock news or the nine o'clock news to tell us what was going on in the world, or I certainly did, so when one is there and something like that happens, one thinks that it is too much of a coincidence.

It was day seven. We had visited a number of Israeli organisations in Jerusalem and elsewhere, and we were in the Gaza strip in the unofficial headquarters of the Palestine Liberation Organisation. At the time, Arafat et al were in Tunis and the delegates were in New York. We were with the PLO official who was the most senior in Gaza at the time, unofficially, when a camera crew came bursting in and a journalist thrust a mike in his face and said, "This peace—people are saying that it's nothing and that the PLO have sold out. What do you say to that charge?" The PLO leader composed himself and said, "You are right; it is nothing, but the Palestinian people have never even been offered nothing before. We are going to take this nothing and we are going to build something with it." If they can be as positive now as they were then, and God knows they need to be, we can make some progress. The tunnel is long and dark, but if we intend to get through it, we need to focus on the light at the other end.

5.16 pm

Malcolm Bruce: I do not intend to delay the House any longer, but I want to thank all those who have taken part in this good, useful and timely debate. I thank also the Minister for his courteous and detailed responses, with which—I hope that he takes this in the spirit in which it is meant—he has acknowledged that we are in an uncertain situation that has changed even since the report. I do not criticise him for being unable to answer fully some of the questions that were asked, but I hope that he will consider the debate and write to hon. Members, or the Committee, if he feels that he can share additional information with us. Important points have been raised, and we would like to hear about how the TIM is going to progress, what it will mean in practical terms on the ground and how matters in Gaza will be dealt with in this difficult situation. I hope that he can update us on those points.

I have a few more quick points. The point that the hon. Member for Islington, North (Jeremy Corbyn) made in his intervention is very relevant here. It has to be taken on board, bluntly and squarely, that the situation with the settlements on the west bank is impossible if there is to be a solution. I want to quote from the evidence that David Shearer, the head of the UN Office for the Co-ordination of Humanitarian Affairs in Occupied Palestinian Territories, gave to the Committee. When talking about the road blocks on the west bank, he pointed out:

> "Pretty much all of those blocks lie on the roads that lead to settlements—90-something per cent. of them. In other words, if a road is running to a settlement it is usually blocked for Palestinian traffic."

The lesson from that is simple: the reason why the Palestinians cannot move around the west bank is because the Israelis are protecting illegal settlements, which, if they were not there, would not require the restrictions that the Palestinians face. That is a fundamental, irrevocable fact. If Israel is not forced to acknowledge and respond to it, there will be no peace and there will be no point in aid and development, because there will be no viable Palestinian economy.

Mr. Slaughter: Will the right hon. Gentleman give way?

Malcolm Bruce: I am not sure whether I am allowed to do so.

John Bercow (in the Chair): Order. I must emphasise that I have tried to be indulgent to the hon. Gentleman, not least because of the circumstances that took him away from Westminster Hall, but this intervention must be substantially briefer.

Mr. Slaughter: I am most grateful, Mr. Bercow, and I shall make a short point. Does the right hon. Gentleman accept that the position on settlements is worse than he was saying, because, alongside the active

[Mr. Slaughter]

construction of settlements, which I saw at first hand, the demolition of thousands of Palestinian homes is taking place on Palestinian land?

Malcolm Bruce: There are many other issues—

Jeremy Corbyn: Water.

Malcolm Bruce: The hon. Gentleman says "water". That is a very serious issue. The construction of the security fence on Israeli territory is perfectly legitimate, but the way that it wiggles around and wanders across the west bank is divisive and obstructive, and it makes normal life impossible.

I agree with the hon. Member for Birmingham, Northfield (Richard Burden) that we should try to give support through and with President Abbas, but we should do so with a clear understanding that he does not speak for all the Palestinian people and that he is not the sole representative. His Prime Minister Fayyad, who is a very respected man internationally and an able economist, stood in the elections and his party got 2.5 per cent. of the vote. He does not have democratic legitimacy. We must therefore acknowledge that we cannot assume that by dealing with President Abbas, giving him the money, working directly with him and pretending that Hamas does not exist, we have somehow solved the problem. We may have got the Government that we want, but it was not the one the Palestinians elected.

Mrs. Ellman: Does the right hon. Gentleman accept that if, as we hope, negotiations start, but the response to them is as before, whereby Palestinians from whichever party launch suicide attacks on Israeli civilians, that would have a negative impact on the chances of peace?

Malcolm Bruce: Of course it would. The fact that that activity has reduced involves a more complex analysis than simply discussing the building of the security fence. The hon. Lady should take that point on board. As a counter to her point, I should say that Israel might think that the way to deal with Gaza is to mount a military invasion and to reoccupy it, but that would not to add to an atmosphere of peace and reconciliation.

I believe that our Committee has put into the public domain some relevant facts. They are still valid and still represent the fundamental basis of the problem. I hope that the Government, with their new Ministers and format, and indeed with our former Prime Minister involved, will take stock and reconsider some of their position. They should try to find a way of unblocking some of the rigidities of their position, so that we do not just ask for movement from Hamas. There needs to be movement from the Quartet that shows good will on both sides. That might move us forward. We have an obligation to give the poor people of Palestine a chance to develop. They have the will and ability to do so, but they do not have the chance .

Question put and agreed to.

Adjourned accordingly at twenty-one minutes past Five o'clock.

Westminster Hall

Tuesday 10 July 2007

[DAVID TAYLOR *in the Chair*]

Airport Security

Motion made, and Question proposed, That the sitting be now adjourned.—*[Mr. Khan.]*

9.30 am

Mr. Brian H. Donohoe (Central Ayrshire) (Lab): It is a great pleasure to see you in the Chair, Mr. Taylor. You normally sit next to me on the Back Benches, but it is nice to see you in an appropriate place. I thank Mr. Speaker for allowing us to have this important debate, which is timely given the circumstances of the past few weeks.

I wish to place on record my appreciation of the unsung heroes who did their bit to show, to use local Glasgow parlance, that the UK will not be messed with in circumstances such as those at Glasgow airport. That goes for police, on or off duty, baggage handlers and of course the obligatory taxi driver, all of whom served the occasion extremely well.

I also wish to record my appreciation of my own airport, Glasgow Prestwick. The management and staff immediately swung into action and put in place what later became the guidance given to them by the airport security directors by blocking off all the car routes into the airport and to the terminal buildings. It is only right for me to congratulate them on ensuring that that was done without any delays to scheduled flights, despite their having to put up with a number of diverted planes from Glasgow airport.

The Government need to address airport security urgently. Over a great number of years, there have been major incidents such as Lockerbie and the one that caused the most concern to the industry, that of 11 September 2001. We must be careful about what we say, because the last thing that we want to do is to give any information to anyone who is likely to use it for all the wrong reasons.

As a Member of Parliament from north of the border, I travel frequently on airlines. One could almost describe me as a seasoned traveller. By using airports twice a week, I have got to know the system pretty well, although perhaps not all of it. In addition, I have used airports regularly as a member of the Select Committee on Transport for some 14 years. We regularly examine security at airports, and as a consequence I have picked up something about the system. From that, I recognise that there are four areas of responsibility in airport security: that of the passenger, who in turn expects the airport authorities and airlines to be well versed in their areas of responsibility. Finally, and perhaps more importantly, there are the responsibilities given to the Government and, through them, to agencies such as Transec.

The passenger has been affected over the years by increased restrictions, which have been in place for a considerable time. Some of them have regularly created chaos at a substantial number of airports, and at particular airports it has become the norm to have chaos. The question for the passenger is whether they perceive the restrictions that have been imposed as being over the top. One thing that passengers certainly have to put up with, and that I have had to put up with over the years and particularly in the past few months, is the inconsistency of security. In addition, they have to watch other passengers who are travelling through airports for perhaps the first time in their lives and do not have a single clue about how to deal with security, thereby cluttering up the approaches to security areas.

One faces other problems. I do not know whether it is parliamentary to show them, but I have with me a knife and fork that were presented to me by a constituent after he had collected them airside at Glasgow airport. He had been to Spain and was refused permission to carry a set of cutlery on to the plane as a wedding present. He went through security and came out the other side, went for a meal and was presented with the knife and fork that I have with me. Now, tell me that they could not damage somebody. The inconsistencies of the system need to be examined better by the Government and their agencies.

By virtue of the fact that the airlines have had additional costs, passengers' fares are being loaded to the extent that they are becoming out of the reach of many of my constituents and, I am sure, those of many of my colleagues. British Airways and Virgin Atlantic tell me that one issue alone is costing them millions of pounds a month: items of hand luggage, on which there is a discrepancy between the UK and the rest of Europe. That has meant that business travellers in particular, instead of coming through Heathrow to interconnect and come back to God's country, Scotland, are going through Schipol, Charles de Gaulle or Frankfurt airports. That is nonsense, and for too long it has been left as part of the review that is taking place. It needs to be addressed more urgently.

Baggage loss in interconnections is another factor. The amount of baggage lost must have security implications. Every time I have interconnected at Heathrow in the past year, I have lost my bags for at least a day and on one occasion for a week. What concerned me on that occasion was that nobody seemed to know where my bag was. Nobody had a clue. They tell people that there is a website on which you can see where your bag is and what the state of play is, but from day one to day seven the information was exactly the same—absolutely zilch. That needs to be examined seriously, because it is clear to me that there are major security implications.

Why, at some airports, do passengers who are reconnecting have to go through a second round of security checks? I have never understood that. They come off a plane that has flown from across the Atlantic, where security is tight. They come to Heathrow to connect to a flight northwards and have to go through the security system all over again. That seems to be using unnecessary manpower and should be examined. Surely it is time to consider what is known in the industry as "reasoned selection". It is plainly folly that passengers go through the exercise of security twice, which causes long queues and is often responsible for considerable delays in aircraft taking off. I have even had some constituents complain that they have missed flights as a result of such delays.

[Mr. Brian H. Donohoe]

Unless those issues are dealt with, the industry, which is already suffering, will continue to suffer.

Let me turn from passengers to the airports themselves. Airports are required properly to resource the security element, and that is right. Although at times there has been a marked improvement—I have to admit that there have been times when such queues were not normal—it is also the case that passengers can guarantee that if they hit Heathrow at a certain time of the day there will be queues out the door.

In addition, I understand from discussions about what is happening behind the scenes that, because there are still problems with giving clearance to staff, catering and baggage handling are affected. That is all down to the fact that the airports do not seem to have a grip on the situation. Those are factors that delay airlines and aircraft in doing what they are there to do, which is, of course, to fly. I believe that it was my good friend Michael O'Leary who once said that planes do not make any money when they are sitting on the tarmac. It is clear that frustrations are building up, and many of them are partly caused by airport inefficiencies.

It is perhaps unavoidable that I should cite one particular airport owner, given that it controls the great bulk of passenger miles undertaken in this country. The company is BAA. We are told by Mr. Nelson, its chief executive, that it plans to put another £40 million into security, but that it still expects long queues on occasion while it is doing that. That is not good enough. Nor is it good enough to suggest that there is to be an extra 1,400 security guards. That in itself will not help the position greatly unless and until the company starts paying its staff at appropriate rates. In my 15 years of regular plane travel—and, before that, another 15 years of travelling just within Scotland by plane—I have never seen the same security guard at Heathrow twice. That suggests that there is enormous turnover of security staff at Heathrow. The company may be training them, but it is not paying them, and as long as it does not pay them, it is not providing the security that I and, I believe, my constituents require in order to feel safe as we move through airports.

Mr. Nelson promises that he will cut queuing to five minutes or less. I cannot envisage that happening in the foreseeable future unless there is an enormous change of emphasis.

Finally, on airports, baggage is still going missing. I have already dealt with that in part. I was told that at one time 40 per cent. of the baggage was missing. That is a ridiculously high level, but that was the figure on one day. That is unacceptable. The fact that the companies do not seem to know where bags are at any given time is a clear indication that something is fundamentally wrong with the organisation as it stands.

Mr. Nigel Evans (Ribble Valley) (Con): I agree with what the hon. Gentleman says about baggage. Indeed, the newspapers are always full of stories about how many bags are still in storage because they have not been given to their owners. Does he believe that the announcement yesterday by British Airways that it is considering electronically tagging bags so that it will be able to find them more quickly may help the situation?

Mr. Donohoe: I am sure that the hon. Gentleman is correct. It is issues such as that which the Government and their agencies should be looking at and enforcing, if need be, because, as I have already said, there is clearly a security risk if baggage is not known to be in a certain place. There must be implications for security.

My final point about baggage is that I have been on planes when the bags have been loaded but passengers have gone AWOL. In one case just last week, the plane was delayed for three hours. First, we were told that the passengers were in transit and then, because they could not be found, that their bags would be taken off the plane. However, because of the system on that plane and because the bags were at the very front—they had been the first to be loaded—all the bags would have to be removed to get the missing passengers' bags off. Believe it or not, by that time the passengers had turned up and the whole process started all over again. The situation is absolutely nonsensical, but that is what is happening in our airports. It does nothing for passenger safety.

On the policing of airports, I have to declare an interest, in that I am a member of the British Transport police and walk the beat now and again on the streets of London. It could be said that I have a degree of responsibility in that sense, but I also have experience that is not available to other Members. Regardless, I believe that we are now required—and, given the events of a few days ago, even more so—to consider having a dedicated police service for our airports such as we have at present for our train stations. I argue that it would be sensible to have such a service for our airports.

It is clear that airports have become a terrorist target. As a consequence, we require people who have specific experience to be able to deal with terrorism. At the very least, the issue needs more attention. The chief constable of Greater Manchester police said that we can have all the new technology that we like, but, just as in this place, it will never be a substitute for a dedicated police service that knows precisely what it is about. He said that

"new technology is not a substitute for a distinct presence at airports. Officers should be used to create a hostile environment for terrorists."

That is a fundamental point, and it needs to be addressed by the Government.

Airlines themselves also have a responsibility. A spokesman for BA, which pays BAA £360 million a year for the benefit of flying in and out of its airports, recently said that it wanted Heathrow, its landlord, to be more efficient. It has called for a supervisory committee that includes airline representation to be set up to oversee BAA's investment. I believe that the Government should support that common-sense proposal. Perhaps we should consider including on such a committee somebody to represent passengers—I am not bidding for the job—because it is clear that many of the elements that passengers face are not taken into consideration by anyone responsible.

The US Air Line Pilots Association believes that the focus on banned objects rather than behavioural patterns or passenger profiling leaves aviation unnecessarily vulnerable to future attacks by terrorists. I agree with that. Because of terrorists' ingenuity, it is difficult to predict accurately the form of a future

attack on an airliner or, for that matter, on an airport. Such a proposal may take some work, but there is no doubt whatever that suicidal hijackers and bombers exhibit behaviour patterns that can lead to their detection prior to their arriving at the airport or boarding a plane, even if their tools are not detected. That is surely the route that the Government and their agencies should take.

I turn to the Government and their agencies. It is good to see the Minister in his place. I should have said at the outset that I welcome him to his new role as Minister in the Department for Transport. The Government have announced several reviews over the years. I was fortunate to be given a briefing by the Library on this subject a few days ago. It is obvious that there have been several reviews over a considerable number of years, but that very little action has actually taken place, other than that which frustrates passengers and for which no explanation is given. We need much greater consistency in the decision-making process; that must become a priority. Dealing with passenger fatigue with sometimes incomprehensible instructions must also be a priority.

A considerable reduction in the number of people travelling by air has resulted from the restrictions. I know Members of Parliament who now travel by train from Glasgow and Scotland in general, and more and more business men are doing the same because of the restrictions associated with air travel. Without giving ideas to the terrorists, it might well be that because of the number of people who travel by train, they will turn their attention to that mode of transport. It does not take a degree in terrorism to work out that as many people travel by train as by plane. Someone can turn up at a train station, and get straight on a train that departs in seconds, but it takes hours to get through the system at an airport. The Government need to consider that issue.

I make a special plea to the Minister: as a matter of urgency, systems for dealing with hand luggage must be harmonised across Europe. The UK must be brought into line with the rest of Europe in that respect, otherwise our airline industry will continue to lose substantial revenue. As I have already mentioned, the issue of specialised policing should be considered. The British Transport police are after all the responsibility of the Department for Transport. The Government could easily apply their mind to that subject.

More emphasis should be put on watching potential terrorist bombers. In technical terms, border security and passenger data should be seriously considered as that would enable the screening of passengers for security and immigration purposes. The advancement of technology has created far more opportunities to streamline and to enhance the passenger travel process, rather than treating passengers like cattle, as we do now. Passenger name record—known in the industry as PNR—should be employed as a matter of urgency. I am told that there are indications that the PNR might be omitted from the UK's e-borders programme. That could seriously undermine the effectiveness of any scheme introduced in the UK and requires immediate rebuttal by the Government.

The issue of "authority to carry" also requires immediate attention. We need the relevant information to check against a "watch list" of undesirable passengers and the Government must be proactive in securing that. Some 95 per cent. of passengers create no problems at all; it is the remaining 5 per cent. who cause all the problems. However, 95 per cent. of passengers are affected by security measures, while the remaining 5 per cent. go undetected. It is obvious that we have not had much success in dealing with that 5 per cent.

Mr. Julian Brazier (Canterbury) (Con): The hon. Gentleman is making a powerful point. The central issue is that we will get the measures that he has talked about only when we use existing off-the-shelf technology, which focuses on the ticketing process. Instead we currently have expensive Government-led IT projects based on flight manifests that by definition are too late; the aircraft has taken off by the time the search has been done.

Mr. Donohoe: The Opposition spokesman is absolutely right. I have received a briefing from an organisation that is employed in that sector. Why try to invent something when we have something that can operate as a system and that has proven itself in many countries? It is clear that that is another issue that needs to be looked at.

As I have said, if the Government intend to kick into touch the passenger name record, that will affect airport trade and aircraft travel for many years to come.

Biometrics is another issue that the Government should consider. It is a technology that already exists and automatically confirms the identity of a person by comparing patterns of physical characteristics. I do not understand why we do not use it more widely. Presently, I think that biometrics are used at Heathrow in terminals 2 and 3, but not in terminals 1 and 4. I understand that it is to be used in terminal 5, but not at this stage in terminals 1 and 4—the two busiest at Heathrow.

Mr. Evans: The hon. Gentleman makes another powerful point. I went to Armenia in April to monitor its elections and on my return journey, my fingerprints were checked and a copy of my passport was made. When I got to the boarding stage, I had to put my finger in something to ensure that they knew it was definitely me getting on the plane. If I had destroyed my passport for any reason, there would have a been a link. Such a system should be rolled out widely to ensure that the level of security is heightened.

Mr. Donohoe: The hon. Gentleman makes a good point. Again, that is something that we should seriously consider. We are adopting a number of such systems and there are other systems that we would love to adopt but cannot possibly afford. We would all like to fly in Israeli planes because they are so safe, but putting such high numbers of passengers—some 90 million—through that process on an annual basis in the UK would be virtually impossible. We must be realistic about that.

The Government must hasten the development of ways of enhancing security. It is also important to speed up clearance and to alleviate delays at airports. As a frequent flyer, I think that more could be done

[Mr. Donohoe]

and I speak on behalf of a growing band of travellers, when I say that I do not accept that making our lives better would compromise safely. I am not opposed to using biometrics or any other form of individual identification, such as fingerprints, if it smoothes the frustration of getting to my work and getting my fellow business men and travellers to work. At present, what we must face is quite unreal.

Following the recent terror threats in the UK, security measures have impacted greatly on the aviation industry because of immediate costs caused by the cancellation of flights and because of the impact on consumer confidence, which has been reflected in forward bookings. We need worldwide standards not only to ensure the safety of passengers, but to provide a clear and coherent message to the travelling public.

All that passengers want is to feel safe when they travel, and to get to their destination at the scheduled time. Every individual connected to air travel believes that passengers understand the need for enhanced security, but only if measures are well communicated, efficient and consistent. That is what I need to hear from the Minister this morning. Airlines, the Government and their agencies, and airport operators need to work together to ensure that that goal is achieved. I look forward to the Minister's response and to other contributions.

9.57 am

Mr. Nigel Evans (Ribble Valley) (Con): I congratulate the hon. Member for Central Ayrshire (Mr. Donohoe) on his success in initiating this debate; it could not come at a more appropriate time. Perhaps we should refer to him as Sergeant Donohoe now that he has declared his interest. I congratulate him on personally contributing to the safety of people who travel, and I also congratulate all those who were involved in defeating the terrorists at Glasgow recently; they did an amazing job. The public worked together with the security forces and demonstrated that we will not be cowed by those who wish to terrorise us and make our lives more difficult. I sympathise with the Ministers who have to introduce policies to ensure that everybody will be secure when they travel. However, as the hon. Gentleman pointed out, we must also remember that passengers are customers, not cattle. People should not be prodded around and made to feel that travel will be impossible or incredibly difficult for them.

I was at Heathrow airport in August following the security scare of that time and the queues were enormous. Terminal 4 was an absolute circus and people were turning up and being told that they could not even enter the airport until the flight was announced on the Tannoys. People could not hear the Tannoys in the car parks and no one seemed to know what was happening. I am sure that many people missed flights on that day and indeed over the following days. It took considerable time to sort things out. Of course, people wanted to ensure that they were travelling safely, but the way that security checks were carried out on the day that I travelled seemed to show that there could have been a little more urgency in dealing with passengers. The attitude almost seemed to be that passengers at the airport were an irritant and that the airport would perform more smoothly if they were not there. Clearly, that must not be the case.

The hon. Gentleman made an important point about airports in the United Kingdom having to compete with a number of airports throughout Europe. A lot of passengers who use Heathrow or other UK airports as hubs can choose from other hubs. If Schiphol, Frankfurt or Charles de Gaulle are more efficient, they will choose those airports, so we must get this absolutely right. Furthermore, he talked about the fact that passengers can use trains in the UK. Terrorists have shown that they look for the weakest link. We know that they do that, which is why they moved from airplanes to airports, and, of course, security around airports is now being tightened. The other day, I was at Manchester airport, where they have stopped vehicular access to terminal 1 to prevent the ram raiding tried at Glasgow. As I said, terrorists look for the weakest link.

This week, I received a letter from a constituent, Mr. Andrew Moore, who used Manchester airport. On Sunday 17, he travelled from Manchester to Faro, but it took him a considerable amount of time to get through. I know that, on 10 June, they had a problem at Heathrow terminal 4—I actually asked a parliamentary question about it. It is all right for those going through fast track, although, these days, I would call it, relatively faster track. Fast track is important because we want to win the support of business passengers; we want them to use British airports. It is important that money is spent in the United Kingdom to ensure that that happens.

I am afraid, however, that if people can get through relatively-faster track in 10 minutes, why should those travelling on economy tickets have to wait an hour and a half? That is a real issue, although Manchester had a blip on that day, and BAA was good enough to send me a graph showing that, for most of the day, people were getting through in under 10 minutes, but that then there was a four-hour period during which the queues at terminal 4 were outside the door and virtually on to the car park. Clearly, that is unacceptable and they need to ensure proper manning levels at security arches. Nothing is more frustrating for passengers who, having waited an hour, find, when they are finally searched at the security arches, that some of them are closed. They think, "Well, why are they not all open? Why are they not properly manned? And why has the delay taken so long?" That needs to be looked at.

I know that BAA and, indeed, all airports are spending an enormous amount of money on extra security and manning levels. BAA representatives were in Parliament last week telling us that they had employed an extra 1,400 people at Heathrow to increase the level of throughput. I suspect that there is a problem with predicting when planes are going to take off. We all think that the schedule is there to tell us when planes take off, but delays can result for all sorts of reasons. The hon. Gentleman mentioned passengers who do not get to their plane, but whose bags do, which results in a one hour delay, before the plane takes off, while their baggage is removed. That means that when that plane arrives back at Heathrow, it is probably one and a half, or two hours late taking off again. Congestion will result at airports, which is another reason for huge delays in getting some passengers through.

I understand that in the make-up of every ticket there is an element for security. It is a few pounds. Will the Minister assure us that all of that money is now

being invested? I would like to know to whom the money goes. I know who is paying the money, but where is it going? Is it all being invested in new security measures? The hon. Gentleman talked also about ensuring a level of common sense in the measures being introduced. I agree with him on that. He mentioned the point about knives and forks. It was always ludicrous that at one stage we were using plastic cutlery, but that at the same time, if we ordered an alcoholic drink, it was served in a glass. A glass is a lethal weapon. Also, when airside, it was possible to buy a bottle of wine. Well, my goodness, a bottle of wine is a lethal weapon, I would have thought. So, there seemed to be a few inconsistencies in the security measures being introduced.

The same applies to the 100 ml limits on all liquids and gels, and all of that sort of stuff. We cannot fail to go through airport security without seeing huge supplies and bins of stuff taken off people who unwittingly, perhaps, brought it with them. Maybe they travel only once a year, and are not following the security measures, unlike those who travel more frequently, who know what they can take. I think that, now and again, extra publicity would be worthwhile to tell the public what the limits are, why they are in place and whether they are the same throughout the world. I know that Britain is a terrorist target; more so than some other European countries. We must accept it. But at the same time, we need to explain to passengers why these measures are in place.

Let us consider some of the new and old technologies. I mentioned the procedure in use in Armenia, which, quite frankly, I thought was excellent. Perhaps that could be rolled out in other countries. I suspect that it was done to ensure that those getting on the aircraft were those who had bought the ticket. It was trailed all of the way through. Also, it prevents people from saying, "I haven't got a passport. Somehow I lost it on the plane." We know what is happening. But if there is an electronic version of that passport, at least we have information about that person. Let us look at the technologies available to ensure that everything is done as quickly as possible.

I spoke to the chief executive of Manchester airport, Geoff Muirhead, who told me about issues that they have. A number of British airports were built in the 1960s and 1970s, when security measures were different—one could almost swan on to an aircraft without showing any identity. Now we have to show identity and be searched at regular intervals. With terminal 5 coming on, I assume that a lot of thought is being put into security at the design level. It will be a lot easier for Heathrow T5 to get people through more quickly with the new equipment.

Geoff Muirhead explained that we have some old airports and that the problem was not simply with moving some shops out of the way to make room for extra security, but with ensuring that the equipment and manning levels are available. He said that there will always be delays at certain times. That is what we must iron out as much as we can. If people are told that, when going to an aircraft, the security will take a quarter of hour, at least they can factor that into their timetables. The problem arises when they turn up at an airport and see a queue going out of the door and on to the car park. If they have a flight to catch in an hour, it becomes impossible for them.

I have every sympathy with the Minister, but we must not let the terrorists win. We must ensure the right level of security, and that people feel secure, including staff at airports and on aircrafts. For whatever reason, these terrorists despise our country and are doing all that they can to terrorise its people. Quite frankly, I wish that they would all get on an aircraft and go to a country that they would prefer, rather than stay here and terrorise us. If they want to go to Pakistan, Bangladesh, Iran, or wherever, I am sure that, if they ask nicely, we will assist them in their passage. But we do not want them terrorising British people living in this country, which is why not only must we fight them, but we must not allow them to destroy our quality of life. Let us ensure the right level of security, and support airports and airlines to ensure that the terrorists do not win, but let us remain also on the side of the passenger to ensure that their quality of life is not diminished. I wish the Government great success in their efforts to ensure that the British travelling public can get on with their daily lives without hindrance, and be secure in doing so.

10.9 am

Dr. Ashok Kumar (Middlesbrough, South and East Cleveland) (Lab): It is a pleasure to follow the hon. Member for Ribble Valley (Mr. Evans). I enjoyed his speech—especially the part in which he said that he would be happy to ship out all the terrorists who think that some other part of the world is better. People who think like that should be shipped out immediately and I will happily help in the security arrangements and in deporting them. They have made life a misery for all of us and we must not allow them to defeat what we are trying to do, so I strongly concur with the language and the spirit of the hon. Gentleman's speech. My father's generation fought hard to create a good society and to play their part, and such people are wrecking everything that was built in the spirit of multiculturalism. I find what they are doing offensive and I fail to understand their thinking or logic. However, I do not wish to be called to order for straying too far away from the subject of the debate.

I congratulate my hon. Friend the Member for Central Ayrshire (Mr. Donohoe) on securing the debate, and I join him and others in praising the staff of Glasgow airport and all those others who were involved in tackling the terrorists for their courage in defeating them. I praise the Government for all that they have done so far in public protection. They should be credited for making public protection their first priority. I want to raise a number of issues about my own local airport, Durham Tees Valley. It is not a major league airport by the standards of Glasgow or Manchester, but as the primary airport for the north-east, with routes to key European destinations, it is an important and busy centre in its own right. Some 1 million passengers a year generally pass through it.

Although it is primarily a civil airport, the security issues that I wish to raise stem from its use by the military. It is the nearest civilian airport to the large army camp at Catterick, about 15 miles away. In consequence, it has frequently been used for military charter flights for soldiers departing for, or arriving from, operational duties in the middle east. That is hardly a military secret; the sight of troops in uniform

[Dr. Ashok Kumar]

marching through the departure lounge is a regular feature witnessed by many travellers.

There are three points that I wish to make about such use of the airport. First, there is a question as to whether the security level at the airport is sufficient for military use. It is a particularly pertinent question, given that its military use might enhance the airport's appeal as a target for terrorist attack. The recent events in Glasgow show that such an eventuality must be considered, and the security in place around military facilities in the UK stands testament both to the heightened risk and to the necessity for enhanced measures that surround our military personnel. I should like to ask the Minister whether, given the military use of Durham Tees Valley, extra security measures have been introduced. Will he tell me also whether any reassessment of the situation has been made following the events in Glasgow?

Two security measures that I wish to propose would address the issue. First, I wonder whether the Ministry of Defence, in conjunction with both the airport management and the charter flight operators, might consider whether military flights can be made outside the airport's normal operational hours. That would have the security benefit of allowing measures to be concentrated at certain times and, crucially, would allow them to be implemented when members of the public were not using the airport. That, in turn, would have obvious advantages both to public safety and enhanced security.

The second possible measure is to use the RAF airfields in the region for such military flights. Leeming and Church Fenton are both operational, and are less than one hour from Catterick. The airfields might be unable to handle large passenger aircraft for engineering reasons, and, if so, I will gladly stand corrected. I know, however, that Leeming was used for Tornado fighter bombers for a long time and I imagine that its runway is of adequate length. If one of those airfields was available and suitable, it would be likely to provide a far higher level of security than a civil airport. The fact that members of the public cannot access RAF facilities would clearly be advantageous in that respect. I emphasise that my remarks are intended to be constructive and I make them in a spirit of co-operation with the Minister. I believe that there are genuine security issues for members of the public and for military personnel who use the airport, and I hope that he will consider my suggestions.

My final remarks diverge somewhat in their subject matter and concern a security issue that applies generally to UK airports. Last November, in the light of intelligence that had been received, the Government altered the regulations on hand luggage and prevented passengers from taking liquids and certain items through security gates into departure lounges and on to flights. However, there seems to be a disjunction between the items that are prohibited under those regulations, which were mentioned earlier, and the items that are banned from restricted zones such as departure lounges and airport shops. The result is that cigarette lighters cannot be taken through security into a departure lounge, yet can still be purchased from shops in the restricted zones and taken on to a plane. The only ban on purchase is on cigarette lighters which are

"in the shape of a firearm".

I know of at least three UK airports where there has been a problem with that, and it seems to present an anomaly in security.

On its own, a lighter has a certain, albeit limited, potential to cause harm or damage. The worrying point is that lighters are sold in airports alongside a range of flammable substances such as aerosols and alcohol. It is easy to imagine that, in a confined space such as an aircraft cabin, such items could be used to deadly effect, so I ask the Minister to re-examine the regulations, because inconsistencies were mentioned also by the hon. Member for Ribble Valley.

The points that I have made have all been offered in a spirit of trying to help the Government in their efforts. So far, they have done a tremendous job in tackling the terrorists and we must not let go—even by a millimetre. I hope that the Minister will take up my concerns in that spirit.

Several hon. Members *rose—*

David Taylor (in the Chair): Order. I should like to tell the two Front-Bench spokesmen that I shall call the Minister no later than 10.45 am.

10.15 am

Susan Kramer (Richmond Park) (LD): It is a pleasure to serve under your chairmanship, Mr. Taylor. As we are tight for time, I shall try to truncate my remarks. If I have questions, I shall direct them to the Minister in writing, because that might be easier. Before the debate, I thought that I had defeated stomach flu, but I am now less certain. I think that I will be okay, but, if I leave the room fast, I hope you will not see it as an act of discourtesy.

I join in congratulating the many people who reacted so effectively to the events at Glasgow airport. Rather than reiterate what has been said, I shall say only that I think the most important part of that reaction was the message that it gave to anyone with terrorist intentions. They will not find that the British public, airport staff, police or anybody else will shy away from them; they will be tackled and confronted. That gave great heart to all of us who know that one day could be our unlucky day and that we could draw the short straw.

Obviously, airport security must have the highest priority. In preparing for the debate, I took a quick look at an extract from the airport policing report by the right hon. Sir John Wheeler, which has been debated in Westminster Hall. Essentially, the report underscored the fact that although the Department for Transport is at the heart of aviation security arrangements, responsibility remains fragmented among DFT control authorities and airport authorities. Putting together a package of effective airport security measures is therefore extremely complex, and I hope that the Minister will address the issue and tell us how co-ordination has been significantly improved since Sir John's original report.

The Department has accepted the report's main recommendations, including, in particular, that the MATRA approach—the multi-agency threat and risk

assessment approach—should be best practice at all airports. That approach, however, relates to risk assessment, and there is obviously also a requirement to respond—although assessment matters, so too does the co-ordination of the response. A review of legislation was to go ahead to clarify stakeholders' responsibilities for airport security, but has it made any progress?

The report included recommendations on eliminating the system of designation. The issue of policing costs is fairly interesting, and I happen to come from the school that thinks that policing and security costs should remain with the airports and the airlines and should not fall on the taxpayer, although the United States takes a very different view. By not charging fuel duty and VAT on fuel, we effectively give the airline industry a £9 billion subsidy, and it would not go amiss if the industry spent some of that money on adequate security. The industry has not been abandoned—indeed, in comparison with other forms of transport, air travel is being supported—and one way effectively to use such money would be to spend it on security. I would be interested to know whether the Minister has discussed whether airport authorities should have more flexibility to charge the airlines additional fees for providing security. I understand that the Civil Aviation Authority has been considering the issue, but I am not sure what conclusions it has reached.

Mr. Evans: On the question of who will pay the VAT or the aviation fuel duty, it is the passenger who will pick up the bill at the end of the day. However, one airport also suggested that passengers pay an extra £3 so that they could get through the airport quickly. I do not think that we should have such fast-track measures; instead, an element should be incorporated in the ticket price to ensure that everybody pays the same and is guaranteed to be able to get through the airport as quickly and securely as possible. The costs incorporated in the ticket price should, however, be transparent.

Susan Kramer: I fully agree that costs should be transparent, and we should know whether we are in the group that is paying and not getting the service or the group that is paying and getting priority service. People would find that information very interesting. I should say, however, that the drive for ever cheaper flights to boost numbers and fill planes is somewhat countered by the need to ensure that adequate money is spent on security. Nor is turning to the taxpayer to ensure that we continue to boost ticket sales the right strategy, although that works rather well with broader environmental goals. The burden of providing security should fall on the airport authority and the airlines, not the taxpayer.

In the past couple of days, various events have caused us all to tremble slightly. No innocent individual was killed or seriously injured at Glasgow, and thank goodness for that. However, we have heard—perhaps the Minister can comment on this—that there was not a single armed policeman at the airport. That suggests that the security culture has broken down somewhere or that it has been focused only on Heathrow. If so, other airports and their vulnerabilities, which the hon. Member for Middlesbrough, South and East Cleveland (Dr. Kumar) discussed, will then become the obvious point of weakness for attack. Our approach therefore surely needs to be comprehensive.

We have heard the comments made by Mr. Ron Noble, the head of Interpol, who complained that the UK, among many other countries, does not take advantage of Interpol information when doing passport checks, and he asks that we participate in a watch list. There should be a real review of that issue. Sharing information obviously has consequences, and I would not want the Government wildly to share information with anyone who just happened to be signed up to Interpol, without being confident that there was genuine security. However, the issue must be reviewed, and it would make sense to deal with it with a greater urgency and to give it greater priority to ensure that we take full advantage of the passport checking facilities offered by Interpol, particularly where missing and stolen passports are concerned.

Last week, my hon. Friend the Member for Sheffield, Hallam (Mr. Clegg), who speaks on home affairs for my party, raised some issues with the Home Secretary. The Minister will be aware that vehicle access barriers have been under review, and there have been some pilot schemes at Victoria and Waterloo. Given the vulnerability of airports, I wonder why the scheme has not been rolled out. A report on how the technology was to be rolled out was due in April, but I have not heard any of the results. Any information that the Minister had in that regard would be important, particularly in the current circumstances.

I join the hon. Member for Central Ayrshire (Mr. Donohoe) in saying that it is worth looking at the comments of the US Air Line Pilots Association. As he said, it has criticised the UK for focusing on objects—sometimes these objects are rather weird, and the approach is not consistent across Europe—rather than on behavioural patterns and profiling to identify threats. I recognise that there are real risks with the proposed approach, which must be undertaken with an awareness of the fact that any kind of profiling can create real problems. Indeed, I would prefer something that looked at behavioural patterns, rather than just at some crude form of profiling. I say that in a very personal sense, because, as the Minister may know, my husband was an American, and he travelled frequently between the two continents over the 35 years that we were together. My daughter's partner is a black American, and I have seen vividly how the way in which he is treated at Heathrow differs from the way in which my husband, who was also an American, was treated—the word "appalling" is probably not an understatement.

That brings to me to my next issue. If security is to be sustainable, and if people are to be willing to go through intrusive checks that make their journey more difficult and require increased planning, there must be a level of care and customer service that makes the process acceptable and shows genuine respect. That includes treating those coming through immigration, or other travelling passengers, well—treating them thoughtfully and with politeness and real concern.

Several people have talked about the genuine inconsistencies that frustrate everybody. People cannot take their lighters through check-in, but they can buy them at the far end—excuse me, but that is starting to

[Susan Kramer]

get silly. British Airways has said again today that it is trying to link up 20,000 lost bags with their owners, but people do not have endless patience. Obviously, T5 will bring some benefits in terms of dealing with that set of issues, but it will not be a complete solution.

I travelled as a non-American in the US for many years—obviously, I was married to an American—and I was always treated with the greatest rudeness by every immigration officer I talked to. However, that has changed dramatically, as many more people have been caught up in the process.

Mr. Evans: Not all of them.

Susan Kramer: All that I can say is that the hon. Gentleman did not see what it was like before. However, change is genuinely achievable.

Perhaps I can close with a few comments that have been made before by my hon. Friend the Member for Sheffield, Hallam: if we are really going to have security, we need a national border force, bringing together the present border control functions of Her Majesty's Revenue and Customs, the immigration and nationality directorate, and the police, with regard to both ports and airports. I shall not expound on that, but the Minister is, I think, very aware of that need. Also, we need to carry out exit checks. Those were taken away in 1994, but the Government seem to be dragging their feet about their reintroduction. I understand that, under present plans, they will not be in place until 2014, which is another generation.

I think that my time has run out; I congratulate the hon. Member for Central Ayrshire on obtaining the debate, and I hope that we shall hear from the Minister that airport security will be given the attention and priority that it deserves.

10.30 am

Mr. Julian Brazier (Canterbury) (Con): I too congratulate the hon. Member for Central Ayrshire (Mr. Donohoe), both on securing the debate and on his revelation that he serves as a special constable in the British Transport police. I listened to his remarks with great interest and agreed with nearly all of them. I join everyone else who has spoken in congratulating the police, security staff and emergency services, and, indeed, the stout-hearted members of the public who intervened at Glasgow airport, reminding us what citizenship should be about.

We must start with the clarification of responsibilities. The hon. Member for Richmond Park (Susan Kramer) was quite right to pick up that point from Sir John Wheeler's report. It must be made crystal clear exactly who is responsible for what. There has been some progress, but there is still a degree of fragmentation. I also agree with the hon. Lady's remark about a uniformed border force, something for which the Conservative party has been calling for a long time. That, however, is more to do with people coming into the country than with the matter before the House today.

It happens that I have some background on terrorist issues from my time in special forces. Between August last year and February this year I had a series of exchanges, both written and in meetings, with the British Airports Authority about security at terminals, focusing on one central concern: that queues for security apparatus are seen as targets of choice by terrorists in Iraq and elsewhere. Like my hon. Friend the Member for Ribble Valley (Mr. Evans), I happened to fly—to America—a week or two after the August incident, and I share the concerns of many that the hold-ups here were much worse than those in any of the busy American airports that I went through. Indeed, in November, Willie Walsh, chief executive of British Airways, was moved to remark:

"We should accept that for so many of our customers...Heathrow isn't working...In 25 years, Heathrow could be an aviation backwater, as relevant to the world economy of the mid-21st century as London's former East End docks."

Of course the flow at Heathrow has improved immeasurably since Mr Walsh said that, but I share his concerns. However, those concerns go far beyond economic competitiveness. The plain fact is that large numbers of people waiting for security apparatus, concentrated in an indoor location, provide an extremely tempting target for terrorists.

For obvious reasons, I did not make my exchanges with BAA public, but I can now reveal that at the meeting in which they culminated, on 7 February, its security manager pointed out to me that as well as providing extra scanners and staff BAA had installed bollards outside the approaches to all its terminals to prevent vehicular access. That, however, is not enough. It is perfectly obvious that any bomber—it need not even be a suicide bomber—can carry or wheel a large bomb in a suitcase straight into the middle of a queue. Those queues are extremely vulnerable and such large concentrations of people in the 21st century, which is, sadly, a terrorist era, are unacceptable.

It seems that our thinking has at every stage trailed behind the reality of the terrorist threat that we face, and that each time there is an attack we must learn, although fortunately, in the most recent case, not after people have died. I am not suggesting for a moment that the Government have been wilfully negligent. I am simply trying to understand why we have not quite grasped the nettle. As far back as November 2004 my hon. Friend the Member for Newark (Patrick Mercer), who was then our homeland security spokesman, tabled a question to the Department of Transport asking for

"a statement on security inspections undertaken at British airports."

The reply was:

"The Department carries out an extensive programme of aviation security compliance monitoring activity. This includes announced and unannounced inspections and tests of the security". —[*Official Report*, 1 November 2004; Vol. 426, c. 8W.]

My hon. Friend tabled a similar question in January 2007 and the reply was:

"New aviation security measures which have been implemented at UK airports in light of August's security alert include the controls on liquids and the limit on the number and maximum size of cabin bags. Other new measures which have been implemented since August are not visible"—

probably for very good reasons—

"to passengers."—[*Official Report*, 30 January 2007; Vol. 456, c. 243W.]

I know that our excellent new homeland security spokesman, Dame Pauline Neville-Jones, takes a very close interest in all this. Curiously, to my thinking, the Secretary of State makes no mention of access. Terrorists can go wherever the public go.

BAA has recruited hundreds of extra security staff and bought extra scanners. Increasing throughput and thus reducing queues is part of the solution, but we must also examine again the issue of perimeter security. For example, at the channel tunnel and some continental seaports there are screening units that will reveal at a glance whether there are illegal immigrants in lorries. I understand that that same technology could be used to take at least a first look at people coming through the doors of security terminals, to see whether they are carrying bombs or weapons. I wonder whether the option of selective scanning of vehicles passing through the gates of airports has been considered. Such pre-scanning, even on an intelligence-led basis, would have a price, but it would materially reduce the threat.

Much of the technology that I have outlined was developed in this country. Security has become an extremely successful British industry. Companies such as Qinetiq supply hardware and British firms supply software packages and train people to handle security apparatus. Crucially, as other hon. Members have mentioned, we lead the world in the profiling packages to identify behaviour that is indicative of a terrorist mindset. Of course, no solution is cost-free, but the cost of doing nothing will be much greater, and not only in lives. The airport operators are private companies and if they reap the rewards in the good times, they must pick up the bill in the bad. The Government can help the process along. I shall come in a moment to an area in which funds could be better used.

Failure is not only risky. It will also be economically extremely costly to us, and could hand a victory of a different kind to the terrorist. If the security arrangements at our airports are not seen to be both tight and capable of processing large numbers of people without long queues developing, people will go elsewhere. London is still the world's premier financial centre. Let our airports fall behind and we may find that we lose that edge. American friends of mine have told me that they do not want to use Heathrow again after the experiences that they had in the summer.

Technology has another role to play, which goes beyond scanning apparatus. Scanning systems do not prevent conspiracy, and they do not prevent those who are unarmed at the point of departure from going to another country from where they can mount an attack. As the recent terrorist attacks have shown, those people are highly mobile. They criss-cross the world, meeting together. As the security services get better at phone tapping and internet monitoring, the importance to the terrorist of the face-to-face meeting grows. What is needed is to pick up potential problems as early as possible in the process. To pick up on a point that the hon. Gentleman made earlier, a number of countries in the Gulf and New Zealand have a real-time analysis of data at the point of ticket purchase. Alas, the British system, Semaphore, which covers only 12 per cent. of passengers, is based on flight manifests, ensuring that the problems are likely to be identified only after the aeroplane has taken off. With that system we can only export the problem to another country, perhaps by turning the aircraft around, as the Americans do—they have a system like that in place at the moment—or hope to pick people up once they have arrived.

By using a system that is based on flight manifests, rather than one that is based on ticket purchases, we lose the opportunity to pick out associations. While an individual's name might be on a list of suspects, the person with whom they are travelling might not be. A system that is based on checking flight manifests rather than starting with the original ticketing data, as is done in New Zealand, Abu Dhabi, Bahrain and several other countries, will not pick up the fact that those two people are travelling together, so only one of them might be stopped. We are tackling problems at the final stage, instead of looking for trouble at the earliest possible stage of each process. After all the mess-ups in the NHS and other areas, I beg the Government not to carry on down the route that they are following with Semaphore and the working party that is very light on experience in this area. We do not need another costly Government-led development of a system that is not much use anyway. Instead, we should take the ticketing software that already exists, off the shelf, which has been so skilfully developed for use in other countries, and develop it into much better systems. We need to work from the beginning of the process.

What happens in our airports is only a small part of the battle against terrorism. Thanks to the initiative of the hon. Gentleman, we are rightly focusing on that small part today, but, ultimately, the development of intelligence and many other central areas for which the Government are responsible will be the decisive factors. As I said at the outset, when considering this important issue, which terrorists have chosen as a key battle ground, we must be clear about who is responsible for what. In a free country, we will never have control over where our citizens go, and neither should we wish to. If we try to restrict or curtail basic liberties or our way of life, we hand a different kind of victory to the terrorists by default—something we must never do. However, we are not powerless, and a great deal more can be done.

10.42 am

The Parliamentary Under-Secretary of State for Transport (Jim Fitzpatrick): It is a pleasure to have you in the Chair, Mr. Taylor. I begin by congratulating my hon. Friend the Member for Central Ayrshire (Mr. Donohoe) on securing the debate. As he said, he has a personal interest in this matter both as a frequent flier and as a special constable. I thank other hon. Members for contributing to this important and topical discussion.

Hardly a day goes by without some media reference to airport security. The spotlight seems to be permanently fixed on security at UK airports. That is good, in a sense, because it ensures that we remain highly sensitive to the threats and challenges that face us at this time. We need to be vigilant to the serious and sustained threat, and I join hon. Members in paying tribute both to those who protect us generally and specifically to those who have protected us in the past few weeks. Aviation remains a target for international terrorists—the incident at Glasgow is a prime example of that—but, in response to my hon. Friend's

[Jim Fitzpatrick]

comments, I shall talk about the events of last summer and the heightened measures that were introduced thereafter, which are still evident today, before addressing more specific points.

The increase in the threat level to critical last summer meant that we needed to introduce additional security measures to protect both passengers and people working in the aviation industry from the threat from liquid explosives. The alternative would have been to cancel all flights, but the cost and disruption of doing so would have given the terrorists the success that they desire and would not have been acceptable to either the industry or the travelling public. Those measures supplemented an already robust security regime. The industry should be applauded for ensuring that flights continued and passengers should be thanked for their understanding and patience.

UK security measures draw much from our success in ensuring that the baseline European security regulations, which restricted the quantities of liquids taken through search points, were eventually amended. Those changes took effect in November. Today, passengers may take liquids through security search points provided that they are in containers not exceeding 100 ml and that they are presented in a re-sealable, transparent plastic bag. The International Civil Aviation Organisation has recommended that its members should adopt the solution of allowing passengers departing their airports to use 1 litre bags or 100 ml containers, and the procedure has been adopted in the USA, Canada, Australia, Japan and Singapore, which shows that there is discussion about harmonising arrangements internationally. Other measures introduced here and across the EU have included the removal of coats and laptops for separate screening. We also started checking passengers' footwear and limiting cabin luggage to one bag, providing that it did not exceed the maximum size, and still do so today. The latter system is due to be incorporated into EU regulations next year and has long been recommended by the International Air Transport Association on safety grounds.

As the hon. Member for Ribble Valley (Mr. Evans) pointed out, the UK faces a higher threat from terrorism than most other countries in either the EU or the rest of the world. The evidence is there to be seen: there were attacks or attempted attacks in July 2005, August 2006 and June 2007. That is why we have and need to have measures in place that are more stringent than those in other European member states.

Mr. Donohoe: Surely it is a nonsense that when one gets to the comb, at security, one can get by the two-bag rule by packing one bag into the other, and can then take it out again at the other end. That does not make an awful lot of sense, and is not applied elsewhere in Europe.

Jim Fitzpatrick: I shall address that point, particularly why the one-bag screening option has been chosen for the UK. My hon. Friend also talked about the problems experienced by transfer passengers who arrive in the UK with more than one cabin bag to board another aircraft departing from a UK airport and by those carrying duty-free liquids that were bought in non-EU states. The industry has suggested that international passengers are choosing to transfer at airports outside the UK because of the difficulties they face in the UK, and airlines and airports tell us that they are suffering financial losses as a result, which is having an impact on UK plc.

The Government are acutely aware that the baggage restrictions are extremely challenging, but we are equally aware of the very good reasons behind them. Allowing only one item of cabin baggage reduces the number of X-ray images per passenger, thereby ensuring that security checks can be carried out to the highest possible standard. We have always said that we stand ready to remove the one bag limit, but it would be irresponsible to do so if the industry were not then capable of delivering the expected security standards. That offer remains, but the industry agrees that we must not rush into doing that, which is why we are assessing how well airports handle having to screen more than one cabin bag per passenger.

We must look further ahead and explore other, smarter solutions to the liquid explosives challenge. We are working closely with industry and manufacturers to progress developments in technology that are now available and we are undertaking several trials of new technology as a matter of urgency to assist the security process—the hon. Member for Canterbury (Mr. Brazier) asked about that. We also continue to look for new technology that could reduce the burden on airports and improve the situation for passengers.

It would be remiss of me not to mention the serious events that happened earlier this month in London, and especially those in Glasgow.

Mr. Brazier: The industry is concerned that the working party that the Government have asked to look into the technology is fairly light on people who are experts on that technology. The party does not appear to be focusing on technology that is already available, off the shelf, which is working very successfully in countries such as New Zealand and some of the Gulf states.

Jim Fitzpatrick: I hope that I can reassure the hon. Gentleman that the security summit convened and called for by the Secretary of State, which should be happening next week, will address those or any other apparent deficiencies. The hon. Gentleman's comments will be taken into account in preparation for that summit.

The recent situations in London and, especially, in Glasgow demonstrated that the form of threat is not consistent—it is constantly evolving. That emphasises that we cannot be complacent in our attitude and action. Terrorism is a problem that we know we will face for the long term. Experience has also shown that the significant investment in infrastructure protection that our airports are making is well placed, and we will continue to urge airports to implement improvements where vulnerabilities are identified. I would like to place on record, as I have done before, our thanks to the police, to Glasgow airport staff and passengers, and to all the others who worked tirelessly over the past week to apprehend those involved in recent incidents.

My hon. Friend raised the issue of counter-terrorist checks for new airport staff. Operational deployment is not dependent upon completion of the whole CTC

process and alleviation has been in place for some time, at the industry's request. That allows the employer to deploy an officer—anybody who is on the appropriate security side—pending CTC clearance, providing they have passed a criminal record check and have been resident in the UK for the previous five years.

My hon. Friend asked about profiling. Passengers are selected for various security processes irrespective of their age, gender, ethnic background or religious beliefs. The purpose is to ensure that no prohibited articles are taken into the restricted zone or on to the plane. One of the basic tenets of aviation security in the UK is that each passenger is screened and has an equal chance of being selected for an additional search, irrespective of their age, ethnic background or religious belief. No one can adopt a particular profile believing that they may not be selected for additional searches.

My hon. Friend raised questions and gave us a demonstration about cutlery. As he said, passengers cannot take knives through airport security, but they are available airside at restaurants. Current security measures allow metal cutlery within certain specifications—they must have a blunt edge and a specific blade length; that was what he demonstrated—to be used as part of an airline's in-flight catering regime or by airside catering establishments, such as restaurants or cafés. That approach does not apply to passengers, who since 9/11 have been prohibited from taking knives through UK airport security points. The aim is to avoid any additional pressure being placed on X-ray operators at those points. Metal cutlery knives are, of course, permitted in hold baggage.

I acknowledge the points that several hon. Members have made about inconsistencies in application. The fact that the additional screening for potential liquid explosives and so on is a relatively new procedure means that there are anomalies, but they are being ironed out as the procedure becomes more familiar to passengers and staff.

My hon. Friend also raised the question of immigration and border controls. As he knows, that is a matter for the Home Office, with which we work closely. I am happy to bring his comments and those of other hon. Members to the attention of our friends in the Home Office.

My hon. Friend raised the important question of a proposed advisory committee to assist in this process. We agree that airlines and airports should discuss these issues. The aim is to get security to be part of normal business, not just an add-on. I shall return to that point.

My hon. Friend raised the issue of hand luggage, to which I tried to respond in my opening comments. To reinforce the point, I should say that limiting passengers to a smaller bag enables a reasonable amount of personal items to be carried while giving the X-ray screeners a less cluttered X-ray signature, thus making the task of identifying potentially dangerous liquids and other possible threat items easier for them. That measure, together with the limit of a single bag, helps to reduce potential delays at the screening point, given that the search regime is more intensive. We are in close consultation with the industry to ensure that the new measures are capable of being delivered for as long as is necessary. As I have outlined, the measures are kept under review, including in the light of developments in training and screening techniques. The threat from liquid explosives represents a step change that will need to be taken into account on a continuing basis in the security measures of all airports.

The hon. Member for Ribble Valley raised the issue of the urgent need to get passengers through. As he was saying, there must be a balance between throughput and thoroughness to ensure security at airports and for airlines. He also asked whether the electronic tagging of bags by British Airways would help. When baggage has been screened on entry to the airport, the bag is clean, so no matter how long it is stored, it is secure and safe. In that sense, the matter is taken forward.

The hon. Gentleman asked what element of the ticketing price is earmarked for security and where the money goes. The breakdown of the cost of the ticket and where the funds go is varied. There is an element of security in the cost of the ticket. If permitted to do so, I shall write to him and to the other hon. Members who have taken part in the debate, as I am sure that they will be interested in further information on this. I acknowledge the point that he raises about designing safety and security into all public buildings, including airports. I am sure that he realises that that is very much a matter of modern architecture, particularly in respect of specific buildings.

My hon. Friend the Member for Middlesbrough, South and East Cleveland (Dr. Kumar) asked about matters affecting Durham Tees Valley airport. I am confident that the Ministry of Defence will have discussed these items with its management and that they can use the airport as they currently do. Again, I shall pass his comments on to the MOD and try to ensure that he receives a response on this issue.

All airports are considering the security position on approaches by car, and as we have seen on our TV screens and know from hearing about the personal experiences of colleagues, many have adopted new methods to deal with the matter.

The hon. Member for Richmond Park (Susan Kramer) raised the issue of policing costs. The independent review of policing at airports by Stephen Boys Smith was completed last year and the report was submitted to the then Secretary of State and the Home Secretary. The then Secretary of State issued a written statement at that time welcoming its broad thrust. On 14 June, he issued a further written statement reporting on progress, including constructive dialogue with stakeholders and agreement on a direction for work. It recommended continued and enhanced liaison between key stakeholders, including Departments, the police service and airport operators at both national and local level, to maintain a consistent response to the threats and risks. As the hon. Lady mentioned, it also endorsed the current multi-agency threat and risk assessment approach in place at UK airports. These matters are still under discussion and review, so I am not in a position to comment further despite their being raised by her and by the hon. Member for Canterbury.

Mr. Donohoe: Has the Minister addressed the question of having dedicated police?

Jim Fitzpatrick: The whole question of policing is under review and I am not in a position to say anything further on that. I am sure that the matter will also be raised at the summit to which I referred.

The hon. Lady raised questions about our review of arrangements, and I shall cover that in my conclusion. She also mentioned vehicle access barriers, and, as I said to my hon. Friend the Member for Middlesbrough, South and East Cleveland, since the incident at Glasgow, the Department is actively examining the best ways to mitigate against vehicle-carried devices. Barriers are not the only option, and these matters are in hand.

I am only too aware that the very necessary measures that we have in place mean that both aviation staff and passengers are being tested. We will do what we can, particularly in explaining to the travelling public why these measures are necessary. As a first step, we will host a security summit later this month. It will bring together key players across the industry to make sure that we plan effectively and in a co-ordinated way for higher volumes of passengers, especially over the summer months.

That will be backed up by a media and marketing campaign, which started yesterday, aimed at passengers, reminding them to arrive prepared when they travel to airports this summer. They should be aware that restrictions are still in place at UK airports and at a growing number of others across the world. Hon. Members asked for such an approach. We will do everything that we can to ensure that this issue gets as much exposure as possible.

The summit that we expect to take place next week will provide an opportunity for Government and senior industry representatives to look ahead to see how industry operational needs and security requirements can be handled in a holistic fashion.

I would like to express my appreciation to hon. Members for the constructive way in which this morning's discussion has been handled and for the tone used. I know from this debate that we all want the same objective: safe and efficient travel. I assure hon. Members who have participated in this debate and, indeed, the whole House, that we are as committed as they are in wanting to ensure that that aim is secured as quickly as possible.

WEEE Directive

11 am

Dr. John Pugh (Southport) (LD): It is a pleasure, Mr. Taylor, to see you in such an obvious and deserved position of authority today.

This debate has excited a lot of interest in the electrical industry, and I hope that it will excite some interest among elected Members of Parliament. The directive is a response to the growing volume of electrical and electronic waste, which is the fastest growing waste stream by volume and by weight. The UK produces 1.2 million tonnes a year, and the EU produces 14 kg per person a year, which is astonishingly high.

The causes are readily identifiable. Clearly, there is rising disposable income. There is also considerable technological development in mobile phones and the ever-ongoing IT revolution, which affects all aspects of our existence: home, workplace and leisure activities. There is a greater variety of electrical and electronic products to buy, such as simple things like toothbrushes and mowers, which used to be worked by hand and are now worked by electricity, and new developments such as DVD players and microwaves, the like of which previous generations did not see. There are new electrical products on the market.

There is also a strong element of planned obsolescence in the industry, which was formerly a feature of the automotive industry. We recall cars that were developed with rust pockets built into them, and the use of chromium alongside steel, which precipitates immediate rusting. We recall the time that almost every car in the street was rusting away shortly after it left the showroom. There is a similar syndrome in the electrical and electronic industry. We can all point to breakable plastic features of electrical equipment that forces us to cashier it although it is otherwise usable.

Mr. Nigel Evans (Ribble Valley) (Con): One issue that the hon. Gentleman has not yet touched on is the digital switchover. There is a fear that many televisions and video recorders will be obsolete and that a huge mountain of them will have to be coped with. They may not even fall within the terms of the directive if they were bought some time ago. The fear is that many will end up in people's gardens and be unsightly, or that they will be fly-tipped, which is another problem that may result from the directive.

David Taylor (in the Chair): Order. Interventions should be brief.

Dr. Pugh: The hon. Gentleman anticipates my later comments. I think that probably every house in the country has a VHS recorder in a cupboard somewhere that will shortly be taken to a waste disposal site.

Another element is that many electrical goods are difficult and expensive to repair, and there is a general lack of repair facilities even when the fault is relatively minor. A worse vice to lay at the electrical industry's door is the phasing of innovation to boost consumption artificially. DVD players were released, and a year or two later when most of them had been sold, out came DVD recorders. There was a push

towards widescreen TV and when everyone had one, along came high definition TV, which is not available on the previous widescreen TVs. Flip-top phones were introduced and MP3 players were added later, but it would have been possible to do that earlier. The industry markets sophisticated computers and then changes the software so that a new computer must be bought.

The result is that the life of electrical goods is short, even when quality is good. Much waste is either workable or reparable, unlike the car of the 1960s. There are huge quantities of 14-in and 15-in cathode ray tube monitors gracing every tip throughout the UK, and there is no reason to think that the trend will change. As the hon. Gentleman emphasised, the digital switchover will, if anything, accelerate that trend. As with the advent of 3G networks, the arrival of Windows Vista will add to the mountain of computers, TVs, phones and VHS recorders. The benefits of innovation are sometimes uncertain, but the effect on the waste stream is in no doubt.

The waste electrical and electronic equipment directive endeavours to address the issue. Before discussing it in detail, I want to highlight two fundamental questions without going into them in depth. I want to park them. One issue is necessity: why the directive is necessary. Leaving aside the hazardous substances issue, if the waste is inert, the production materials are plentiful, consumers are happy, employment is maintained and the cost of recycling and reuse is high or intensive in energy consumption, why should we have the directive? I shall not go into that, but I am raising the matter simply to point to the fact that it exists.

Even if the waste is a problem and worth addressing—I think it is—there is still the question of whether that should be done on a European basis. During a debate in the House of Lords, Lord Willoughby de Broke went into the matter in depth, and asked whether we needed a European solution. Unlike rules on air quality and rivers, it is not obvious that a pan-European solution is necessary rather than national solutions, although any national scheme based on producer responsibility would have to come to terms with single market regulations, which may be why we are approaching this problem in a pan-European way.

I wanted to highlight those problems, and park them, because I want to deal with what we have got. I am broadly sympathetic with the thrust of the directive. I view old machinery fondly as children of the human spirit. I grieve over old TVs when I throw them out. I even repair old computers and printers, and am something of a specialist on Hewlett Packard. I am emotionally shocked by skips full of perfectly usable equipment and repelled by the apparent wastefulness.

The WEEE directive tries to reduce the waste stream, and its policy is straightforward. It sets targets for reuse and recovery; it makes producers or importers liable for meeting those targets and, in so doing, it hopes to provide a stimulus for less wasteful production and better design. The general brief or prospectus is agreed and clear, and most people are sympathetic, but its economic effects are unknown. They may add to consumer costs, which to some extent depends on whether the recycling and reuse market is profitable in the long term. I believe that it can be, but I am not certain.

The big problem is not the prospectus or its economic effects, but the practical implementation. The correct EU phrase for what the Government are expected to do is "transposition by the national state". I have some sympathy with the Government because the directive is complex to transpose. There are distinctions to be drawn between historic pre-2005 waste and new waste, and between householders, who essentially have free disposal, and the rights of corporate customers, who have limited liability when not exchanging like-for-like-goods, but I believe they have a right to the collection of goods.

It is difficult for all nations to interpret their version of what individual producer responsibility amounts to and to work out how the directive's overall objectives will be achieved. There is difficulty when discussing product types, which is important in cataloguing waste and billing it. There are different systems and different categories in different countries, and there is debate about whether something falls within the directive because it is a non-fixed asset and whether CCTV and so on is not covered because it is a fixed asset and part and parcel of a building.

National schemes are supposed to clarify those complex issues, and in the UK, rather than take a scheme off the peg from Johnny foreigner or whomever, we have devised our own—slowly, it must be said, because we have been warned several times to get on with it, and in our own individual way. To be fair to the Government, they have had all the usual accoutrements that one would expect to find attached to new legislation. There have been consultations, roadshows, notification to all the various bodies, and, as is always the case, a massive proliferation of acronyms, which so far I have managed to avoid using.

Essentially, the Government are seeking to stimulate or construct a network of responsibilities between producers, who are ultimately the funders, consumers, who have the stuff, waste collectors and receivers, who are normally but not exclusively local authorities, and recyclers, who are usually private companies or social enterprises. For the whole system to work and to hang together, each must understand their part in it, and they must be willing to play their part in a complex operation.

The "understanding" aspect has been extraordinarily slow and, perforce, difficult. Again, however, I have some sympathy with the Government's problem in getting their message across, because an awful lot of people do not wake up to the imperative of new regulations, or of any change until it hits them. No matter how many prospectuses and advanced notifications one gives, many people work on a need-to-know basis, and respond, sit up and take note only when the regulations impact.

Research shows that only 2 per cent. of the public know anything about the directive, so we in the Chamber are a privileged group. Worse still, 43 per cent. of big producers are generally unsure about the demands that it may make of them, and 70 per cent. of small firms do not know that it exists, which is worrying.

Mr. David Drew (Stroud) (Lab/Co-op): To confirm what the hon. Gentleman says, on Saturday I was approached by a constituent who takes old phone systems and tries to recycle them. The process involves some waste, and he was unsure about whether he should register. That is part of the problem. The main electrical retailers seem to know what they are doing, but elsewhere in the waste chain, an awful lot of people are uncertain.

Dr. Pugh: That is a big problem. In responding to that intervention, I should like to put on record the great part that big firms such as Hewlett Packard have played in ensuring that there is awareness throughout the system. However, even the big firms' attempts have not gone so far as to penetrate the smaller retailers, who think about their day's profits and the products that they sell, rather than about their products' end-life use.

I had some initial fears, which, to some extent, have been dispelled. I was genuinely worried that there would be a lack of producer co-operation, but that is not true. I have been impressed by the extent to which the big players in particular have wanted to make the legislation work—and work on a European basis. I was worried that there would not be any adequate recycling facilities to do anything useful with the products when they were returned. The studies that I have made and the information that I have received convinces me that there is a more mature market than I thought, however. There are more end-use products: the stuff is not just being collected and put in warehouses; there are some valid and intelligent uses, even for things such as plastic casings.

There are problems in certain areas, however. I am told that, for example, a dead television is practically worthless in terms of what it or its components can be turned into. I was worried at first that there would not be an adequate number of disposal sites where people could take products. According to a recent Department for Environment, Food and Rural Affairs answer, however, my worries are again misplaced. Local authorities are more clued up than I expected and 72 per cent. are ready, so the infrastructure seems to exist.

Lorely Burt (Solihull) (LD): Is my hon. Friend aware that on the last count, 250 council recycling centres did not have a partnership with a manufacturer's scheme? That situation has been calculated to leave council tax payers with an estimated £27 million bill: £18 million for the facilities to collect and recycle and £9 million for the running of civic amenity sites.

Dr. Pugh: That is a big problem, which I shall go on to highlight. There is a distinction between an authority's physical readiness, whereby it is tooled up to do the job, and its contractual readiness, whereby it has all the paperwork in place to do the job and make the scheme work effectively. That is where the problem lies. Contractual certainty and clarity do not exist, and I do not see how the market can work without them. In fact, by general confession, in place of contractual certainty and clarity is something tantamount to a bureaucratic nightmare.

People who ought to know, because they are intimately involved with the regulations, tell me that the contractual uncertainty and lack of clarity are leading to the collapse of many pre-existing arrangements and the rise of mutual suspicions among all elements of the network. Producers fear over-billing; local authorities fear being left holding the baby, because the equipment will not be removed; and recyclers worry about the predatory activities of the black or grey markets.

Many councils have not signed up to a producer-compliance scheme. My hon. Friend the Member for Solihull (Lorely Burt) just said that they number 250. Recyclers and producers are struggling with the critical evidence notice, which is the basis for the financial part of the transaction and crucial to the producers. Many people who are responsible for the recycling stations do not have the required permits from the Environment Agency, and although guidance was issued by the Department of Trade and Industry, it is widely agreed to be confusing. That is not my declaration; it has been passed on to me by people who have to use the guidance. Everyone is buried in paperwork, and that view seems to be the consensus. Some of the people implementing the process are not particularly sophisticated in handling complex paperwork.

If such chaos characterises the arrangements between people who are willing to be responsible partners, one has to wonder what chance the Government have of dealing with the trade's less reputable element—the people who work on the grey and black markets. If we cannot run a straightforward system, how will enforcement be run any better? They have the capacity to frustrate almost all the objectives of the WEEE regulations.

The market figures are massive. Apparently, we export 150,000 fridges per annum; 150,000 washing machines and cookers; 500,000 televisions, which is equivalent to 10 per cent. of the UK's electrical waste stream; 150,000 videos, with presumably many more to go; and 1.3 million monitors. It is a phenomenal but, by and large, unregulated trade. We are poorly equipped to run a satisfactory WEEE market, and we are vulnerable both to administrative chaos and to exploitation by people who work in a less regulated market.

If that characterises our current efforts, I am somewhat sceptical about what we will do when we aim for a more fine-grained implementation of the directive—when we get down to making individual producers responsible, as the best of them want to be, for their products and not anybody else's. Unless we do something like that, we will not encourage the improvement in design quality and general recyclability to which the directive aspires. The EU will definitely review the legislation and how it works in the round throughout Europe, but what we need now from the Minister and the Government is hands-on action to alleviate the administrative chaos and to make this worthy directive work properly.

11.20 am

Mr. Nigel Evans (Ribble Valley) (Con): I congratulate the hon. Member for Southport (Dr. Pugh) on securing this debate on a matter that is important to the vast majority of people in this country and to businesses, as has been mentioned.

We live in a dynamic world. I suspect that if a number of us looked around our houses to see how many bits of electrical equipment are fast becoming obsolete due to new technology, we would all have our own mini-mountains, irrespective of the 35 million to 40 million houses in the United Kingdom and the 60 million people living within our shores. Another aspect, which has not been mentioned, is the fact that our population is ageing. We must pay due regard to that ageing population to ensure that they are given as much assistance as possible in disposing of their electrical items safely and securely.

I mentioned my worry, although the hon. Gentleman did not dwell on it, about fly-tipping. It concerns me greatly. If an individual has to pay to dispose of an item that they always assumed somebody would get rid of, and if the cost is too high or the bother too great, they might be tempted to tip the equipment either in the countryside or somewhere in their community. That would be awful, and it is clearly something that we do not want. Local authorities have a huge responsibility, as do the businesses that sell the items in the first place. We must ensure that electrical items are designed and manufactured to be as recyclable as possible.

The hon. Gentleman mentioned mobile phones. I am waiting with bated breath to get my hands on an iPhone, the wonderful new Apple product. No doubt if I wait another six months I will want something else, because I am a bit of a gadgets freak, but that will mean, of course, that the old phone will become obsolete. A number of places—Tesco operates a scheme, as does Carphone Warehouse—say, "Please hand back your mobile phone, and we will make sure that it is recycled," and provide an incentive to do just that. We all carry such items as fashion accessories—I suspect that a number of us could not live without them. What will happen to all the old ones? I was speaking last Friday to a group of schoolchildren in my constituency, and I told them that when I was their age, we did not even have mobile phones.

Charles Hendry (Wealden) (Con): Or telephones.

Mr. Evans: We had telephones, but we did not have mobile phones. I am sure that my hon. Friend will want to speak for himself on that matter.

Since mobile phones have been around, I have probably gone through about 30 of them. Some of them have been lost; goodness knows where they have ended up. We want to ensure that they are recyclable, and that we are not storing up mountains of mobile phones, to name one specific item, for the future. Landfill is a wasting asset in our country. We must look at ways of ensuring that we recycle as much as we possibly can.

I mentioned the digital switchover, which will be completed in 2012, alongside the fact that LCD and plasma-screen TVs came on the market at roughly the same time. People are now looking again at their electrical items. A TV has a shelf life of about 10 years before it needs to be disposed of, but I suspect that as far as the technology is concerned, most TVs' lifetime is a lot shorter than that. In the past five years, high-definition television has been introduced, and those who bought LCD or plasma-screen TVs five years ago might be thinking, "Shavings! If only I'd waited, I could have had a high-definition television now." Well, to use a high-definition television, they will need a high-definition Sky Plus box or its equivalent. What will happen to all the old equipment, as well as to the obsolete TVs and video recorders that we discussed earlier?

The hon. Gentleman mentioned video recorders, which themselves are becoming obsolete as people move to DVD players and recorders. My family was peculiar in that we chose neither Betamax nor VHS; we were one of the few families in Britain with a Grundig V2000. I think that it was obsolete when we bought it. It is just as well, because nobody in the family could work it—it was Jodrell Bank technology. It did a lot of things that we could not work out whether we wanted it to do; all we wanted was a simple video recorder. A number of such items must be disposed of.

When my washing machine broke down the other day, I went out and chose a new one. I asked the person who sold me the new one, "Of course, you will take away the old one, won't you?" They looked horrified, and said, "I'm not so sure we can do that any more." It comes down to businesses' ignorance of what can and cannot be done. I said, "Well, it's going to be a bit awkward for me, because I don't have a garden at the front where I can put it for a few days while I wait for the local authority." Because of many people's lifestyles—both parents often work, for instance—we must make it as simple as possible. We certainly do not want gardens littered with electrical items while people wait for the local authority to come around. I must say that the Ribble Valley council is very good, with a keen department that takes away items and ensures that they are recycled where possible. That is important.

In the end, the company from which I bought the new washing machine said, "For a small fee, Mr. Evans, we will take away the old one." Thank goodness they did, but I worry about elderly people. If they turn up asking for a new electrical item and are told, "You have to dispose of it yourself," that will add an extra problem. They will think, "I'm buying a new one, but in the good old days the company would take the old one away and dispose of it." That is what needs to happen now.

I remember some of the newspaper articles published at the time of the fridge mountains—there were amazing photographs of fridges being stockpiled. That is why we must ensure that there are businesses specialising in recycling. The hon. Gentleman mentioned his surprise that the industry was geared up far better than even he thought it would be. There must be best practice in other countries that do such things better than we do. I hope that, in connection with the directive, we can see which countries do.

Mr. David Drew: To be fair, the Environment, Food and Rural Affairs Committee considered both the waste electrical and electronic equipment directive and the end-of-life vehicles directive some years ago. Although we were critical of both, the ELV directive has worked well. If the hon. Gentleman wants expertise to see how we could recycle many waste products, I suggest that the ELV directive is the place to go.

Mr. Evans: I am grateful for the hon. Gentleman's advice. I am a carless person now. I tried to sell mine to a friend, who had it checked out to see what was wrong with it—he calls himself a friend. He phoned me up and said, "Do you want the good news or the bad news?" I said, "Give us the good news." He said, "There's nothing wrong with the exhaust." I contacted the people at the garage that he had taken it to, and fortunately they took the vehicle back; I hope that they stripped it of everything possible.

Best practice needs to be adopted and spread throughout the country. It all comes down to the fact that everything done with good intentions has unintended consequences. I hope that we can consider the unintended consequences of this issue and try to iron them out at the relevant legislative stages. I am sure that the Government are considering how we can make things a lot easier for people and go without a lot of the bureaucracy and paperwork that dog our daily lives. The vast majority of people do all they can to ensure that the generations to come have a future and that we do not leave them a planet full of electrical rubbish. We need the legislation that will help those generations.

11.31 am

Lorely Burt (Solihull) (LD): I congratulate my hon. Friend the Member for Southport (Dr. Pugh) on securing this important debate. As the hon. Member for Ribble Valley (Mr. Evans) said in his most amusing and illustrative speech, the legislation has a lot of unintended consequences. While we are still at the beginning, I want not only to pick up some of my hon. Friend's points, but to make some additional ones. I should be grateful if the Minister addressed them.

On consumer awareness, a recent poll found that only 2 per cent. of people knew about the WEEE directive and their responsibility. My first question for the Minister is about what the Government are doing to make the consumer aware of what is required in respect of returning electrical goods. A similar study found that 76 per cent. of people shown the symbol of a wheelie bin with a cross on it could not work out that that meant that they were not supposed to throw the article away, but take it back and recycle it. Some people thought that the symbol meant, "No wheelie bins around here" and there were various other misunderstandings. I ask the Government in all seriousness to ensure that such messages are clear. I do not watch much television, but I do not know of any advertising campaigns on the subject. Perhaps the Minister could tell me of one.

Dr. Pugh: The symbol is hard to spot on many goods. In preparation for this debate, I went round my house looking at my electrical products to see whether they had the symbol. I had never previously noticed, but there it was on the DVD recorder and laptop. However, I had to look for it; I had never noticed it before.

Lorely Burt: The symbol has to be seen before it can be misunderstood, so that is an important point.

I turn to the problem of enforcement. What have the Government been doing in the four years that they have had to make the regulations workable? My hon. Friend talked of the mountain of paperwork to which companies have been subjected. The Government have pushed back the introduction of the regulations several times because of the complex requirements of the law. Why have they seemed to make things more complex instead of simplifying them, particularly in respect of small businesses, which need to understand and to comply with the regulations?

The regulations give business opportunities. It has been estimated that an industry worth in the region of £400 million a year has been created through their introduction. That industry is welcomed in this country by all concerned. However, small businesses could face thousands of pounds in fines because of their failure to register according to the rules. I should be grateful to know what the Government are doing to ensure that businesses, particularly small ones, understand when and whether they have to register and the implications of that registration.

I turn to computers. It has been estimated that between 28 and 93 per cent. of a computer, by weight, can be recycled, depending on the type. The problem for compliance is the erasing of the information on the hard drive. Many non-experts do not know that information cannot be fully erased from the hard drive without specialist software that guarantees full deletion. There are a lot of implications for data protection legislation and commercial confidentiality. I should be grateful to know how the Government are helping businesses in that respect.

Have the Government taken the cost of such software into account when calculating the regulatory impact assessment of the regulations? What steps have they taken to advise businesses of the implications of not fully erasing confidential data?

Mr. Evans: Does the hon. Lady think that it would be a good idea if all computers came with a disk that could wipe all the information? People sometimes want to change their computers for newer models. Some charities will transport their old ones to African countries and other developing nations, which will benefit from those computers.

Lorely Burt: The hon. Gentleman makes an excellent point, which ties in nicely with my next one. The whole point of article 8.2 of the WEEE directive was to ensure that manufacturers would build recyclability into their goods. However, a joint statement by a group of companies and non-governmental organisations on producer responsibility for waste electrical and electronic equipment stated that Britain and 10 other EU member states have not incorporated article 8.2. As they do not make producers directly responsible for the recycling of their own products, those producers can elect to pay a levy and someone else will pick up the tab.

The whole purpose of article 8.2 was to incorporate recyclability into design. By not addressing the article, the Government have missed the whole point. Why did Britain not fully implement article 8.2, as 12 other EU countries have done? What are the Government doing to remedy that and to encourage manufacturers to place a strong emphasis on design and recyclability, so that companies can divest themselves of goods in a way that will not compromise their confidentiality and commercial information?

Finally, I should like to raise the strange story of Benji's in Llanidloes—I apologise to residents of the town in case I did not get the pronunciation right. My hon. Friend the Member for Montgomeryshire (Lembit Öpik) has raised the issue with the Minister before, but he has not yet been favoured with a reply. The problem is as follows. I buy a kettle and decide that I do not like its colour, so I return it to the retailer. As I understand it, the kettle cannot go back on the shelf for health and safety reasons; I might have gone into the workings of the kettle and interfered with it. Under the WEEE directive, that kettle would be designated as waste. Benji's has made a good living doing exactly what the WEEE directive is trying to promote. When goods are returned from major high street retailers, the company tests them, checks that they work and resells them. If there is a fault, it repairs them and then resells them.

The problem is that the factory where the company does all the repairs is in Poland. As the products are not included in any of the three specified types of list under the Transfrontier Shipment of Waste Regulations 1994, they go on the red list, which is the same category as toxic waste. Every country that Benji's has to send the goods through to reach Poland takes a mountain of paperwork and a three-day delay. If they go through France, Austria and Germany, which would be the normal route, that causes a major problem for Benji's and for many other companies that wish to transport electrical goods across frontiers and are unable to do so purely because of the amount of paperwork. That is extremely unfortunate, as the biggest hazard from 99 per cent. of those goods would be that someone could drop them on their foot. I would be grateful if the Minister considered that.

The major problem that Benji is experiencing is that every two to three weeks Environment Agency officials descend on his warehouse with search warrants to check his premises for waste. As I understand it, any items that have not yet been sorted as fit for resale or needing repair are designated as waste and Benji receives an order that requires him to throw into landfill hundreds of tonnes of goods that could be reused, repaired and recycled. I would be grateful if the Minister looked into that specific matter as a point of urgency. The company's livelihood is threatened and I wonder how many more misunderstandings and overzealous interpretations by Government officials are causing a hazard and thwarting the reasons why the regulations were created in the first place.

My hon. Friend has been working with Government officials to attempt to solve the problem, but we need the Minister to show agreement in principle to ensure that the WEEE directive does not have the unintended consequence of hindering the reuse and repair of damaged goods.

11.43 am

Charles Hendry (Wealden) (Con): I, too, congratulate the hon. Member for Southport (Dr. Pugh) on securing the debate and on the considered, thorough and thoughtful way in which he introduced the subject. We had our debate greatly enlivened by my hon. Friend the Member for Ribble Valley (Mr. Evans), who took us through a technological history of his life. I think that if we look into his garage, we will find a range of things tucked away—*[Interruption.]* But not a car; I should imagine that we would probably find a C5, given his ability to buy things that are going out of fashion before they even start. We would probably find one of those mobile phones the size of a breezeblock and a range of wind-up radios and kettles of the wrong colour.

It is a pleasure, too, to welcome the Minister back. I say that with some sadness, because I had hoped that he would move into the Cabinet. It is probably because I said that the last time that we met that he was not put in the Cabinet, so I regret any damage that I might have done to his career. However, all of us who are involved in dealings with him welcome the fact that he is still here.

This is a timely debate, because some of our constituents are just beginning to wake up to the full implications of the directive and what it might mean for them. We are beginning to see letters come in and the number will grow significantly as the measures come fully into force. The UK throws away some 5 million televisions, 2 million home computers and 8,000 tonnes of battery-operated toys a year. I thought that that was just the amount that my children throw away, but apparently it is the national figure. Some 4.1 million units of household equipment that contain cathode ray tubes are disposed of in the UK every year, and a large proportion are believed to be at civic amenity sites.

There have been six consultations, a review and three years of delay in implementing the directive. My hon. Friend the shadow Secretary of State for Business, Enterprise and Regulatory Reform has said that the endless delays, reviews and consultations have neither given retailers certainty nor a clear enough impression that the Government take the issue sufficiently seriously. He went on to add that this has been

"the longest WEEE in history"—

but I am not sure that I can read that into the record.

Member states were required to bring into force the WEEE compliant laws, regulations and administrative provisions by August 2004, but the Government did not lay the regulations before Parliament until December 2006. Those were huge and unacceptable delays, and perhaps the Minister can tell us why they occurred. As a consequence of the delays, the UK is one of eight member states in the EU to which the Commission has issued a final warning for failure to transpose the directive on time. What penalty does the UK face for the late implementation of the directive?

The fee structure for the regulations was revised to provide some relief for smaller firms. The Department of Trade and Industry's approach in listening to smaller companies and to the Federation of Small Businesses was encouraging, but the changes do not appear to have gone far enough and still risk being overly expensive for smaller businesses. What discussions has the Minister had with the Federation of Small Businesses and other groups to try to overcome the concerns of the business community?

The directive is trying to avoid 500,000 tonnes of waste across the EU being buried in the ground each year, as some hazardous chemicals might leak. Waste electrical equipment is the fastest-growing category of rubbish in the European Union and, as the hon. Member for Southport said, some 14 kg per EU citizen

[Charles Hendry]

are generated each year. It is unclear how the Government's aim of reducing the number of items will affect the amount of domestic rubbish and the amount of waste electrical equipment involved in that. What steps are the Government taking to reduce the huge amount of electrical and electronic equipment disposed of by individual members of the public? We know that appropriate centres are being set up, but how many will there be and how will they be publicised?

How broad is the definition of what will have to be taken back? The directive says that electrical and electronic equipment must be taken back if it is of an equivalent type and provides the same function as the new piece of equipment. What does that mean in practice? If someone is buying a plasma screen to replace an old television set, would that be covered? They might provide the same function, but they are certainly not of an equivalent type. As my hon. Friend the Member for Ribble Valley has said, with the concern over digital switchover and the new equipment that is being bought, that will be a live issue.

Each new generation of computer equipment has a range of functions that its predecessors did not have. By definition, such equipment does not provide the same function or else it would not be bought. What will be the requirement for it to be taken back and exchanged? If I want to buy an iPod and to exchange it for my old 1970s music centre, which I still have as I am one of those people who finds great difficulty in throwing away such things—I still have my first computer from school, which is the size of a breezeblock, because I think that I might need it again one day—would I be able to insist that my music centre be taken back?

There are other issues that we need to address. Clearly, local authorities will face costs in providing the centres and sites for such activity. How are the local authorities expected to meet such costs and how much support are they being given by the Government? Can we also consider the impact on very small businesses, which the hon. Member for Solihull (Lorely Burt) has mentioned? There are many small businesses for which the sale of electronic and electrical equipment is only a fraction of their business activity. For many of them, the cost of the directive could become disproportionate. What have the Government done to address their concerns? There are up to 9,000 local independent stores in the United Kingdom that employ up to 30,000 people, but they represent 15 per cent. of the UK IT sales sector, worth about £9 billion a year. The average turnover for those independent retailers is between £100,000 and £250,000 a year, which is not massive, and the cost of implementing the directive could be significant. We are concerned that small independent computer retailers and others will be left at a huge cost disadvantage compared with shops such as Comet, which may be able to absorb the cost easily.

What will be the impact of the directive on those selling second-hand equipment and for whom electrical and electronic equipment is a very small part of their business? The hon. Lady told us about Benji's, and I was slightly surprised by her story. I thought that all the people from Poland were doing such work here now, and I am surprised to find that there is anybody left in Poland to do the work there. They make a major contribution to our economy. The case highlights an issue involved: will such companies have to be fully compliant even if electrical and electronic equipment represents only a small part of their sales?

There are also charities involved in the sector. There is a charity just outside my constituency called Furniture Now!, which provides furniture and other equipment to homeless families and people who are only just able to get a house and do not have the funds to furnish it. If it sells electrical equipment as a small sideline to its main operation, will it have to comply? If so, that could prevent that valuable charity from selling such equipment to people who are genuinely in need of such a low-cost facility.

The Government have contributed £10 million to the distributor take-back scheme. What does the Minister estimate to be the total cost of setting up such a scheme, and how will the money be allocated? Will he also tell us what he sees as the responsibilities of end users that are corporate concerns rather than individuals? Sometimes corporate concerns are of much greater magnitude than the retailers that provide a service to them. If a big bank in the City were having a new telephone system installed, it would be a specialised system and the bank would probably call on a quite small, specialist company to provide that service. Would the obligation to dispose of the old kit be on that small company, or would the large corporate concern have some responsibility? What about house clearance companies, which perhaps go in to clear up a property when an elderly person has died? What will be the onus on them to ensure that old electrical and electronic equipment is disposed of in the right way?

We know that distributors are required to offer free in-store take-back facilities. What is the situation in relation to their charging for collection? Some of the items involved may be large, and a significant part of distributors' business now is ensuring that items are delivered to our homes rather than our having to carry them there. Will such distributors be required to take things away free of charge, or will it be possible for them to charge the consumer for doing so? We all share the concern set out by my hon. Friend about the cost of fly-tipping and the damage that it can cause. I hope that the Minister can reassure us on that.

We all agree that the system must be made as simple as possible for the consumer. If it is not, people will simply fly-tip or dispose of things in whatever way they think easiest. Can we move further and require all mobile phone outlets to have a bin into which people can put their old phones when they do not need them any more? Can we consider the system used in Norway, where every shop that sells batteries is required to have a little disposal unit for batteries so that they are not thrown away with the general waste? Much more can be done and should be done now.

Mr. Evans: I have one additional point on mobile phones, which people renew regularly, and particularly on the interfaces on them. When disposing of a mobile phone, there is also the plug that goes into the wall. What goes into a mobile phone is different even within the same company—Nokia seems to have several interfaces on different models. Why cannot there be common interfaces so that people can reuse the plugs

and the stuff that goes into the phone on different models, or certainly on models by the same company?

Charles Hendry: My hon. Friend makes a valuable point. The manufacturers should undoubtedly consider that, because one simply buys the next model—whether of a phone, digital camera or whatever—and discovers that the old power supply cannot be used. One ends up with drawers full of old plugs and the whole range of connection cables that go with them and one cannot remember what they were for. Manufacturers could help significantly by designing out such faults and failings.

Will the Minister say a little about the support that will be available for other charities? There is a charity in my constituency called Computers for Charities, which takes second-hand computers. It finds significant problems in recycling them and making them available again. What is his Department doing to facilitate that process?

We all accept that the directive has an important contribution to make. The hon. Member for Southport made a strong case for why it should be in place and for its benefits, but, as he and others have said, it is cumbersome, chaotic and is not being implemented successfully. This may have been, as my hon. Friend the shadow Secretary of State has said, the longest WEEE in history, but it has certainly not been a comfortable experience.

Mr. Evans: Follow that!

11.55 am

The Minister of State, Department for Business, Enterprise and Regulatory Reform (Malcolm Wicks): I intend to follow that, but first, in the traditional way, I congratulate the hon. Member for Southport (Dr. Pugh) on securing the debate. I welcome the opportunity to expand on how we are implementing the unfortunately known WEEE directive in the United Kingdom. It is an important piece of environmental legislation that is intended to address in a practical and environmentally effective manner the increasing levels of waste electrical and electronic equipment here in the UK and across the European Union.

The directive comes at a good time, because more and more of our constituents are busy recycling bottles of lemonade, plastics, paper and so on when they can. Many people will welcome opportunities to recycle the vast amount of electrical equipment that they have in their homes. As hon. Members detailed their electrical experiences and electronic behaviour, I thought, "Who needs the Freedom of Information Act when hon. Members are so willing to tell us about their experiences?" The hon. Member for Ribble Valley (Mr. Evans), as has been noted, rather movingly told us about his desperate childhood in the valleys without a mobile phone and being forced to experience the Grundig V2000. I shall not try to compete with that in the normal way by saying that in my day we would just gather round the piano singing "Hound Dog" and "Are You Lonesome Tonight?", because we have had quite enough of that already.

To put the matter in context, as hon. Members already have, we estimate that about 2 million tonnes of electrical and electronic waste were generated in the UK last year, and that is probably the case every year. One of my colleagues calculated that that is enough to fill the new Wembley stadium up to six times over, which probably accounts for the delay in the construction of Wembley stadium. I hope that the Select Committee is considering that fact. At an individual level, we calculate that each UK citizen will generate 3.3 tonnes of electrical waste during their lifetime. The hon. Member for Southport reminded us of the trend to have so much electronic gadgetry.

The UK system is designed to ensure that waste is not dumped in landfill to damage the environment for current and future generations but separately collected, treated and recycled. The UK implementation of the regulations came fully into force on 1 July and I am pleased by the response that producers, distributors, retailers, local authorities, re-use organisations and the waste treatment and recycling industries have made in working together to deliver an effective system. We admit that the system has been difficult to put in place and is coming in later than we had intended, but I assure hon. Members that the European Union is now very pleased with the way in which we are implementing the directive.

I wish to say something about producers, Mr. Wilshire, and I welcome you to the Chair in this important debate.

Mr. David Wilshire (in the Chair): You are very kind.

Malcolm Wicks: The regulations place obligations on all producers of electrical and electronic equipment to finance the costs of collection and the waste management of the products that they place on the UK market. All responsible businesses have welcomed the aims of the WEEE regulations, as they are keen to limit the environmental impact of their products when they reach the end of their lives.

Under the UK system, all producers are required to join an approved producer compliance scheme that best meets their needs. The environment agencies have now approved 37 such schemes. Collectively, more than 3,300 producers have registered so far. I recognise, however, that there will be businesses that have not yet joined the WEEE system, despite the efforts of Government and business representative organisations. We will therefore continue our ongoing efforts to raise awareness of the regulations; for example, a further series of UK-wide roadshow events are planned for September—if Members have not yet booked their holiday, that is worth bearing in mind—and the Environment Agency will shortly be commencing a telephone campaign to alert companies that may have obligations.

Let me say something about retailers and distributors. Although the bulk of the obligations rests with producers of electrical and electronic equipment, the distributors of such equipment also have obligations. When a replacement item of electrical or electronic gear is purchased, distributors must provide facilities for consumers to return equipment that has reached the end of its life. That can be done in one of two ways. They can offer services to take back the equipment at their premises—I believe that Dixons is doing that—or, more typically, as it is turning out, they

[Malcolm Wicks]

can join the distributor take-back scheme, which will help them discharge their obligations. So far, 2,550 distributors have joined the scheme, and, as a result, £10 million will be provided to local authorities for the use of their sites and to finance any upgrading, signage and so on that may be needed.

Let me say something about the role of local authorities. The WEEE regulations place no direct obligation on local authorities. Some media reports have claimed that local authorities will incur a financial burden as a result of the regulations, but that will not be the case if they become part of the WEEE system by applying for their sites to be designated collection facilities, whereby they can arrange for a producer compliance scheme to provide the necessary containers to collect WEEE and to clear WEEE from their sites for free.

Local authorities may count the recycling of such waste deposited at their sites towards their recycling targets and, by reducing the amount of waste sent to landfill, they will be able to reduce their waste disposal costs. To date, 99 per cent. of local authorities have applied to participate in the system. All but two sites have so far been approved.

Lorely Burt: I hope that before he leaves this subject, the Minister will address my point about article 8.2, which related to manufacturers incorporating thought into their design process because of the requirement for them to take back their own products. So far, he has not addressed it. Also, is he blaming local authorities for not having been able to find producers to collect the waste from their sites?

Malcolm Wicks: I come not to blame local authorities but to praise them. I am chasing up a couple of slow coaches, but 99 per cent. have already signed up, so I am encouraged by the local authority response.

On design, we are already seeing signs in the United Kingdom that the producers of electrical and electronic goods are thinking hard about sustainability, and that they are recognising that the materials will be recycled. People are already incorporating such considerations into their designs. We need to consider the best approach, but the hon. Lady makes an important point. Between 60 and 70 per cent. of local authorities have finalised or are finalising arrangements for clearance of their sites by a scheme, and we expect all local authorities to have reached agreements with schemes in the next few months.

Let me say something about reuse, which is related to sustainability. Some discarded appliances can be reused as whole appliances either here in the UK or possibly overseas. The WEEE regulations encourage such activity by allowing legitimate reuse to be included as evidence of producers discharging their obligations. That approach has been widely welcomed, and I am encouraged that many reuse organisations are building even stronger relationships with local authorities, their communities and producers to ensure that a piece of equipment that can be reused as whole is reused. In my borough of Croydon, I have seen that in action. There is an organisation that will take certain white goods, clean them up, repair them, make them fit for purpose and then sell them at reasonable cost, often to low-income groups. We need more schemes of that kind.

The UK waste management and treatment industry also has a key role in ensuring that the WEEE that is collected is treated, recovered and recycled in accordance with the regulations. The sector is rising to the challenge with 230 approved authorised treatment facilities in place and a number of significant new investments totalling more than £15 million throughout the UK announced since the WEEE regulations were made. The investment includes plants in south Wales, Bedfordshire, Kent and Birmingham that will be capable of handling in excess of an additional 250,000 tonnes of WEEE material.

Dr. Pugh: On the reuse point, there can be genuine reuse and there can be warehousing or landfill disguised as reuse, regardless of whether the goods go abroad or are kept in this country. What measures will be taken by the Department of Trade and Industry or by anybody else to police reuse and ensure that it is genuine reuse rather than exploitive activity by some shoddy trader?

Malcolm Wicks: We are discussing that important matter with the environment agencies. All I can do is assure the hon. Gentleman that we are very concerned about it. If I can provide more information, I will write to him, if that is acceptable.

Let me say something about the position of consumers. The regulations are, of course, business regulations. They are aimed at ensuring that businesses that are part of the electrical waste problem are also part of the solution. However, we recognise that the engagement and support of consumers are crucial in securing an effective long-term solution to the problem of waste electrical equipment.

From 1 July, consumers will start to see changes in the information that is available to them when buying a new electrical product. The hon. Member for Solihull (Lorely Burt) made a point about communication. Consumers will be advised on how and where they can best discard their waste equipment to protect the environment. Indeed, I saw a leaflet in the Croydon branch of Currys only this past weekend. Because I am more shy than my colleagues, I shall not say what bit of electrical equipment I was buying at the time and I shall refuse any freedom of information requests. Actually, in case I raised false expectations, perhaps I should say that it was a radio.

Many consumers will be unaware of the significant contribution that they are already making. In fact, some 80 per cent. of electrical goods returned to local authority civic amenity sites are already being separately collected and treated: fridges and freezers, TVs and computer monitors, and fluorescent tubes because of existing hazardous waste legislation, and large household goods because of the value of their scrap metal content. We are doing better than many people think.

Before I make my closing comments, let me deal with some of the issues that were raised, notably about small businesses. The directive does not exempt small businesses from its requirements, so neither do the UK regulations. The Government have made extensive efforts to consult small businesses via their representative bodies. I was asked a question about this by the hon. Member for Wealden (Charles Hendry). As a result of the latest public consultation, the annual registration charge and the financial burdens for small producers have been addressed through a graduated-fee structure based on the turnover and VAT status of the business. The distributor take-back scheme offers an easy way for small distributors to comply with the regulations if they would find it difficult to perform in-store take-back. The scheme offers tiered membership charges for distributors.

There was a question about mobile phones. I am advised that the vast majority are already reused via schemes run by phone companies and retailers. Reuse is actively promoted by WEEE regulations, and the industry widely welcomed our approach to reuse, which would further support its activities to promote reuse.

Mr. Evans: Will the Minister give way on that point?

Malcolm Wicks: Yes, but may I just add this comment, which I believe the hon. Gentleman touched on? There is a scheme called "fonebak", which is unfortunately spelt with an "f". I hope that it is not a misspelling by my officials; we are not the Department that deals with education, but we do like high standards. The scheme is organised by The Carphone Warehouse and other major organisations and many of the phones are sent to the developing world.

Mr. Evans: Will the Minister talk to industry about plugs and interfaces because if there is a good technological reason for different interfaces, at least we will have asked the question? If companies talk to one another and have a common interface—even within a company—when we change our phones, we could keep the old plugs. That would do away with many of the drawers that are full of plugs that will otherwise be thrown away.

Malcolm Wicks: Indeed. Is the hon. Gentleman also calling for greater EU standardisation in relation to that?

Mr. Evans: No.

Malcolm Wicks: That would be a consistency too far, even for the hon. Gentleman—albeit environment in one nation. I will raise that issue with the producers because I, too, understand its importance.

I was asked about digital switchover, which we are obviously phasing in across the UK. The switch from cathode ray tubes to liquid crystal displays means that many traditional televisions—as we now think of them—have already been disposed of. I am advised that a study by my Department—now called the Department for Business, Enterprise and Regulatory Reform—and the Department for Environment, Food and Rural Affairs on the impact of switchover has indicated that there should not be an overall increase in volume, but that there may be a slight acceleration in disposal. That is certainly an issue of which we are very aware.

I was asked about security issues in terms of computers. I am advised that a number of professional businesses in the UK deal with waste information technology and communication equipment, including personal computers. We will certainly ask our new advisory body on WEEE to introduce recommendations on what, if any, further steps are needed to ensure that such data is protected as part of the new WEEE system.

I was also asked about individual producer responsibility. In an ideal world, one could say to the producer, "You are absolutely responsible for what you have produced", and, as I have implied, that would make producers responsible. In the UK, we, along with many other member states, face difficulties in identifying practical, workable, solutions for the enforcement of individual producer responsibility. Again, as part of its remit, the new WEEE advisory board will be asked to examine individual producers' responsibility and to make recommendations on how the system should be introduced here. I am advised that, for understandable technical reasons, no member state has a full workable system at the moment.

The hon. Member for Solihull asked me about a particular case that I think related to Benji's—see I can pronounce it.

Mr. Evans: Llanidloes is the problem.

Malcolm Wicks: I thank the hon. Gentleman for helping me to emphasise a rather poor joke. I am advised that the hon. Lady did not refer to the WEEE regulations, but to regulations from our sister Department—the Department for Environment, Food and Rural Affairs. In any case, it would not be right for me as a Minister to comment on that in public, but I will pass on her concerns to colleagues in DEFRA.

Lorely Burt: The issue is at what point the return of a good, either because it is damaged or for no better reason than someone has decided that they do not want it, is designated as waste under the WEEE regulations. That is the fundamental problem experienced by the company that I mentioned. If I write to the Minister, I will be grateful he looks into this specific case.

Malcolm Wicks: I will, of course, be happy to do that.

I think that there is just one more point to cover, but we can check the record and if there are others, I will write to colleagues. I think that I was asked by the hon. Member for Wealden whether there is a like-for-like function and what the obligation is. That is a matter of equivalent functions, and whether, for example, a DVD player could be exchanged for a VCR. I hope that I have covered that, but I will write to the him to provide more information.

I will perhaps make a final point about charges for collection. Yes, companies can charge for collection, but there are different options for individuals who wish to dispose of waste electrical and electronic material. If there is in-store take-back, the store will by definition take the item back. If someone is buying a new white

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good, typically not all companies will charge, but they have an obligation. The consumer would be advised to shop around, and I hope that more companies will look critically at any charges that they levy. There is also a local authority system. If someone cannot take an item themselves to the local authority recycling centre, many local authorities offer a free service and will take away items a few times a year. There are different ways of tackling this issue, but I hope that companies will look self-critically at the charges.

We have had a useful debate; it is an interesting subject. Many issues relate to the processes involved in setting up new schemes. We will learn lessons and the system will not be 100 per cent. perfect in the early weeks. However, I do not recognise the term chaos in relation to the issue. Everyone expects schemes such as this to be chaotic as it makes a good headline, but I see no chaos, and I am not putting my hands over my eyes. What I do see is a scheme that has been delayed because we wanted to get it right. We are now getting it right and I am pleased about the way in which producers and the recycling industries are fully involved.

The scheme will create new commercially profitable industries and businesses in this country. Local authorities have risen to the challenge, but more consumers need to know about the scheme. The communication strategy will improve and more people will know about it. The scheme is a significant step away from the throw-away society of yesterday to a society that is led by consumers—our constituents—who want to be more responsible for the environment and recycling.

Mr. David Wilshire (in the Chair): The sitting is suspended either until 12.30pm or until Mrs. Gilroy and the relevant Minister are present.

12.17 pm

Sitting suspended.

Naval Base Review (Plymouth)

12.28 pm

Linda Gilroy (Plymouth, Sutton) (Lab/Co-op): Devonport naval base provides support services to the Royal Navy and has done so for hundreds of years. Devonport is the largest marine complex in western Europe: the site covers 330 acres, with 11 operational dry docks, five outfitting basins, 5 km of deep-water berths and a wide range of support workshops. Devonport Management Limited is Devon and Cornwall's largest private sector employer, and is almost double the size of the number two company. I know that the Minister is aware of the arguments for Devonport continuing or, indeed, growing that role, which we have set out in "The Case for Devonport". That is our submission on the socio-economic impact of the review options and our input to the strategic sustainability appraisal carried out by his Department.

We have a long and proud record over the centuries and in recent years, which is relevant to the future, but we cannot rest on our laurels in this era of fast-moving global change. I want to set out why we believe that it is in the interests of the Ministry of Defence and UK plc to ensure the continuation of and to build upon the naval base in Plymouth. I do not, of course, expect the Minister in his response to say, "Yes, of course Linda, everything you say is true and the conclusion of the naval base review will go in Plymouth's favour." However, I shall provide some background and hope that he will respond to a series of questions that I have about what has become a more complex process than certainly we in Plymouth originally envisaged. We hope that that will help all of us to understand more about how the various ducks will line up in respect of the important decisions that lie ahead.

How that happens has implications not just for obtaining a reliable and high-quality support service for the Royal Navy, and for realising important value-for-money considerations—it has potentially huge implications for communities that support that activity and related activity, and for cross-Government impacts. Those potential impacts have been described locally as "hospital passes" because of the expenditure that other Departments might have to pick up if there is not full transparency about the basis for decisions on the future of the naval bases. We also want to understand what consultation there might be on any proposed decision, and the timing and transparency of any such consultation.

I am sure that the Minister understands that such clarification is absolutely vital to a city that has the proud history that I outlined earlier. We are very ambitious for the future of our city and its people. We have an urban plan—the Mackay vision—and an economic development strategy that we do not want to see suffer from the setbacks of former years. We are still recovering from the devastation of previous, poorly thought out cuts to the defence budget in the 1990s. Only one area in the UK is in receipt of convergence—formerly objective 1—funding, and our state of recovery is demonstrated by the fact that we receive regional aid as the key city on the edge of it. As the MP who inherited the poorest ward in England

from my predecessor, I will fight tooth and nail any proposal that threatens the progress that we have been making in recent years.

In its terms of reference, the naval base review set out the need

"to take note of the emerging issues, costs and benefits from the Surface Ship Support Alliance, Submarine Acquisition Modernisation, Maritime Industrial Strategy, and other internal initiatives and industrial proposals"

In Plymouth, we believe that we can offer a great deal to the future support of the Royal Navy in a way that complements and supports the important work that we do to maintain the UK's submarine fleet. The skill base needed for that is fragile, as was clearly demonstrated in the Defence Committee report on that subject. One of the reasons why Plymouth has managed to maintain such a skills base is the synergy that has been realised between submarine work and work on the surface ship fleet. Like cars, new generations of subs have longer periods between service requirements, so it is essential for young submarine engineers to use their skills, to develop them and to have work that retains their interest. That is currently achieved primarily by enabling them to deploy their skills on surface ship work. Engineers who are skilled to work on submarines can turn their hand to work on ships. However, the training for work on submarines involves greater skills, so the reverse is not true for those trained to work on ships. If, under the naval base review, there were a reduction in base porting at Devonport, the successful recipe that has been developed in Plymouth for regenerating the skills base would be at high risk.

Mr. Gary Streeter (South-West Devon) (Con): I appreciate the hon. Lady's remarks and I congratulate her not just on obtaining the debate but on chairing the taskforce in Plymouth that has been spearheading our campaign to ensure that the Government take our arguments seriously. Is not one of the most important points that she is making that of the collocation between the naval base and the dockyard in Devonport, which gives the greatest strength to her arguments? It is vital to maintain the skill base in both those operations so as to ensure that the city has the core of trained men and women that can take us forward.

Linda Gilroy: The hon. Gentleman knows a lot about these matters and has contributed to the strategy group during the period in which it has been meeting—since the naval base review was announced. He is absolutely right and he was almost reading my mind, although he has not seen my speech. I was about to say that decisions on the naval base review are integrally connected with the wider industry restructuring and with the timing of the decision on the future carrier, which itself appears to depend on the outcome of defence spending proposals in the 2007 comprehensive spending review.

The spending review outcome is expected in the autumn, which suggests that a decision on the naval base review may not be made until then, although I understand that it could be earlier. We sense that, if the future carrier proceeds, Ministers will be recommended to agree naval base review option 4, which involves finding further efficiencies at all three bases. Without a positive decision on the future carrier, there might still be a preference in some quarters for a three-base outcome, even though we believe that there is an investment case for a more radical solution.

The Minister will be aware that, within option 4, a number of alternative surface ship base porting and support scenarios have been considered. From a naval base infrastructure perspective, which is the focus of the naval base review, there might well be no significant cost benefits in pursuing any of those variant options. However, although they might not come about as a result of the immediate naval base review process, they could emerge over time through Navy decisions on base porting or as a result of industry proposals or pressures.

That seems a rather fine distinction. The implication is that any consultation on the naval base review options will only, in respect of option 4, be about keeping things broadly as they are in relation to base porting and work load. Our concern is that consultation will not take place on the option 4 variants, which, at one extreme—with transfer of type 23s and other ships to Portsmouth—are virtually the "minimise Devonport" option, with all the consequent impact on the city, and at the other extreme shift the centre of gravity over time to Devonport. In any consultation held with the communities—there is talk of that consultation occurring over the summer recess period—option 4, which involves retention of all three bases, must not become a default position without proper acknowledgment and analysis of the long-term impact of the decision.

We very much welcome the commitment that the naval base review team has made to assess the mitigation costs associated with some of the naval base review options and their potential impact on other Departments. The process involved in that has, however, been unsatisfactory. The key issue for the MOD is whether broad-order costs to other Departments are such that they largely or wholly outweigh the MOD's cost savings, but the assessment must also satisfy other Departments at a finer level of detail.

Work that Plymouth and Portsmouth were encouraged to carry out independently and in short order on a "quick and dirty" assessment of mitigation costs has, not surprisingly, exposed major inconsistencies in assumptions and in approach. A quick and dirty figure that meets the MOD's requirement to show that there are no showstoppers is therefore unacceptable unless it is done on a consistent basis and with some independent oversight. I understand, and very much welcome, that the naval base review team has recently agreed with regional stakeholders and other Departments that the Department for Communities and Local Government will take the lead in setting a common basis for carrying out that work, that regional partners will contribute, and that independent validation of data that are submitted will be provided.

Mr. Streeter: Does the hon. Lady agree that it would be helpful if, in his response, the Minister told us to what extent the MOD is genuinely consulting other Departments, so that it gets the fullest possible picture of the economic, social and other ramifications of whatever decision is made, and of the outcome of that

[Mr. Streeter]

decision? I hope that the MOD is not acting in its silo and instead is taking account of Government as a whole.

Linda Gilroy: I absolutely agree. I understand that the aim is to complete a first-stage, broad assessment of costs by the end of July so that consultation can proceed, and that the Department for Communities and Local Government is likely to commission more detailed work from expert consultants during the consultation period. I hope that the Minister will indeed offer some clarification and assurance on a number of matters.

The first such matter is clarification of the naval base review timetable and its relationship to announcements about the future carrier. Next is agreement that at least the first-stage work on mitigation measures and costs on a consistent basis will be completed ahead of any consultation on the naval base review options. We seek an assurance that the purpose and scope of the consultation, the way in which it is used to inform a final decision and the requirements for further consultation on the implementation of the preferred option will be clearly explained. We also seek an assurance that decisions on the naval base review will be based on an objective assessment of the most cost-effective and operationally acceptable deployment of naval base assets to deliver submarine and ship support.

In addition, we seek recognition of the need for the MOD, in influencing and endorsing future industry restructuring, to have regard to the cost and deliverability of surface ship and submarine support. We also seek an assurance that the MOD will continue to engage regional stakeholders on the future distribution of surface ship support, the impact on local communities of changes in distribution and the measures required to mitigate such impacts.

We also seek recognition of the fact that the positive relationship between the city and the Navy is built on the delicate balance and complementarity between nuclear and surface ship support and that that balance must be retained, not only in the immediate term, following the naval base review, but throughout the years to come. Finally, we seek recognition of the fact that Devonport cannot provide a long-term commitment or savings to the Navy on the basis of submarine work alone, and nor will it maintain the support of the local population if it is seen just as a decommissioning yard for nuclear submarines.

Of course, the recent purchase of DML by Babcock International Group will make DML part of the largest support provider to the Royal Navy and Ministry of Defence. That sits well with the MOD's defence industrial strategy and should bring the MOD major economies of scale. It should also strengthen Devonport's case for maintaining, and even developing, the naval base at Devonport, together with the base porting of the surface ship fleet. However, we are concerned, as the Minister will perceive from my remarks, that if the naval base review does not consider all the points that I have raised in the debate, and it is left to the companies to carry things forward, the short-term pressures to realise savings and to release profit to shareholders could take priority over safeguarding critical skills and maintaining the successful recipe that we have developed in Plymouth to refresh, renew, regenerate and retain a unique skills base and capacity.

I therefore seek the Minister's reassurance that those important issues will be safeguarded as the naval base review proceeds, as the i's are dotted and the t's are crossed on the agreement with Babcock for the purchase of DML and as the Minister with responsibility for defence procurement begins to develop the full and legally binding terms of business agreement with Babcock's marine division following the recently announced agreement to sell DML.

The debate has given me an opportunity to set out some of our concerns about the naval base review in Plymouth. Of course, the central issue must be the Royal Navy's requirements as regards future naval base activity, but the Minister will understand that the potential loss of, or substantial reduction in, economic activity around the biggest employer in the whole Devon and Cornwall sub-region is also at stake. That could affect 5,000 Royal Navy personnel from ships and submarines, 1,150 Royal Naval base personnel, 950 naval base civilian personnel, 2,900 industry—that is, DML—personnel and 1,750 further indirect and induced jobs. We in Plymouth think that we can contribute to a high-quality, value-for-money service for the MOD and UK plc, and that will be achieved by retaining, or even growing, the naval base and its associated activity in Devonport.

12.45 pm

The Parliamentary Under-Secretary of State for Defence (Derek Twigg): I congratulate my hon. Friend the Member for Plymouth, Sutton (Linda Gilroy) on securing this important debate on the implications of the naval base review for Plymouth and on giving me the opportunity to speak on this important subject. I have also heard the points made by the hon. Member for South-West Devon (Mr. Streeter), which I shall address, as far as I can, during my response. I note that my hon. Friend the Member for Portsmouth, North (Sarah McCarthy-Fry) is here, and she takes a great interest in this matter. My hon. Friend the Member for Plymouth, Devonport (Alison Seabeck) has also been a great advocate for Plymouth, and although her duties as a Whip mean that she cannot take part in the debate, she is here to listen and will no doubt continue her lobbying elsewhere.

I listened carefully to the speech by my hon. Friend the Member for Plymouth, Sutton and I start by acknowledging the strong links between Her Majesty's naval base at Devonport and the city of Plymouth. The west country and the Royal Navy have a long and distinguished history; indeed, the ships that defeated the Spanish armada sailed from the mouth of the River Plym. Since that historic moment, the people of Plymouth have provided unparalleled support to the Royal Navy in peacetime and in war.

As my hon. Friend is aware, my right hon. Friend the Secretary of State for Defence announced in September 2006 that we were to undertake an in-depth review of infrastructure requirements at the three naval bases at Devonport, Portsmouth and Faslane. He

pointed out then that the defence industrial strategy, which had been published the previous year, laid down a challenge to the UK maritime industry to reduce its overheads and invest in the facilities and skills needed to meet the demands of the Royal Navy's future warship programme. He also made it clear, however, that we cannot rely on industry alone to achieve the necessary rationalisation, and we must also look at support capacity at our naval bases to ensure that it is matched appropriately to the Royal Navy's future needs. We need to ensure that every penny counts and that resources are rightly focused on the front line.

Although I, of course, pay tribute to the Devonport work force for their dedication and professionalism, we must not lose sight of the fact that the number of ships requiring maintenance and repair has been reducing. We therefore need to be realistic and to look to the future, rather than dwelling on the past. That is not to say that we should fail to celebrate the remarkable achievements of the past, and our commemoration of the Falklands conflict 25 years ago is a timely reminder of the vital role that Devonport played in preparing much of the fleet for its deployment in that conflict. However, we need to take this opportunity to consider in detail our future support needs; indeed, it would be wrong for the Ministry of Defence not to review the way in which it supports the fleet or to seek out efficiencies.

As I said, the naval base review is an important part of the maritime element of the defence industrial strategy. The terms of reference, which have been published and which are widely available, including on the Ministry of Defence website, clearly show that the intention is to hold a wide-ranging review. The review team is, however, now focusing on three possible core options, to which my hon. Friend the Member for Plymouth, Sutton alluded: first, an optimised three naval base solution; secondly, a scenario that would see Portsmouth naval base minimised through the withdrawal of all ships and their engineering requirements; and, thirdly, a scenario in which Devonport naval base would be minimised through the withdrawal of all ships and submarines—with the exception of flag officer sea training—but with ship and submarine deep repair and maintenance retained to provide a smooth engineering load. The other options, which ranged from doing nothing at one extreme to closing all three naval bases and building a new one at a single location, have now been dismissed as a result of the work done so far. I appreciate that the current position does not necessarily provide further certainty for any of the naval bases, but it clearly demonstrates that the review is making good progress.

As my hon. Friend is aware from her recent meeting with the then Minister of State with responsibility for the armed forces and her question on the Floor of the House last month, which was answered by my right hon. Friend the Secretary of State for Defence, the naval base review is considering a number of broad cross-Government issues. As part of that work, we are engaged with other Departments, including Her Majesty's Treasury and the Department for Communities and Local Government, which have been briefed on the review's aims and objectives and on the range of options being considered. Working with those Departments, we are assessing the cross-Government cost implications of the different naval base review options to ensure best value for the taxpayer.

That work is being supported by the regional development agencies, including the South West of England Regional Development Agency, which is providing important information about the Plymouth area. Indeed, my right hon. Friend the Minister of State with responsibility for the armed forces is due to meet the South West of England Regional Development Agency later this month. Although this complex pan-Government work is progressing well, further work is required before final conclusions can be reached. However, I take this opportunity to reassure my hon. Friend that this aspect of the review is being handled in as professional a way as all the other aspects of the review are. We always regard the speedy production of costing information as just the first step.

I referred a moment ago to further work being required before a final decision can be reached, and one aspect of that is the need for public consultation. We will continue to listen to the various representations that are being made, and this debate is one such representation. I have also visited both Plymouth and Portsmouth, and many representations were made to me by different people. An ongoing listening exercise is therefore taking place.

My hon. Friend has heard my ministerial colleagues state that it is important for the naval base review to be allowed to run its course to enable the right decision to be made for defence as a whole. We have always said, as, again, my hon. Friend is aware, that the outcome of the naval base review will be coherent in relation to other maritime initiatives. For that reason, we have been considering, in our thinking, the other key maritime industrial strategy initiatives. It is of paramount importance that we do that in order to deliver an overall outcome that is best for defence.

My ministerial colleagues and I have made no advance decisions on the future of Devonport or indeed the other naval bases as we are reserving judgment until we see the results of the review. I fully understand that that means a period of further uncertainty for Devonport naval base and its work force, for industry and, more widely, for the people of Plymouth and the surrounding area, but it is simply still too early to say what impact the review will have on Devonport and the wider south-west area.

Linda Gilroy: I appreciate the emphasis that my hon. Friend puts on the need to provide value for money and quality services to the Royal Navy, but does he also understand that we are concerned that any consultation on that should have a very good evidence base? Will he cover, in his concluding remarks, the questions that I asked about the consultation, including its timing and transparency?

Derek Twigg: I am sure that my hon. Friend will not be surprised that I cannot give her any details about that at this stage, but I can tell her that accuracy, and obtaining a wealth of information, are very important. As I have said, I can guarantee our commitment to working with everyone and to listening to all sides and all views. In my visits in recent weeks and months to Portsmouth and Plymouth I have heard many views

[Derek Twigg]

and opinions, so the process is and will continue to be transparent. I hope that my hon. Friend accepts that.

I am sure that my hon. Friend will be reassured that business improvement activities, such as the change programme at Devonport, are also being given due weight in the naval base review. The aim of Devonport's change programme and the efficiency drives at the other naval bases is to deliver savings locally. Clearly it is important that those savings should also be recognised by the naval base review team and that they have been taken into account as part of that process. Only by considering all the relevant factors will we be able to determine the best value for money option and avoid incoherence and the loss of effectiveness and efficiency that goes with it. It is only when the review has been completed that we will be able accurately to quantify the likely costs and savings from any changes to naval base infrastructure. In the meantime, it would not be appropriate for me to speculate on what those might be.

I can give my hon. Friend an assurance that a full investment appraisal has, however, now been undertaken by the naval base review team, which outlines the relevant costs and savings. The appraisal is undergoing rigorous scrutiny as part of the Ministry of Defence's internal approvals process. I hope that that, too, gives my hon. Friend some reassurance.

Linda Gilroy: I should like to emphasise to the Minister the particularly important point that I and the hon. Member for South-West Devon (Mr. Streeter) drew to his attention: there is a fine balance between the work done on submarines, particularly by young engineers, and the work done on surface ship support and maintenance. In his final remarks, will my hon. Friend perhaps recognise that that is an important balance to maintain?

Derek Twigg: I completely understand my hon. Friend's point, and can only reiterate that all aspects of the matter are being looked at, and that we take into account all the issues and concerns that are raised.

I know how proud Plymouth is of its past and present links with the Royal Navy, and that came across vividly when I visited Plymouth earlier this year. I pay tribute to those who have provided such sterling service at Devonport naval base over the years. I want to reassure my hon. Friend that I, my ministerial colleagues and my officials are fully aware of the local feeling in Devonport about the mix of submarine and ship support work. As I said earlier, it is too early to say what the impact of the review will be on Devonport, but the issue is being taken into account by the review team. Indeed, engagement on such important matters at all the naval bases is something that the Department takes very seriously.

I am also aware of how vital our partnering arrangement with Devonport Management Limited is in the successful day-to-day operation of Devonport naval base. As my noble Friend the Minister of State, Lord Drayson, who has responsibility for defence equipment and support, recently remarked, the transfer of ownership of Devonport Management Limited to Babcock International Group marks a significant step forward in realising the MOD's plans for a vibrant and sustainable UK maritime industry. The formalities of the sale, I am pleased to say, are progressing well along the lines we anticipated.

I am pleased to have been able to respond to my hon. Friend on this important issue.

Sarah McCarthy-Fry (Portsmouth, North) (Lab/Co-op): Will the Minister give way?

Linda Gilroy: I did not give my hon. Friend permission; one is supposed to ask.

Sarah McCarthy-Fry: I am sorry; I did not mean to offend my hon. Friend. I just wanted to raise a point that she raised in her speech about the timing of the carrier vessel future decision, which the Minister did not respond to. I wondered if he would respond to it.

Derek Twigg: As a matter of timing, we will, as I say, put the information in the public domain as soon as we can. I reiterate what I have said about our intentions on transparency and the timetable. The important thing is to get the right decision for defence, and to take into account the concerns and issues that have been brought up.

I hope that hon. Members will be reassured that the naval base review will take into account the important issues that have been raised. I hope, too, that I have done enough to reassure my hon. Friend the Member for Plymouth, Sutton that the review is about securing best value for money for defence and for the taxpayer. I am aware that previous reviews concluded that three naval bases should be retained, but we have to recognise that we are in a fast-changing world and that the support that we provide must adapt as the strategic context, and hence the needs of the armed forces, alters.

As to the specific point about the way ahead for the joint venture and the carrier vessel future, we aim to make the main investment decision when the project is sufficiently mature and we have a clear understanding of the risks and robust estimates of cost and time, and when the contractual framework is in place. That is dependent on progress and we cannot give a firm date at this stage. We need to make sure that we have the right balance of capabilities to meet modern threats, and therefore that infrastructure will meet our requirements. I reiterate that no decisions have been taken about Devonport or indeed any of the naval bases. We owe it to our people on the front line to get the decision right.

Global Warming

12.59 pm

Mr. Andrew Pelling (Croydon, Central) (Con): I am grateful to Mr. Speaker for allowing me the opportunity for this debate, with its emphasis on adaptation to climate change, rather than what is usually discussed, which is mitigation. I also thank the Minister for taking time out of her busy schedule to spend her lunch hour on the debate, which I know goes down a path trodden before by the hon. Member for Wolverhampton, South-West (Rob Marris), ably supported by my hon. Friend the Member for Chichester (Mr. Tyrie). It is a path that is not frequently trodden, and I think that the debate is important.

I know that the previous Secretary of State, and Ministers and Members of both Houses produced a good deal of work in the Joint Committee on the draft Climate Change Bill. As a London Member of Parliament and a London assembly member, I should like to mention the work of the London climate change partnership on adaptation to climate change. It has done a great deal to proselytise the issue within London and to London's businesses. Indeed, the City of London was the first authority to come forward with an adaptation policy.

The debate is timely because of the release, on 29 June, of the European Union's Green Paper on adapting to climate change in Europe. We are faced with an alarming scenario of climate change, and there has rightly been much debate on its causes and on what can be done to mitigate the effects of our activities on the planet and its future. A natural, reflex response to the political reality of climate change is to ask, "What are we doing to stop it?", but it is certainly now an extant phenomenon that will continue for decades regardless of any strides that we make in our efforts to stop its development. Indeed, work done by the intergovernmental panel on climate change suggests that a temperature rise of 0.1° C per decade is expected for the next two decades even if greenhouse gases and aerosol concentrations are kept at year 2000 levels. The Association of British Insurers, which was helpful when I was preparing for the debate, has emphasised how the annual costs of storm and other damage reaches at least £1 billion a year. The recent floods are a pertinent reminder of the need for both preparation and prevention.

The Environment Agency kindly provided me with a briefing for the debate, in which it made clear the imperative need to act now to adapt to the ill effects of unavoidable climate change. Climate change has happened and will continue to happen regardless of our efforts, and we cannot hide from the consequences. There will be sceptics in my constituency who might read this debate and who will contend the reasons for climate change, but we can see the change and it is important that we try to adapt. This point is extremely anecdotal, but the sound of crickets chirping in one's back garden at the end of September—a sound that one would expect to hear in the south of France—suggests that something is happening.

I know that it is far easier to pose questions than to answer them, so I shall pose mine to the Minister early in my speech to allow her time to give the most comprehensive reply. First, when will the inter-departmental framework for climate change adaptation be ready for publication? Is there any recognition that early investment is better than reactive, unplanned adaptation? We saw the fate of the French politicians who dealt with the problems of the 2003 heat wave and what happened to the senior US officials who were unable to cope satisfactorily with the appalling effects of hurricane Katrina.

Good work has been done by public authorities at EU level to deal with migration from north Africa and the Maghreb. If climate change hampers opportunities for access to EU markets through its effect on the ability to provide primary products to the EU, we will continue to face increased migration pressures from that part of the world. This country has strong links with Bangladesh, which is particularly liable to the effects of climate change: as a low-lying area, it is particularly at risk of flooding. We must either be prepared for the migration pressures that will arise from climate change or provide aid that is directed at climate change. The Government have been trying to become a leading player in the provision of such aid, but a strong concentration on preventing such flows through preventive aid is needed.

Does the Minister believe that the national heat wave plan is sufficiently robust? What continuing work has been done with primary care trusts and emergency services on the emerging risks of the effect of heat waves on the vulnerable? What additional resource is being provided to fire authorities to deal with the increased incidence of forest and heath fires, and what measurements are being adopted by police services on the conflicts that are more likely to arise after extended, hot summers?

Good work has been done on city heat islands and the large increase in overnight temperatures in summer periods. The London assembly published a good report called "Chainsaw Massacre: a review of London's street trees", which considered the role that street trees can play in the mitigation of high temperatures in high summer. The report found that although 48,000 trees had been planted in the past year, another 40,000 mature street trees had been removed. My borough was particularly maladroit in removing a net 2,600 street trees, but it is addressing that issue by providing an extra £300,000 of expenditure. I am interested to know what can be done to encourage local authorities to mimic the work in places such as Basel, Linz and Toronto to support the construction of green roofs and cooler pavements—I do not mean that they should be more chic, but am describing the use of more reflective surfaces and surfaces that can retain more water to have a cooling effect.

I am also interested in the work that has been done in the city of Tokyo on thermal environmental mats and ventilation paths, which can be extremely hot in the summer. Can we encourage the adoption of similar approaches here as good practice? What can be done to mimic the work of the City of London in encouraging good practice regarding subsidence in buildings? There is good work to be done with planning new buildings.

Many people in the south-east do not realise how vulnerable the area is in relation to naturally available water supplies. For example, our average rainfall is

[Mr. Andrew Pelling]

lower than that in Spain. I am pleased that work is being done to have an additional reservoir in Abingdon, although that idea is not always popular with my colleagues from elsewhere in the country. In addition to the work that is being done to deal with water leaks, should consideration be given to encouraging major investment in the transfer of water from elsewhere in the country so that the continued and robust economic growth of London and the south-east can be supported? That growth will be compromised if a water supply is not available.

The harvesting of water is an important aspect of storage plans that can be put in place to deal with the heavier summer storms that will come with climate change. There are such opportunities in the Thames Gateway—an area where there will be substantial housing development and which is at risk in respect of building on a floodplain. For example, storm run-off could be retained in the gap between dual carriageways rather than in the raised level, as is typical.

Work needs to be done on a regional basis. The UK faces the risk that moneys will be transferred away from us because EU funding is needed for areas that will be even more severely impacted by the need to deal with climate change. I hope that the Department has a positive attitude to the idea of sharing experience between the 27 partner members of the European Union.

Rob Marris (Wolverhampton, South-West) (Lab): I wholeheartedly congratulate the hon. Gentleman on securing this debate. He is doing a wonderful job, knowledgeably and succinctly hitting all the right buttons in his speech. I welcome the cross-party consensus that I think we have on many of these issues. Does he share my sadness that almost all the climate change debate in our country, and in Parliament in particular, has centred on the causes of climate change and there has been almost no debate on its effects? Concentrating on its causes is almost totally beyond the UK's control, given that we are responsible for only 2 per cent. of world emissions, whereas adaptation—the sorts of issues that he has been discussing—is entirely within the control of the UK and our Government.

Mr. Pelling: I am grateful to the hon. Gentleman for that intervention. To some extent, I am inspired by the work that he has done on this issue. This is an important path for us to walk down. In many ways, it can allow us to have a positive view about what people can do, not only at governmental level, but at local level. Businesses and individual citizens can also have a real impact in dealing with these challenges.

The Government have given strong support for investment in cooling London's transport, and money has been provided for that. In hot summers, this can be a real issue. Issues will arise in terms of less hydro provision and cooling water for nuclear power stations. What is the Government strategy for dealing with such issues? What advice can the Government give farmers on pest-resistant crops, given the change in the pests that we will face? What advice is being given to health authorities on dealing with the likely increase in deer-tick diseases that will arise from changes in our environment? What support can be given to our tourist industry, which might well benefit from people deciding to holiday here during the summer rather than go to previously warmer climes?

What work can be done to provide additional support to the regulator and to water utilities to deal with increased sewerage outflow risks that result from storm drains spilling into sewerage facilities when there is high rainfall? As a London Assembly member, I greatly enjoyed going down London's sewers, but my colleagues on that investigative committee did not regard this as a clever joke.

What work can be done to encourage the healthiest of ecosystems? Healthy ecosystems are more likely to be able to deal with fighting changes in the environment. Watering holes for migrant birds is an important strategy matter for us, because reduced water provision in certain areas is likely to compromise migrations.

What work can be done to support the insurance industry, particularly in terms of further integration across the European Union, so as to maximise responsiveness in providing insurance products that will be able to deal with climate change? What will the Government be able to do to promote climate change adaptation in the private sector? It is clear that the Government have done good work on liaising with business and that they have listened to the robust advice of the Advisory Committee on Business and the Environment.

Good work has also been undertaken by local authorities in supporting the Nottingham declaration. Some 200 authorities have been involved in that way, but have the Government considered whether there is value in making that declaration, or any derivative document, mandatory?

Does the Minister accept that her statutory responsibility to come to the House to account for climate change adaptation progress is a necessary part of parliamentary scrutiny? In many ways, I am asking whether it is option one or option two within the climate change process.

I appreciate that I have asked more than 20 questions. I am sorry to have spent the whole of my speech asking questions and I appreciate that the Minister cannot answer them all in the remaining time. My asking so many questions perhaps underlines just how much this is a cross-cutting issue for Government; it runs beyond many Departments. I am sure that the answer that she is able to give will contain a clear indication that the issue is being addressed throughout Government as a whole.

1.16 pm

The Parliamentary Under-Secretary of State for Environment, Food and Rural Affairs (Joan Ruddock): I congratulate the hon. Member for Croydon, Central (Mr. Pelling) on obtaining this debate and on raising what we all agree to be an important issue. We do not debate it often enough, as my hon. Friend the Member for Wolverhampton, South-West (Rob Marris) has said. It is a key part of the climate change battle and I intend to increase its profile both in Parliament and in the country. We all agree that climate change is

happening now. While we put every effort into curbing emissions to protect our future, we must also accept the need to adapt to the inevitable changes brought about by the world's existing and increasing CO_2 burden.

The recent intergovernmental panel on climate change report clearly states that the impacts of climate change are real and global. It says that

"recent regional changes in temperature have had discernable impacts on...physical and biological systems."

More erratic weather patterns, hotter summers and bigger storms have been predicted, and few of us doubt that recent UK weather patterns are tantamount to those predictions.

The flood events in June were notable for the intensity of rainfall and the fact that a lot of flooding was surface water run-off rather than fluvial. These are precisely the sorts of events that we might expect as a result of climate change. If we are to try to prevent appalling damage and tragic loss of life such as we recently experienced, we must learn the lessons. As hon. Members will know, the Prime Minister has announced a lessons-learned exercise, and officials from the Department for Environment, Food and Rural Affairs will be heavily involved in the examination of our agencies on the ground, delivery and policy development. We have no time to lose in developing adaptation responses to these challenges. The Secretary of State has announced that spending on flood management will rise to £800 million in 2010-11 to help to protect more homes and livelihoods.

Past events also give us pause for thought. The hon. Gentleman mentioned the insurance industry. It tells us that between 1998 and 2003, claims for flood and storm damage reached £64 billion—double those of the previous five-year period.

We do not just have to worry about excess water—the best available science predicts hotter, drier summers and warmer, wetter winters. The hon. Gentleman mentioned our vulnerabilities. Within 70 years, rainfall in the south-east might fall by 50 per cent. That would have obvious consequences for water supply. Yet we could also be facing increasingly intense rainfall, leading to more frequent flooding.

The UK is considered to be a world leader in adaptation; it is leading the way at home and abroad. The Government are supporting stakeholders with information and tools for adaptation, but there is a need for a more strategic direction and for ensuring that the science and tools remain up to date. Cutting edge information is being published for decision makers through a series of climate change scenarios, which have been developed using the latest modelling techniques by the Met Office's Hadley centre, working closely with the UK climate impact programme—UKCIP, not UKIP. A new set of scenarios will be published next year.

I shall now touch on some of the questions raised by the hon. Gentleman. UKCIP works with a number of partners to develop adaptation strategies. Local climate impact profiles are being developed to help councils to obtain an insight into how a changing climate may affect their locality and to learn the lessons of past events. UKCIP also works closely with the regional climate change partnerships. The hon. Gentleman is familiar with the London partnership, which is very active and has produced guidance for businesses. He asked about guidance for the private sector. That is being provided through those partnerships to business, developers and planners. I am pleased to note that Croydon has taken advantage of that advice and has made it a requirement for all new developments to include adaptation measures. The regional partnerships are essential in supporting and catalysing action at the level where impacts will be experienced.

I spoke earlier about the need to provide greater strategic direction. We are providing that in two ways. First, the draft Climate Change Bill places a reporting requirement on the Government. The hon. Gentleman asked whether the Government should report, and clearly they will have to do so because that is clearly stated in the draft Bill.

Rob Marris: Clause 37 of the draft Climate Change Bill follows on from my ten-minute Bill earlier this year, which called for annual reporting. The draft Climate Change Bill calls for a first report in three years and five-yearly reporting thereafter. That frequency is insufficient. Will my hon. Friend look again at the frequency called for in clause 37?

Joan Ruddock: I pay tribute to my hon. Friend for his work in this field and for his ten-minute Bill. He has heard from the Government about annual reporting not being appropriate, but I am always happy to look at the matter again and will do so at his request.

The draft Climate Change Bill introduces a reporting requirement, which includes an assessment of the risks of climate change to the UK in terms of impacts and vulnerabilities, to which the hon. Gentleman also referred. Furthermore, we will be required to set out our efforts to integrate adaptation. Efforts are also under way to set a strategic direction through a cross-Government framework, and last year's consultation acknowledged that the time was right for a new direction to enable the UK to take more effective action.

The hon. Gentleman asked when the cross-Government framework will be published, and I am assured that it will be ready by the end of the year. It will identify priority areas for action when Departments need to work closely together to ensure that adaptation occurs.

I shall try to answer some of the hon. Gentleman's specific questions. He asked whether early intervention was better than later adaptation. There can be no disagreement about that, and I hope that there is none throughout the House. We must get on with the matter with increased vigour.

The hon. Gentleman asked about the need to direct aid to prevent mass migration from other countries. I hope that I shall have time for a few concluding comments on the subject of developing countries and their needs. I agree with him that we must provide them with help.

Questions about national heat wave plans for primary care trusts, fire authorities and the police are for other Departments, and without prior notice I am certainly not in a position to gather the answers for the hon. Gentleman.

On street trees—this is entirely my personal view—I agree that there has been far too much removal of trees

[Joan Ruddock]

from streets. I understand the difficulties, but we must examine ways of reintroducing greenery, not just for aesthetic reasons, but for the important impact on global warming.

The hon. Gentleman asked what can be done to encourage local authorities to undertake a whole range of tasks. UKCIP works closely with local authorities to provide support and tools. He mentioned the Nottingham declaration action pack, which is an ongoing toolkit to help to develop adaptation and mitigation strategies at local level.

The next round of beacon council schemes includes a climate change theme with adaptation elements, and DEFRA officials have met the Local Government Association's Climate Change Commission to stress the importance of adaptation. The commission's recently published interim report puts adaptation first of the six key issues that local authorities must deal with. A slow start was made, but a lot is now being done, although there is much more to do.

The hon. Gentleman mentioned ideas from other cities, notably Tokyo, and there is undoubtedly much that we can learn and intend to learn from the experience. He will know the extent to which the London Mayor has made working with other cities a priority.

The hon. Gentleman referred to the vulnerability of the south-east and asked whether consideration should be given to investment in a linked transfer, so that water could be brought to many other parts of the country. If I said that that was a great idea and that we would get on with it, there would be a lot of concern in the Government and certainly among my colleagues. I am a Welsh woman, and I remember the stories that I heard during my childhood about the English stealing our water. That is a debate for another day, and something to be looked at.

Other questions referred to transport cooling and nuclear power stations. They are matters for the Department for Business, Enterprise and Regulatory Reform, previously the Department of Trade and Industry, and we can certainly consider with it what can be done. DEFRA began work on the agricultural project to look at adaptation some time ago, so that is in hand. A DEFRA tourism study was published in 2005 on climate change and the visitor economy. Again, the Government are keen to tackle both risks and benefits.

On sharing experiences between EU partner members, I am sure that the hon. Gentleman will understand that that is normal practice. He spoke about the recent publication of the EU document, and we will of course do more to keep in touch. My hon. Friend spoke about his sadness about the fact that the debate has been too concentrated on the causes and that not enough attention has been paid to what we should do. I agree with him absolutely.

If there is anything that I have not dealt with, I shall be pleased to do so in some other way, but I want to conclude by stressing that the problem is not for the future, but for us now because it is happening and it is global. Despite all the horrors that we have had to endure during the past few weeks, we should never forget that the greatest impact of climate change is already being felt in the developing world, where we can see the potential for crop failure as temperatures rise, with more cases of malaria, which is already a tremendous blight on African countries and their people.

With sea levels rising, we can, as the hon. Gentleman said, anticipate that low-lying countries such as Bangladesh will be seriously affected. We must do all we can through our aid programmes and encourage other international aid agencies. Britain cannot do everything alone, and we must encourage help for countries that will suffer and may create difficulties for us with migration.

I am glad that DEFRA is working with teams in India, China and Bangladesh on climate change and adaptation. The Department for International Development is beginning to take action to ensure that its development projects build in climate change. The challenges at home and abroad for adaptation are immense, but the Government cannot do everything alone. We have responsibilities as individuals, and we must factor in all those aspects of investment, infrastructure and our own objectives, ask how viable they will be in 10, 20 or 30 years, and take climate change into consideration. Winning the battle requires a twofold effort. We must stop the rising greenhouse gasses—

Mr. David Wilshire (in the Chair): Order. We must move on to the next debate.

As I am feeling my age, Mr. Touhig, I look forward to hearing what you have to say.

Age Equality

1.30 pm

Mr. Don Touhig (Islwyn) (Lab/Co-op): I sought this debate to draw attention to the discrimination that older people face when trying to obtain goods and services. It is a timely debate, given that the Government are consulting on their Green Paper, "Framework for Fairness: Proposals for a Single Equality Bill for Great Britain".

The issue came home to me in June when I spoke at the National Old Age Pensioners Association of Wales conference in Port Talbot. The subjects raised were many and varied. I heard how older people are unable to have their groceries delivered from Tesco or Asda, because they do not have access to the internet. There was a question about why we force magistrates to retire at 70 years old when they have built up a wealth of experience. I could not help but think that older people still get a raw deal in our society.

The association, of which I am president, has contributed to the pensioners' manifesto for Wales. Point four of the manifesto says that the pensioners of Wales are calling for:

"Age discrimination legislation to be extended to apply to goods and services, not just in the workplace. It should be treated as seriously as other forms of discrimination with immediate effect."

I know something about age discrimination in the workplace. When the former Prime Minister telephoned me and explained that he needed me to give up my portfolio as a Defence Minister because he needed me to make way for younger people, I asked whether, at 58, I was too old to become the Minister with responsibility for veterans.

With our ageing population, it is about time that the pensioners' manifesto demand was taken seriously and that something more was done about it. It seems wholly wrong that people who have so much to offer are often discarded, regarded as disposable and thrown on the scrapheap, simply because society considers them "too old". As a result, Britain is the less, because we miss out on the special skills, talents and, above all, the experience that the older generation can offer our society and economy.

Like many right hon. and hon. Members, I visit community groups in my constituency, and there always seems to be an older person at the heart of them—running them. This year we are celebrating the 100th anniversary of the model village of Oakdale. There has already been an RAF flypast, an art exhibition, a carnival and a schools sports day, all of which have been organised by the Oakdale and Penmaen community partnership. At the heart of the partnership are retired or older people who make it work.

Today, I have in Parliament some guests, Roy and Charlotte Morton. Roy, an active Rotarian and a member of the Newbridge Royal British Legion, has collected 33,005 pairs of glasses, which are sent to people in the developing world. Roy is 85. Who would dare say that he has nothing to contribute to our society? What a commitment to serving others he has. He is a living example of the Rotary Club motto, "Service Above Self".

The Government have made some progress towards meeting the challenges of age discrimination, but the discrimination is institutionalised and cultural, and it must be exposed and challenged. In 2001, the Government published the national service framework for older people, which stated that age discrimination would be rooted out in health and social care—fine words and very encouraging. Some action has followed, and many age barriers that prevented older people from receiving services have been removed. In 2005 the Government published "Opportunity Age—Meeting the Challenges of Ageing in the 21st Century", which not only set out a new approach to the ageing population, but urged us to recognise that older people are an asset to our society, not a burden. In 2006 the Government implemented the European equal treatment directive, which banned age discrimination in the workplace and removed barriers for people who wished to undertake vocational training. Although I commend the actions of the Government in effectively outlawing ageism in the workplace, the job is still only half done. A Department of Health report entitled, "A New Ambition for Old Age: Next Steps in Implementing the National Service Framework for Older People", acknowledged that negative attitudes towards older people were part of a failure to provide adequate services for them.

In 2005, Age Concern criticised an advertisement for the betting company, Paddy Power, which showed two elderly ladies crossing the road. Punters were invited to place bets on the likelihood of a car running them over. Just imagine the outcry if, instead of two elderly ladies, the advertisement had used pictures of a black, gay, Muslim, or severely disabled person. The advertisement was sickening, and it demonstrated how prevalent age discrimination still is in our society. Sadly, it was not an isolated case.

Age Concern tells me that The Carphone Warehouse would not let someone have broadband because they were over 70. The company said that it thought that anyone over 70 could not understand the terms and conditions, and that they would have to be accompanied by someone younger. How insulting, condescending and inconsiderate can people possibly be? At the same time, the Government have been heralding the rise of the silver surfers, and encouraging people to use computers and surf the net. A golf club would not allow members over the age of 65—just trying telling that to Arnold Palmer or Jack Nicklaus.

Some people say that stereotypes portraying older people as doddery but dear are harmless. However, the results can literally be fatal for older people. Older people who suffer from treatable illnesses that would benefit from earlier intervention often have their illnesses put down to old age. Time and again, people have raised such issues with me in my role as president of the National Old Age Pensioners Association of Wales. They have gone to the doctor, who has said, "What do you expect, love? Look at your age." Or, "You've had a good innings, haven't you?" That is quite the wrong attitude.

Despite being in the group with the highest risk of developing breast cancer, women over 70 do not get called for regular screenings, while younger women do. Older people are at a disadvantage in the provision of mental health services. Certain specialist mental health

[Mr. Don Touhig]

services are available only for people aged 65 and under, according to research carried out by MIND. That situation occurs despite the fact that 40 per cent. of people who visit a GP, 50 per cent. of general hospital patients and 60 per cent. of care home residents are older people with mental health problems.

Older people's mental health is dealt with separately from general mental health provision, even within the Department of Health. Social care for older people focuses on health and safety concerns rather than on promoting independence, participation and social inclusion. For older people, care services are often commissioned in short blocks of time to cover basic needs. For younger people, the blocks of time are often longer, allowing them to participate in social activities and to play an active part in their community. Surely it is wrong to tolerate such discrimination.

Older people's well-being, like everyone else's, is linked to a sense of being an important part of other people's lives. Members of the Woodfieldside old age pensioners association in my constituency will tell you, Mr. Wilshire, that the friendships they develop, sustain and encourage at their weekly meetings keep them going, keep them active and keep them feeling like they still have a great deal to contribute to community life.

Older people come up against the barrier of ageism when they try to obtain goods and services that young people take for granted. If older people want to travel abroad, they are more likely to be refused travel insurance or to have restrictions placed on them to the point that insurance cover costs more than their intended holiday. Companies that operate exclusions based on age include Barclaycard and Alliance and Leicester, which offer benefits to customers who buy their products, but specifically exclude travellers over 65 from the travel benefits that are associated with taking out their cards.

Marks and Spencer offers annual multi-trip insurance cover to travellers up to the age of 70 only. For people aged 66 and over, there is a premium loading of 100 per cent. In contrast, the premium loading for people who take part in winter sports is just 35 per cent. Age Concern tells me that it knows of someone who has been excluded from insurance income protection schemes solely because they are 62 years old. Older drivers face increased car insurance premiums based on their age, not on their driving record and skills. Some companies even refuse to quote for those aged 75 and over. In an extraordinary story, a Barclays customer applied for a loan to pay off debts but was refused because of her age. She is 57 and in good health, and works part-time as an office manager.

We now have an historic opportunity to end such injustice and eliminate age discrimination from all parts of our society. The Government committed themselves in the last Labour manifesto to introducing a single equality Bill, and are considering banning age discrimination in the provision of goods, facilities and services. They are also considering introducing a positive duty on public bodies to promote equality across the board, including age equality. Now is the time for the Government to extend their record to all equalities. So much progress has been made in delivering equality for women, minority ethnic groups, disabled people and lesbians, gays and bisexuals. It would be quite wrong to send the message that it is fine to treat ageism differently from other forms of discrimination.

I appreciate that the matter can be complex, and that some people are reluctant to get involved in challenging and tackling it. Age is widely used as a criterion for access to certain services—for example, concessionary bus fares or reduced admission to cinemas—but that should not hold us back if legislation on equality is needed. There has been enough debate about how to craft exceptions for access to services, but plenty of experience from other equality areas and overseas could overcome the difficulties that I highlighted.

Although older people often realise that they are being treated badly or pushed aside, they rarely call it age discrimination. The time has come for the Government to deliver equal protection against discrimination on the grounds of age. As we move to a single equality Act and a new unified Commission for Equality and Human Rights, it would be a scandal if in Britain in the 21st century a situation were allowed to develop in which some were more equal than others.

Like everyone else, older people want to be part of their communities. They want to be linked in and feel part of other people's lives. Many offer vital resources to families and support to communities. They pass on knowledge, understanding, love, support and experience. Let us make age discrimination a thing of the past and recognise and celebrate the contribution to our society that older people make and want to make. It is a great challenge to all of us.

I hope that the Minister will give us some positive responses to the issues that I have raised, and that colleagues throughout the House will take up issues of discrimination involving people who find, because of their age, that they cannot access services or support. If we do not highlight such discrimination, it will continue. It is a cultural matter, and we must work hard to change it, but I am confident that if the will exists, we will make a difference, ensuring a better quality of life for a great many people to whom this country owes a great debt.

Mr. David Wilshire (in the Chair): Thank you, Mr. Touhig. At the age of 63, I am not sure that I feel better at the end of your speech than at the beginning.

1.43 pm

The Parliamentary Under-Secretary of State for Work and Pensions (Barbara Follett): At the age of 64, I think that I outrank both you, Mr. Wilshire, and my right hon. Friend the Member for Islwyn (Mr. Touhig) in terms of longevity, and I hope to serve here for a few more years yet. I hope, in fact, to be one of the extra million people over the retirement age of 65 who are now working, thanks to Government programmes. I am proud of that.

As my right hon. Friend said, the Government have done a great deal for age equality, and we are strongly committed to tackling age discrimination in all walks of life. Last October, we introduced regulations prohibiting age discrimination in employment and vocational training. We have also made a commitment

to review the default retirement age in 2011. If the review shows that that is no longer needed, we will remove it. Personally, I am committed to doing so.

This October, the Commission for Equality and Human Rights will come into being. It will work across all equality strands, encouraging our institutions to operate for the benefit of every individual and helping people to ensure that they do so. We have also taken a number of non-legislative steps to address age discrimination in the provision of public services and to help individuals to achieve their aspirations for a better later life. As my right hon. Friend mentioned, "Opportunity Age" is a comprehensive strategy and programme of action for meeting the needs of an ageing society.

My right hon. Friend rightly said that there are contentious health issues that must be sorted. We have introduced the national service framework for older people, which focuses explicitly on tackling age discrimination in service delivery. However, I know from my constituency experience and my mother's experience that waiting lists for services used heavily by older people, such as chiropody, hearing aids and wheelchairs, are very long. Often, old people must wait an inordinately long time for those services.

However, the Government are aware that those measures have not yet fully addressed age discrimination outside the workplace, nor indeed within it, as we have seen in some areas. A recent review of the national service framework for older people reported significant improvement in older people's experience of health and social care, but it also found that deep-rooted cultural attitudes to ageing are still hampering wider Government plans to improve services. My right hon. Friend correctly mentioned mental health. I will be 65 at Christmas. If I had any mental health problems—which could be induced by being in this place for too long—I would be transferred from adult services to older people's services, which deal mainly with dementia. Although I sometimes have senior moments, I hope that I am quite far from dementia.

Cultural attitudes to ageing are difficult to shift, and they cannot be shifted just by legislation. On 12 June this year, we published the discrimination law review consultation document "A Framework for Fairness". I know that my right hon. Friend is aware of that, and I encourage him and other hon. Members to submit their views to the consultation, which will end in September. The review is considering the case for introducing legal protection against age discrimination in goods, facilities, services, premises and public functions, as well as how any such legislation should be framed. That is how such shameful instances as those he mentioned—Tesco internet access, Barclaycard, Marks & Spencer and The Carphone Warehouse—could be addressed.

Mr. Touhig: I am grateful to the Minister. She has a valid point—it is not possible simply to legislate away the culture or the difficulties that we are experiencing in this country—but has she or the Department considered that it would be good to invest in an advertising campaign to bring home the message? Some old people are unaware that they are being discriminated against; it just has not occurred to them. If we can raise the profile of age discrimination, as we have done with drink-driving and other issues, we will convey the message much more effectively than we would with another piece of legislation. I fully understand her point.

Barbara Follett: I am glad that my right hon. Friend said that. Sometimes we are in danger of over-legislating. We could do with an advertising campaign, rather like the one that we ran to recruit more teachers, to make older people—as well as younger and middle-aged people—aware of how age discrimination might be occurring. Britain is a polite society, on the whole. Once we are aware of something, we pay attention to it. There is concern about the treatment of older people and elder abuse. Help the Aged and Age Concern have done marvellous work in bringing it to public attention.

With regard to the private sector, the Government are aware of the difficulties that some older people face when trying to get a competitive quote for travel insurance. The review is looking into that issue and whether there is a case for legislation or voluntary agreements.

We have a careful balance to strike. Legislation could send out a strong signal that unjustified discrimination on grounds of age is wrong; it could also help to change social and business attitudes, which badly need to change. However, any such law would be relatively complex, to put it mildly, and require a significant number of exceptions from the principle of equal treatment, to avoid unintended consequences and allow justifiable and beneficial age-specific services to continue.

Such services include the free bus pass—I got mine four years ago, with a feeling of shock—and targeted services for older and younger people. We need to consider carefully how to ensure that any legislation would not lead to service providers withdrawing beneficial age-appropriate services because they were confused about what was and was not allowed under the new law. The Government are gathering together all the available evidence and carefully sifting through it to consider how to ensure that any legislation would tackle unfair and harmful age discrimination while safeguarding beneficial differential treatment.

We are also considering whether targeted, non-legislative measures could be effective in tackling issues for which there is evidence of discrimination. My right hon. Friend mentioned age discrimination at golf clubs; we are consulting on whether, if we prohibit age discrimination for goods, facilities and services, we should prohibit it in private clubs such as golf clubs. However, we would still want to allow clubs that exist for the benefit of people in particular age groups to continue.

The discrimination law review is also considering something on which I am personally keen: whether there should be a duty on public bodies to promote age equality. That could address some of my right hon. Friend's concerns. A positive duty could be particularly effective in ensuring that public service providers take the needs of people of all ages into account when planning and commissioning services and providing staff training. That could play quite a part in the cultural shift that we need to bring in.

[Barbara Follett]

My right hon. Friend raised the issue of volunteering. The Government are keen to extend and involve volunteering to all age groups, but a decision has been taken that magistrates should retire at age 70. My personal view is that that could be reviewed later. I remember that when my parents turned 60, they seemed really old to me, but nowadays people do not get old as fast, thanks to our health services and our increased knowledge of the body's make-up and exercise. Some such limits will probably be stretched in future, although at present that limit remains at 70. I agree, however, with my right hon. Friend: many people of that age have a lot to offer.

The discrimination law review consultation closes on 4 September and I urge all individuals and organisations to respond to it. We will continue to work closely with a wide range of stakeholders, both during and following the public consultation period, to ensure that we take the right approach, which will effectively tackle harmful age discrimination while safeguarding the wide range of beneficial and justifiable practices that treat people differently.

With my right hon. Friend, I should like to pay tribute to Roy and Charlotte Morton. I happen to have been involved with a charity doing similar work to theirs in Africa. In some places there, there is only one doctor for every 27,000 people and there are no ophthalmologists or opticians; in such circumstances, most people just go slowly blind. They cannot read. My right hon. Friend and I are completely dependent on bits of glass if we are to see anything in front of us. Such charities do really wonderful work.

I disagree with my right hon. Friend: the job is not only half done—it is half done, but we are well on the way to completing the whole job. I hope that he will join me in ensuring that there is equal treatment for older people and across all other age ranges in our society.

Question put and agreed to.

Adjourned accordingly at five minutes to Two o'clock.

Westminster Hall

Wednesday 11 July 2007

[MR. MIKE HANCOCK *in the Chair*]

Poppy Crops (Afghanistan)

Motion made, and Question proposed, That the sitting be now adjourned.—*[Mr. Alan Campbell.]*

9.30 am

Mr. Tobias Ellwood (Bournemouth, East) (Con): It is a pleasure to work under your stewardship, Mr. Hancock, and a delight to have the opportunity to open the debate. With Afghanistan and Iraq dominating our headlines, it is important that hon. Members get the opportunity to place on record their concerns and thoughts.

The challenges that face Afghanistan are immense, but I have deliberately selected one issue for us to consider. I shall therefore refrain from commenting on the size of the NATO force, which I believe is too small, and avoid mentioning the lack of co-ordination between the reconstruction agencies and the absence of a lead figure to unite operations. I shall instead focus on opium production and its link with insurgency. I should also like to put forward a possible solution—a proposal that I should very much like the Government to consider.

I shall first give some background. Progress has been slow in the five years since allied forces entered Afghanistan. The limited size of NATO's forces, some of which are hampered by caveats, prevents the country from having the umbrella of security needed for a reconstruction operation of large enough scale to take effect. That is hampering the allied development and reconstruction efforts to improve the lives of many rural Afghans.

I do not wish to take away from the many success stories in Afghanistan, particularly in the north and west. A number of schools have been reopened and radio stations formed. Indeed, wind-up radios have been handed out in various communities to allow better communication with locals. Alternative livelihood programmes have been rolled out along with improvements to roads and transport. *[Interruption.]*

Mr. Mike Hancock (in the Chair): Order. It must be a mobile phone causing that problem. If somebody still has their phone on, may I ask them to turn it off? You do not all have to rush to your pockets at once. Mr. Evans looks like a guilty candidate. He has just grabbed his phone.

Mr. Nigel Evans (Ribble Valley) (Con): Not guilty, Sir!

Mr. Ellwood: I believe that it may have been me rather than my hon. Friend.

Mr. Mike Hancock (in the Chair): Very gallant of you, Mr. Ellwood.

Mr. Ellwood: There have been advances in some areas, and we should pay tribute to the work that has been done. Unfortunately it is limited to parts of the country, and many people are forced to survive in the only way they know—by growing poppies. Failure to address the impact of the poppy trade has led to a revival of the Taliban, who profit from it.

The west and the international community have been slow to acknowledge the link between insurgency and poppy cultivation, even five years after entering Afghanistan. In the report that came from the previous NATO summit in Riga in November, there was one small paragraph that mentioned poppies. It stated:

"We recognise the linkage between narcotics and insurgents in Afghanistan",

which was a good start, but it simply went on

"and will continue to support the Afghan Government's counter-narcotics efforts, within ISAF's mandate."

I do not believe that that is good enough, and nor do many others. General James Jones, the former head of NATO, saw poppy crops as "Afghanistan's Achilles heel".

Some of the agencies that have been put together to try to combat narcotics operations in Afghanistan look good on paper. From the international perspective, there is the United Nations Office on Drugs and Crime, which is simply a monitoring and information service. It does not do anything to tackle drugs operations, it simply reports on what is happening. There is the Counter-narcotics police of Afghanistan, but it is only 1000-strong in a country the size of Spain. There is the Afghan eradication force, which is a successor to the central poppy eradication force, but it is only 700-strong.

There are various poppy elimination programme teams—about a dozen eight to 10-man teams that are spread around the country—but their impact is limited. There is also the Afghan special narcotics force, but that is also small considering the scale of the problem that it is confronting. From a financial perspective there is the counter-narcotics trust fund, which allows the international community to pour money into Afghanistan to combat narcotics. The structure is there, but it is far too small to deal with the scale of the problem that we face.

Mr. Frank Field (Birkenhead) (Lab): Does the hon. Gentleman agree that there has been a failure to think about how our aid policy can provide alternative jobs, which is a crucial part of countering both the insurgency and the growing of poppies? A policy of merely destroying the poppy crop can itself be a recruiting agent for the Taliban, whereas a strategy that tries to put jobs in place through an aid policy would not only counter that but extend the authority of the central Government.

Mr. Ellwood: The right hon. Gentleman makes a valid point. I pay tribute to his work on the matter. Eradicating crops is pointless unless there is an alternative for the farmers to pursue, otherwise we simply deny them their livelihoods and encourage them to look for another immediate source to put food on the tables to feed their families. That pushes them in the direction of the Taliban, which is exactly what we do not want.

Mr. Evans: Does my hon. Friend accept that one problem is that the project against poppy and drug production is Afghan-led? Corruption takes place at every level in a country as large and poor as Afghanistan. Even the police say that they earn only $70 a month. Their power to choose which fields to eradicate means that the wrong fields are being put out of production.

Mr. Ellwood: My hon. Friend makes an important point. On my visits to Afghanistan, I have been astonished at the levels of corruption that I have seen. We cannot be surprised, considering the decades of war that we have witnessed there. We cannot expect Afghanistan to turn overnight into a civilised, democratic society. That will not happen. If we look back at our own history, we will see that it took some time for us to wean out all forms of corruption, and it sadly exists at all levels in Afghanistan—local, regional and national.

I have seen reports that up to 17 of the 249 members of the lower house of the Afghan Parliament are former warlords and still benefit from the drugs trade. That problem will not disappear, and it is difficult for President Karzai to balance and to maintain the peace. If those people are not somehow included in reconciliation, they may challenge the Government and cause more problems.

Mr. Frank Field: Does the hon. Gentleman limit the corruption to Afghanistan? Is it not also in this country? Our failure to combat the war against the poppy trade effectively is having an effect here. There is corruption here, including in our prisons.

Mr. Ellwood: The right hon. Gentleman teases me to wander into an area that is beyond the scope of the debate, but it is important. Some 95 per cent. of the heroin that enters this country comes from Afghanistan. There is a market here for it, so there is a degree of corruption here for us to challenge.

Poppy cultivation in Afghanistan now accounts for about 50 per cent. of the country's gross domestic product—about $3.1 billion. With no recognisable domestic market infrastructure, the black market is seen in many provinces as the only market. It is an interesting observation that in areas controlled by the Afghan Government, backed by the international community, production is either decreasing or stable, but where insurgency is strongest, it is for the most part increasing. That increase is staggering: Afghanistan now accounts for 92 per cent. of the world's opium production. Last year, production grew by some 60 per cent., and, in Helmand province, by an amazing 169 per cent. UNODC reports show that around 109,000 acres are cultivated every year, and only about 5,000 acres are eradicated. We are not winning the war through eradication.

That approach also fails to win over the hearts and minds of farmers who view opium cultivation as their only reliable source of income.

Patrick Mercer (Newark) (Con): My hon. Friend makes some good points about winning hearts and minds. Does he agree that there is an essential difference between the approach of the United States, which seems to involve slash and burn, in many cases rather thoughtlessly planned and imposed, and the Afghan-advised policy of a much more targeted campaign against poppy crops, and that that dichotomy is dangerous and plays precisely into the hands of the Taliban?

Mr. Ellwood: My hon. Friend, who is very knowledgeable about these matters, makes a valid point. We have seen an open argument between the United States and Britain on that very issue. I got the impression, having visited Washington in April, that the Americans are coming around to our way of thinking. They are now realising—unfortunately, through experience—that they are not winning hearts and minds by eradicating crops and thinking that the tough-stick approach will work. They are realising that there needs to be an alternative if we are to win that battle.

Certainly, in parts of Afghanistan, including Helmand province, our present strategy is failing for exactly the reason that my hon. Friend illustrates. The absence of security, the proximity to the border, the scale of corruption and the limited options for farmers mean that the challenge gets bigger each year. We have allowed Helmand province to become the supreme poppy grower of the world, responsible for producing one third of the planet's heroin.

It is time for a rethink. It is time for the Government to regroup and to consider the matter again. Perhaps the Minister can confirm whether Britain remains the G8 lead nation for the counter-narcotics strategy in Afghanistan. We have 7,000 troops in Helmand province. They are well placed to lead any new initiative, and the current $1 billion spent on counter-narcotics could be better utilised. I wish to make a proposal in that respect.

Hon. Members will be aware that poppies can be turned into not only heroin but several recognised medicinal products, including diamorphine and codeine. Ironically, there is a shortage of diamorphine in this country. I found that out through a parliamentary question. Indeed, an established UN-licensed poppy scheme is already up and running in places such as Turkey and India. However, I do not believe that that should be a long-term goal for Afghanistan, and that is where I differ from several other interested bodies that have expressed thoughts on the matter.

The current situation in Afghanistan is too unstable for us to have any long-term licensing systems up and running. That would just lead to an increase in counter-narcotics. The scale of the problem would be uncontrollable. However, there is a way of temporarily honing the concept. If we were to visit Lashkar Gar and find a metal factory that was turning out guns, would we destroy the factory, or would we say to the people, "Why don't you make tractor parts or something else?" The same applies to the poppy growers. They are able to make opium and heroin, but they can certainly make other products that could be of benefit to the international community.

I propose inviting farmers to sign up to a six-year programme. Each year, they would be required to replace one sixth of their poppy crop with another product. That would be repeated every year, eventually

weaning them off poppy cultivation completely. Markets would need to be established to purchase the poppy crops and the alternative produce. Poppies would be turned into medicinal products locally and then exported. Farmers who failed to sign up to the programme would face immediate eradication of their poppy fields.

The proposal involves a carrot-and-stick approach. It must be introduced with the support of the local jirgas, which are the power bases in the towns and villages—something that has been ignored up to this point in the rolling out of democracy across the country.

Dr. Julian Lewis (New Forest, East) (Con): Trying to think ahead, does my hon. Friend recognise that if his ingenious scheme were put into practice, the first reaction of the Taliban, who used to suppress the poppy crop when they were in power but now put themselves forward as the defender of the poppy farmers because they know that that rallies support for the insurgency, would be to offer a different sort of stick? Anyone who signed up to the scheme would face a different sort of eradication—personal eradication.

Mr. Ellwood: My hon. Friend makes a valid point. Indeed, there are several pitfalls, which I shall come on to. To answer his question immediately, the present remit of the international security assistance force is not to go anywhere near poppy crops. They are strictly forbidden to get involved with eradication of crops. That points up the lack of a co-ordinated strategy. Were a farmer to sign up to the scheme, the next thing that he would need to do is to have his plot of land somehow electronically labelled so that from the air it would be identified as part of the programme and therefore be encompassed by a security package. Then, the farmer would get not only protection from ISAF, but support such as improved irrigation systems from the non-governmental organisations and other operators that are in the area. At present, there is no co-ordination of any of that. If one were to ask any farmer whether they owned a strip of land that had poppies on it, the farmer would completely deny that they did. The first thing is to get the farmers on board.

My hon. Friend was absolutely right to point to that pitfall. Another challenge would be price elevation. The Taliban may well offer more money for crops. We need to face those issues. I suggest that the problems could be overcome by implementing my proposal, but it needs to be tested in a pilot scheme. That is what I am proposing today.

The important point is that, in the long term, we would deny terrorists the benefits from the sale of opium, and we would free farmers from the clutches of the Taliban. Almost half the country's opium is produced in Helmand province, yet at present the eradication programme there is limited and there are hardly any alternative livelihood schemes in operation. There is no support for farmers whatever. Given that Britain has responsibility for security in Helmand province, it is well placed to conduct a pilot scheme such as I suggest.

The cumulative amount of European Union money, United States aid money and British money spent each year is about $1 billion. I believe that my scheme would cost in the region of $50 million to $100 million, which is one tenth of what is currently being spent. As we have seen from the year-on-year increases, the $1 billion is not very effective, but, if the pilot project were successful, it could be replicated in other provinces across the country.

As I said, financial support would be given to farmers. They would be freed from the clutches of the Taliban. The scheme would raise taxes for the Government, cut off the clandestine links, most of which are with Pakistan, and threaten the income of terrorists.

I do not believe that long-term licensing is feasible. We need a short-term solution, but one that will help farmers, provide them with a path without challenging their income, and, in several years' time, lead to their growing the produce that they once were able to grow on a vast scale. Afghanistan had an international reputation for providing the world with pomegranates, peaches and dried fruits. In fact, it was one of the greenest areas in east Asia. That was prior to 1979, when the Soviets moved in. They realised that if they smashed the irrigation systems, they would cause so much pain to the locals that they would then become subservient to their new masters.

Andrew George (St. Ives) (LD): The hon. Gentleman's proposal is interesting. I agree that exploring the alternative of licensing production for licit morphine and diamorphine purposes is attractive, but has he considered the consequences for the farmers themselves and the comparable incomes for licit production as opposed to illicit production of opium? How does he propose encouraging farmers to engage in the lawful type of production if the income for it is significantly less?

Mr. Ellwood: The hon. Gentleman makes a valid point. The bottom line is that many farmers want to free themselves from the clutches of the Taliban. A pilot scheme would show that and certainly the farmers whom I met in Lashkar Gar want to be part of the community and to give up the subservience that they have to the terrorists. The farmers realise that that must be the case. We need to establish what the market price will be, but the billions of dollars that are spent every year will clearly have to prop up the market for some time.

The prices of the goods and the produce of which I am talking are certainly comparable in some areas. Some prices will be lower, but tonne for tonne, more money can be got for peaches than for poppies. We should say to farmers, "Come forward. Put out your hand and state, 'This is my field'. We will buy your poppy crops off you in the first year, but we will help to double the size of your area if you plant another crop". In the long term, farmers would actually gain more money, but they would also be free and be part of the community. We certainly get the impression that that is what they want. If farmers were not keen to remove the link between themselves and the Taliban and were content to receive the money and to continue living the existence that they have, this entire proposal would not be possible.

Mr. Frank Field: I know that the hon. Gentleman has been generous in allowing interventions and that that is preventing him from finishing his speech, but

[Mr. Frank Field]

before he completes, I would like to mention the link between what he is saying and what the military experts in the field think is the strategy necessary to be successful in Afghanistan. As he knows, there is a small group based in the House called Poppy Relief, with which he is associated, as is the hon. Member for North-East Milton Keynes (Mr. Lancaster). That group has attracted people such as General Sir Mike Jackson for the simple reason that he does not believe that we can win in Afghanistan by thinking only in military terms.

Mr. Ellwood: Again, the right hon. Gentleman makes a valid point. Many military experts feel a sense of frustration. In fact, I met a colonel last night who was operating one of the provisional reconstruction teams in Mazar-e Sharif and he was frustrated because his remit was so tight and he was able simply to provide security. He so much wanted to do other things and help the communities, but was prevented from doing so by his remit and the fact that he can help only with security matters. General Jones also expressed his frustration with the situation. The absence of joined-up thinking that we have seen in Afghanistan has frustrated success and that is why we need a re-think. I pay tribute to the group with which the right hon. Gentleman has done so much work and I hope that the Government will listen to the comments that have come through, particularly from General Sir Michael Jackson. It is frustrating that we must wait until such characters retire before they can be more vocal with their thoughts.

Mr. Geoffrey Clifton-Brown (Cotswold) (Con): My hon. Friend may be aware that I have just come back from Afghanistan where I and a number of my colleagues discovered that the capacity of the Afghanistan Government to deliver is weak. Part of the problem is that only a small amount of the money that the Department for International Development has so far given for alternative livelihoods has actually got to the farmers. That is one major problem. The second is that NATO's remit does not involve destroying crops. That will have to be done by the Afghan army, helped by the Afghan police, who are incredibly weak at the moment and rapidly need to be bolstered.

Mr. Ellwood: My hon. Friend makes an important contribution. I had the opportunity to meet President Karzai, who said that he was not able to control the trade for the obvious reason that so many of his team are, on various levels, involved in it and there simply is not the capacity to deal with the problem. The country is too young in that respect. When I put the idea of licensing to him, he acknowledged that the country had passed a law that allows the licensing of poppy crops and that legally it can act. However, I was with General Richards and General Jones at the time, and President Karzai pointed back to us and said, "You need to do this. You need to pursue this", and by "you" he meant the international community. He feels that on his side, much as he wants to take action, he does not have the capacity to do so. More importantly, many people would be upset if the scheme were rolled out, which is why it needs to be done carefully at a local level, rather than by a top-down approach.

I am conscious of the time I have taken, so I would like to conclude by saying that I have had an opportunity to put the proposal to the former Prime Minister and he acknowledged the difficulties that we have had. I certainly got the impression that he was willing to consider it in more detail. *[Interruption].* I do not think that that is my phone this time.

Mr. Frank Field: It is calling you.

Mr. Ellwood: It is calling me to endorse what I have just been saying. I acknowledge the work of the right hon. Member for Streatham (Keith Hill), who, through his staff, was very helpful in relation to this issue, and organised meetings in the United States with various senators and representatives from the Justice and State Departments, who also expressed much interest in and general support for this idea. We need to move from talk to action, which is why I hope that the Government will listen to what I have said today. Even the Afghan embassy officials were very interested in the proposal, as were others such as Paddy Ashdown, Richard Armitage, and General Jones—to mention just a few.

In conclusion, as I have mentioned, Afghanistan was once known for its agricultural exports, particularly pomegranates and peaches, but today it is labelled as the world's opium grower. Only a programme that is supported by the farmers themselves and the local jirgas can succeed in a war-torn country where corruption is rife. The new strategy would give a focus to all participating international organisations and non-governmental organisations that can play a part in nurturing a new market infrastructure. The poppy problem cannot be solved in isolation, but it is integral to establishing peace and improving the livelihoods of the people.

More money and troops are certainly on their way, but the poppies keep growing. The former Prime Minister has conceded that our present strategy is costing over $1 billion a year, but that it is failing and that it would be wise to consider an alternative solution. I am aware that the new Prime Minister is making a statement on his priorities for the year and I hope that he will take time to consider this proposal. The window of opportunity in Afghanistan will not be open for ever and after the six years that we have been there many of the locals are asking how their lives have changed. We must face up to the fact that unless we challenge the issue of poppies we will possibly undo all the good work that we have so far achieved. I hope that I have given the Government some food for thought.

Mr. Mike Hancock (in the Chair): A number of hon. Members have indicated that they want to speak and I intend that the winding-up speeches should start at about 10.30 am. If there is not time to call those Members who wish to make a speech, I hope that they will make an intervention to enable the winding-up speeches to start on time.

9.57 am

Paul Flynn (Newport, West) (Lab): I congratulate the hon. Member for Bournemouth, East (Mr. Ellwood) on his visionary, practical and courageous approach. We owe him a debt of gratitude for injecting a note of

reality into a war that all sides have treated with an air of delusion and wishful thinking. I will not go as far as my right hon. Friend the Member for Birkenhead (Mr. Field) and call the hon. Gentleman my friend, but I realise that we live in astonishing times where the walls of party tribalism are collapsing. In my party we are getting used to working with Comrade Sir Digby Jones and Comrade Ieuan Wyn Jones in the Welsh Assembly, and we hope that that will be productive. I find myself agreeing with a great deal of the document on drugs produced by the Conservative party because it at least acknowledges the failure of drugs policy since 1971 in this country. I am gratified to know that fellow Conservative Members of the Council of Europe are at least likely to vote for a new convention on drugs that I hope will go through the Council of Europe in Strasbourg in September.

The Minister should give a response of apology and contrition, but those are not responses that politicians usually give so I am not too optimistic about that. Instead, we will possibly hear the continuous manic optimism about the war that we have had from the Government and the Opposition for a long time. As many hon. Members will remember, we went to war for a very good reason: to ensure that the Taliban could not protect al-Qaeda, who were in the country, and that was entirely justified in my view. We also went into the war because 90 per cent. of the heroin on the streets of Britain came from Afghanistan and a solution to that was promised. That is hard to believe now. The situation after six years and after we, British taxpayers, have spent £260 million on the eradication of narcotics is that we have the highest harvest of poppies ever—an increase of 59 per cent. last year.

Furthermore, the price of heroin on the streets of Britain is the lowest that it has ever been—and still 90 per cent. of it comes from Afghanistan. In no way can that record be described as a success. There were successes on the way, but we always took three steps back. That is the bottom line now, and no one can pretend otherwise with any conviction.

We are seeing the Colombianisation of Afghanistan; we should look at what happened in Colombia when we believed that we could cut off the supply of drugs. For an argument better than anything that I can provide this morning, look to Lord Birt's strategy unit report to the former Prime Minister, which said that it had not been done—it has never been achieved. If we did achieve a reduction in Afghanistan it would be the squeeze-balloon principle. There would be an increase in production in Myanmar, north Pakistan, Kazakhstan and so on, in the same way that reductions in Colombia, which have now been reversed, resulted in increases in production in Peru and Bolivia.

The problem is on the demand side. We, rather than the fields of Afghanistan, are sucking in the heroin and fuelling the problems on our streets in London, Chicago and so on. Afghanistan has suffered greatly because of our false policies and our delusion of omnipotence. The Minister spoke recently about this subject, so we know what he is likely to say this morning. He spoke about tackling corruption in Afghanistan—that is delusional. Anyone who seriously believes that they can eliminate corruption in Afghanistan—it is possible, but very unlikely that he believes it—should be treated and gently ushered away by men in white coats. It is totally unattainable. We cannot do it. Corruption is endemic; it has been there for centuries and will continue for centuries. Our other policies are very similar, and are not practical.

As I said, I support the presence of our troops in Kabul. Members present might recall a debate in Westminster Hall, in February 2006, before we went into the Helmand province. At the time, I believed that we had made great progress on reconstruction, women's education and so on. We should consolidate that progress, which I believe is possible. However, it is not possible to ensure that Karzai's rule extends to every corner of Afghanistan. Sending troops into the Helmand province was mission impossible, as it has proved to be.

Perhaps the Minister will reflect on his attitude when we went into Afghanistan. On 7 February, he answered a question about the progress that had been made on drugs. As always, his answer was true, but only partly so. He said:

> "Last year saw a 21 per cent. reduction in the area of opium cultivation in Afghanistan."

That is absolutely right. However, we saw only a 2 per cent. reduction in production. The area cultivated was cut down, but production went down by only 2 per cent. Since then, of course, things have got worse.

On the same day, I asked the Minister probably the most serious question that one could ask about this matter:

> "A 20 per cent. decrease in the area cultivated but only a 2 per cent. decrease in the amount of heroin produced: are we not on mission impossible, sending troops into the Helmand province, and will that not result, perversely, in an increase of violence that drives local farmers into the hands of the Taliban?"

That was a plea to think again given the risks that we were taking. The Minister's reply was a joke. It might even get a laugh this morning:

> "No, but with respect to my hon. Friend, his policies would lead that way. It is not enough to assume that if people eat the right kind of muesli, go to first nights of Harold Pinter revivals...and read *The Independent* occasionally, the drug barons of Afghanistan will go away."—[*Official Report*, 7 February 2006; Vol. 442, c. 727.]

That got some laughter in the House, but I do not think that the families of the 56 soldiers who died after going into Afghanistan, or those of the record number of people on our streets who die using Afghan heroin would find that very amusing. That was the flip response to the very serious requests and speeches being made. I believe that going into the Helmand province was a doomed mission, and said so at the time. That question needed a serious response.

Let us look at the figures. Before we were in the Helmand province, up to February 2006, we lost seven of our courageous troops, mostly as a result of accidents. Nearly all of the 56 who have died since we went into the Helmand province have done so as a result of conflict. And what do Ministers do when a policy cannot be defended? In a typical speech, I am afraid, in Washington, to an audience that I am sure was willing to be cosseted and comforted by his words, the Minister talked about an "holistic approach", a "joined-up rule of law", and a coherent, "comprehensive approach"—he mined deeply at the seam of clichés. Members do that. They do not come up with practical policies, suggestions for change or

[Paul Flynn]

expressions of regret at the lives lost and money wasted in Afghanistan, but attack it with a barrage of jargon and clichés.

The Minister came up with one glimpse of reality. He said:

"We are all aware of the reports suggesting there are some people in parliament and in the government—

of Afghanistan—

"with links to the trade."

Well, congratulations! As the hon. Gentleman knows, corruption in Afghanistan goes to the heart of Government. Not so much Karzai himself, whom we all admire, but the people he has appointed as police commanders and provincial governors are, in many cases, drug dealers, former warlords, warlords now, and, in one case, a paedophile. One man was singled out for praise last November in the House when I suggested that bad people were running Afghanistan outside Kabul. It was suggested that I was being disrespectful to Mohammed Daoud, whom the then Secretary of State for Defence described as a man of idealism on whom we could really rely. A fortnight later he was sacked and replaced by someone more acceptable.

If we really believe that we can root out corruption in Afghanistan—drugs and corruption are said to be two sides of the same coin—we are wrong. That is a mission that cannot be achieved. We must deal with the reality: we can defend the progress made around Kabul and the immediate area, but we will never succeed beyond that. There is absolutely no evidence that we can succeed. We know that in the Helmand province there is very little, if any, reconstruction, because non-governmental organisations will not go there.

Andrew George: It seems that the tribal walls are dissolving everywhere apart from in the hon. Gentleman's own party, between himself and the Minister. I know that the hon. Gentleman agrees that poppy production can and should be redirected towards the production of diamorphine. Bearing in mind his comments about corruption in Afghanistan, with which I agree as a policy approach, has he considered the practical challenges and basis for redirecting poppy production towards more constructive uses, both internationally and locally?

Paul Flynn: Yes, indeed. That idea was first introduced to Parliament in October 2005 in early-day motion 749, which the hon. Gentleman and I both signed. It is an instantly very attractive idea because, as we know, there is a shortage of morphine and codeine in the developing world. A person in a third-world country with a terminal illness has only a 6 per cent. chance of getting the comfort of morphine. There is a case for greater production, an approach that has been successful in Turkey where there has been a move from illicit to licit production.

The Government appear to be moving on the issue, although hon. Members should not be too encouraged by that, because the Minister will turn down the idea this morning, as the Government constantly have. Nevertheless, there are signs of common sense breaking through. However, there is no justification for the Minister having said in Washington that there has been real progress on drugs in Afghanistan over the last five years. There has not been any real progress, and the Government must first admit the abject failure of current policies.

The approach of the hon. Member for Bournemouth, East is absolutely right. The Government's position on that, as I understand it, is that it would not be a complete success, because some of the poppy production would escape from the poppy for medicine harvest to illicit markets. So what? It will happen anyway, because we cannot stop illicit cultivation altogether. As I said earlier, if we stopped it in Afghanistan we would have a squeeze-balloon situation in which production would be taken over in other countries. So the problem has to be solved here.

However, the hon. Gentleman's approach would at least represent a chance to have peace in Afghanistan and to win hearts and minds, rather than doing what we have done with bombs and bullets. People are right that there have been differences between ourselves and the Americans on that. We have lost hearts and minds in Helmand province, and we are going backwards instead of forwards, at the cost of 56 British lives—with more to come.

The poppy for medicine proposal is entirely sensible and well researched, and the Government should consider it. There is still uncertainty even now, when we are not making any effort to destroy poppies. When the Taliban first came they were opposed to poppy growth—the farmers know that. Later, however, the Taliban rather cynically discovered that they could use the money from poppies to buy armoured personnel carriers and rockets. So they decided that poppy growth was appropriate after all and that, like other grown substances, poppies were a gift of God—a gift of Allah—that could be used for good or evil.

We should warmly support the proposals made by the hon. Gentleman, and I hope that the Government will have the courage to follow the direction that he has signposted.

10.12 am

Mr. Nigel Evans (Ribble Valley) (Con): I congratulate my hon. Friend the Member for Bournemouth, East (Mr. Ellwood) on obtaining the debate. I shall use the discipline that you and I have learned in the Council of Europe, Mr. Hancock, and finish my speech in four minutes, to give other hon. Members an opportunity to speak.

My only reticence about my hon. Friend's suggestion is that it recalls the good old days of the Tory party conference when I was young. People used to speak against motions—such as for the return of the death penalty—because they did not go far enough. In the present instance, my only misgiving is that the pilot is just for one section of Afghanistan. If it is the right approach, it seems to me to be common sense that we should roll it out across the whole country. There are no two ways about it, the problem is huge.

This morning, I saw a BBC report about the eradication of the crop that referred to losing the poppy war. That is how it seems when we consider that Afghan farmers—or whoever it is—are chopping down the poppy crops by hand, yet we know how huge is the

country and how large is the expanse that is given over to poppy production. The results achievable through chopping poppies down by hand are just a drop in the ocean, and will certainly not lead to eradication of the crop.

Spraying has been suggested as an effective way to control poppy production. That happens in Colombia, and we hear the same sorts of complaints from Afghan politicians as from Colombian politicians, who said that they were against spraying of crops because of the potential health hazard to farmers. It is difficult to control where the spray goes and legitimate crops might be contaminated.

The hon. Member for Newport, West (Paul Flynn) intimated that corruption is massive in Afghanistan. Members of the Afghan Government speak against crop spraying simply because—for whatever reason—they are a part of the production problem. They are themselves corrupt and they are taking backhanders. Having said that, it is difficult to put oneself in the position of those who are up against the Taliban. The Taliban are terrorists who intend to kill people; they are there to make people's life impossible. None of us has to put up with the sorts of fear that farmers and other people in Afghanistan have to put up with. When the Taliban say "Jump!", the response is "How high?"

There is another analogy with Colombia. We must never forget that Karzai's Government does not have control of the entire country. I was part of a group that was taken to Medellin in Colombia, which is a city that the Government lost control of for a long time before regaining it. The fact that a country has one name does not mean that its Government have control everywhere, like the Government of the United Kingdom. Here, we introduce legislation and it is enforced fairly well throughout the country. That is not the case in other parts of the world, so a balance must be struck.

The suggestion made by my hon. Friend is a useful one. It was discussed at the Council of Europe, where it was also suggested that we buy up the entire poppy production of Afghanistan—a suggestion that you supported, Mr. Hancock, as did other Council of Europe members. The idea was that it would cost less to do that than to wage a war that we are losing. We know that the demand side is huge; some 11 million people are estimated to be addicted to heroin, of whom 3.3 million are in Europe, and I suspect that those figures are somewhat conservative. We must make a concerted effort to try to introduce policies that will be effective in Afghanistan.

I pay tribute to our troops in that country; they are doing a fantastic job. However, we should reconsider our policies on drug eradication, and my hon. Friend's suggestions go a long way to making concrete proposals that I believe will be effective.

10.17 am

Dr. Julian Lewis (New Forest, East) (Con): I start with a simple proposition, which is that the attempt to eliminate poppy cultivation in areas where security control has not been established will not succeed and is likely to fuel the insurgency. That has always been my view, and nothing that I have heard this morning has changed it.

There is a problem in our dealings with our American allies on the issue. I congratulate my hon. Friend the Member for Bournemouth, East (Mr. Ellwood) on securing the debate and on proposing imaginative ideas that will certainly bear fruit if applied in areas where a significant degree of security control has been established. He referred to General Jones, the former supreme allied commander at NATO, whom I had the privilege of meeting at the Royal College of Defence Studies last year. I do not know whether his views have since changed, but I was dismayed by his emphasis on poppy eradication even at the expense of winning hearts and minds. I felt that that was absolutely the reverse of the right emphasis for our activities.

It is a technique of unrepresentative, militant minorities down the ages—when they cannot succeed in convincing the mass of the population or even a significant sector of it of the rightness of their cause—to look around for some other area of activity that they can use to seduce people to their side. As a number of speakers have said, that is why the Taliban, having sought to suppress the poppy crop when they were in control of Afghanistan, reversed their position as soon as they lost control of the country. They did so, not as suggested by the hon. Member for Newport, West (Paul Flynn), with some of whose analysis I agree, because they wanted money to buy equipment, but because they wanted to create a common interest between themselves as insurgents and a vast swathe of the population that is economically dependent on the poppy crop.

I have made a distinction between eradication in areas where there is a degree of security control and eradication in areas where this no such control. In areas where there is no security control, we are in danger of allowing ourselves to be diverted from the primary strategic military goal of containing and eventually eliminating the insurgency. We did not go into Afghanistan to fight the drugs trade, and I would be surprised if many of the people who took the decision to go into Afghanistan knew—or, if they did know, even gave a moment's thought to the fact—that we would find ourselves cheek by jowl with the people who produce the crops that are behind a great deal of the drugs taken on our streets.

Paul Flynn: Has the hon. Gentleman entirely forgotten the rhetoric before the war? Dealing with the fact that Afghanistan was a centre of heroin production was not the main aim of the war, but it was certainly one of the sub-aims.

Dr. Lewis: No, I have not forgotten that, because I never heard it in the first place. I entirely disagree with the hon. Gentleman. I remind him that 48 hours before the attacks on the twin towers and the Pentagon, General Masood was assassinated by people who were clearly part of the conspiracy. Why did they assassinate the man who would undoubtedly have been Afghanistan's predominant and most effective leader in the event of an invasion? They did so because they knew that what was about to happen in America would inevitably lead to the invasion of Afghanistan because the conspiracy behind it was based there. Narcotics did not come into the question of the invasion at all, and if they did, they should not have done, because the

[Dr. Julian Lewis]

invasion was an attempt to respond to, and eliminate the source of, the dreadful terrorist attack that took place. We must not allow ourselves to be diverted from that aim, for precisely the reason that the hon. Gentleman twice mentioned in his speech: even if we succeeded in completely wiping out the poppy crop in Afghanistan, do we think for one moment that the laws of supply and demand would not lead to crops being sown and harvested in countries that were even more inaccessible?

Mr. Evans: Several colleagues have been to Afghanistan and know far more about the issue on the ground than I do, because I have never been there. However, is not part of the problem the fact that the drugs trade is so rife because the Taliban sell what is produced to carry on terrorism? Drugs are an integral part of the war against terrorism.

Dr. Lewis: The Taliban may make money from the drugs trade, but that is not what they need to carry on a successful insurgency. What they need is a number of willing recruits to keep the insurgency going and the support—passive or active—of a significant swathe of the population. The only way to defeat an insurgency, as we have learned over many years in a number of long campaigns, is to isolate the militants from significant parts of the population. If, by taking action to suppress the poppy trade, we create common cause between a significant part of the population and the militants of the insurgency—as we are—we will be sowing the dragon's teeth and making our eventual success problematic. We must focus on the primary aim, which, if we are talking about winning hearts and minds, must be to avoid at all costs doing anything that forces people who would not normally be inclined to side with the insurgents to do so.

In areas where we have established a reasonable degree of control, a scheme such as that suggested by my hon. Friend the Member for Bournemouth, East would be of great benefit because it would act as a beacon and an incentive and might even send signals to farmers in areas where we had not established security control that there was a better future to which they could subscribe. However, let us make no bones about the fact that, as I said in my intervention on my hon. Friend, even if a farmer wanted to sign up to such a scheme in an area where the Taliban were still running rife, the first thing that the terrorists would do would be to kill him to intimidate the rest.

Mr. Clifton-Brown: One point that has not been brought out in the debate at all is the fact that the problem of addiction is getting significantly worse in Afghanistan itself and even worse in Iran. Iran is co-operating with us on drugs eradication. Does my hon. Friend not believe that it is vital that we get a regional buy-in from both Iran and Pakistan if we are to succeed in Afghanistan?

Dr. Lewis: I certainly believe that just as the Taliban seek to create a common interest with that part of the population that is dependent on the opium trade for its living, it would be immensely politically beneficial to see whether a common interest of the sort that my hon. Friend describes could be used to strengthen relationships with neighbouring countries. I therefore entirely support what he says.

I revert, however, to my central point: if an insurgency is to be defeated, it is vital that we do nothing to increase the insurgents' appeal to large numbers of the population. We are engaged in a counter-insurgency operation, not a social engineering operation, and we must not confuse the two.

10.27 am

John Barrett (Edinburgh, West) (LD): I congratulate the hon. Member for Bournemouth, East (Mr. Ellwood) on triggering this excellent debate. All speakers on both sides have expressed an interesting variety of views, and although hon. Members have not always been in total agreement, their contributions show that everybody cares passionately about this subject.

If we were ever in any doubt as to the seriousness of the situation that we are discussing, the resignation of the Afghan counter-drugs Minister and the record opium haul announced last month bring the situation into sharp focus. The impact of the crop spreads from the mountains of Afghanistan to the estates of Edinburgh in my constituency, and anyone who has seen the film "Trainspotting" will know exactly what I am talking about.

The 49 per cent. increase in opium production in Afghanistan has set a new record in world production. The country now accounts for 92 per cent. of global illicit opium production, while more than 12 per cent. of its population is involved in poppy cultivation. The opium trade is worth about $3 billion, although only a fraction of that goes into the pockets of farmers. It is estimated that the opium trade makes up about a third of Afghanistan's total economy.

In a country as poor as Afghanistan, opium has a corrosive and corrupting influence on any institution that it touches. Other hon. Members will have read reports that some of the biggest drug barons are reputedly members of the national and provincial governments and even include figures close to President Karzai.

The scale of the problem is huge, and the question is how we approach it and what solutions we can offer. As other hon. Members have said, everyone accepts the scale of the problem, but there is major disagreement about the best way to tackle it. Eradication is one possibility, but a growing school of thought suggests that, as the situation deteriorates, the only course will be the aggressive eradication of poppy fields across the country.

The United States has been a key proponent of a more aggressive eradication campaign involving aerial spraying. If the only aim were to destroy the plants, perhaps that would be the best way to proceed. However, when between a third and a half of the Afghan economy depends on the opium trade, with 12 per cent. of the population involved and with unemployment already at more than 40 per cent., to adopt such a heavy-handed tactic would, in my view, be a social and economic disaster and would have massive knock-on implications for the security situation.

The sight of UK or US soldiers or even Afghan Government workers forcibly destroying crops and therefore livelihoods would provide an immediate

boost to the Taliban recruitment propaganda. UK commanders routinely warn that an aggressive, eradication-based approach would drastically worsen the security situation. In Helmand, British military commanders have consistently warned that attempts to eradicate the poppy crop without providing alternative incomes will simply increase hostility to foreign troops and boost Taliban support. I support British officials on the ground who say that their priority is to attack the drug traffickers and their laboratories before embarking on a programme to provide Afghans with alternative crops.

The option mentioned by the hon. Member for Bournemouth, East is very interesting. It is one argument put forward by the Senlis Council.

Mr. Ellwood: It is not the same one.

John Barrett: It is a similar argument—that there is a demand out there.

Mr. Ellwood: I am sorry to interrupt the hon. Gentleman's contribution, but I stress that my argument and the Senlis Council's argument are not the same at all. There is an overlap, in the idea of taking advantage of poppy crops that could be turned either into opium or into medicinal substances. The council wants widespread licensing—almost legalisation—of poppy growth. I believe that that is not the long-term solution for Afghanistan. The country is too unstable. In addition, the Americans would not buy into that at all, and if the Americans will not support a scheme it will not happen, because they are putting in the most money.

John Barrett: I take the point, and stand corrected. I believe that there is a degree of overlap, but I accept that it is a separate argument.

Paul Flynn: Does the hon. Gentleman think it sensible to listen to the advice of an American Government whose own regressive drug policy resulted in 2 million people in jail—mostly blacks and mostly for using drugs?

John Barrett: The issue of the demand in Europe and the United States is a key part of the problem, and I shall come to that.

Mr. Evans: The hon. Gentleman is generous with his time. Another aspect of the matter is of course providing alternative crops to the farmers, which means that the crops must be bought globally. I have always believed in trade rather than aid and that we should make certain that the new crops would have free access to the European Union and other markets throughout the world.

John Barrett: That point is very well made. I feel that I am eating into the time that I have for my speech, so I shall not respond in detail, but the points that hon. Gentlemen have raised are all well made. The issue is complicated, and hon. Members have helped this morning to open up questions that I hope the Minister will answer.

Another crucial issue to consider before attending to any proposals to move forward with the poppy trade in Afghanistan is the relative incomes of licit and illicit opium producers. The average annual income per poppy farmer in Afghanistan was estimated by the United Nations Office on Drugs and Crime at approximately $3,900 in 2003. In 2004, owing to the fall in opium prices at the farm gate level, farmers earned about $1,700. The average field size per farmer in Afghanistan has been estimated at about 0.4 hectares. By comparison, data collected in Turkey in 2003 suggested that the average net income per farmer involved in opium poppy cultivation was just $50 to $100 per year, with an average field size range between 0.8 and 1.6 hectares. That does not inspire faith that a controlled legal market for opium would be appealing for Afghan farmers, who could still make far more money trading in the illicit market. That market will still exist throughout the world, as many hon. Members have said.

It would also be extremely difficult to enforce any changes that that approach would require, such as the identification of specific farming areas where control measures could prove sufficient for prevention of diversion, and which would be licensed by the Government for that purpose. I do not think that anyone would suggest that there is the infrastructure in Afghanistan to enforce that. I am concerned that in a country where legal institutions are sometimes not even capable of keeping accused drug suspects in jail, changes would serve only to blur the lines between legal and illegal opium and would provide new opportunities for corruption. As has been said this morning, corruption is not exclusively the domain of the developing world. We need only consider what has recently happened in this country with kickbacks and bribes to know that it is a global problem.

Different approaches undoubtedly have their merits, but I suggest that the spiralling drugs trade in Afghanistan is a symptom of the wider problem of the lack of security, strong institutions and the rule of law. As such, I believe it cannot be looked at in isolation from wider political and security concerns and regional differences. I believe that any attempt to combat the drugs trade that ignores those bigger fundamental problems will be doomed to failure. UK support for strong governance in the country, together with sustained aid and redevelopment and the provision of alternative lifestyles, is vital.

The best hope of getting to grips with the opium trade is to win the battle for security in Afghanistan and assert the authority of the elected Government. Currently, the whole chain of government that is supposed to impose the rule of law, from the Ministry of the Interior to ordinary policemen, has been subverted. No matter what policy is decided in Kabul or in NATO, there will be no real change until the authority of the Government is increased. In that respect, the international community has a great deal to learn about the importance of involving the existing central authorities of the communities, the communal or tribal shuras or jirgas. It is there that, often, great authority is held. I believe that they will play a key role in any successful attempts to dissuade farmers on the ground from poppy harvesting.

To get to grips with the problem we need fully to understand why farmers grow opium. The annual opium poppy survey carried out by the United Nations

[John Barrett]

Office on Drugs and Crime illustrates the point. When it asked farmers why they cultivated opium, in most cases the reasons were to do with the high price of the commodity. When farmers were asked why they did not cultivate opium, the key reasons given in almost 50 per cent. of cases were religion, the views of the elders and other traditional decision-making powers. The rule of law featured only as a secondary reason, if at all. Not only does that brutally illustrate the lack of any kind of government authority in many regions, but it surely tells us that, realistically, any moves to offer farmers alternatives to opium must involve local traditional decision-makers in a central role.

Before we can hope to control the drugs trade in Afghanistan, we need a far better and more complete appreciation of the reasons why poppies are grown in some areas of Afghanistan and not in others. What is also is needed is a greater active commitment to, and steady progress on, the elements of the Afghan Government's national drug control strategy. Targeted eradication in places where farmers actually have a choice would be part of the programme, as would apprehending the big players rather than the petty traders. In the end, halting Afghan opium production also means reducing demand in Europe and other drug-consuming states. We in the developed world have to shoulder much of the responsibility for creating the demand for opium and heroin. Of the 11 million heroin addicts in the world, 3.3 million are in Europe. We have to accept that western society is fuelling the demand for opium.

Ultimately, any progress in Afghanistan is likely to be incremental and will involve a mix of targeted eradication and development, the stimulation of agriculture and the licensing of poppy growth. All those measures require the same elusive ingredient: a stable Government who control their own territory and borders. That is the key to controlling the drugs problem in Afghanistan. The drugs trade is a symptom of instability and unrest. Until that is tackled, any attempts to combat the opium trade will have little hope of success.

10.38 am

Mr. Keith Simpson (Mid-Norfolk) (Con): It is a pleasure to serve under your authority, Mr. Hancock. I warmly congratulate my hon. Friend the Member for Bournemouth, East (Mr. Ellwood). The matter that we are debating is an issue that he has taken up and driven forward with great effort and experience, and he is to be congratulated on what he has achieved.

I have a couple of general comments to make in addressing the issue, putting it into context and picking up points that several hon. Members have made. First, it is obvious from the language used by our ambassador, Sherard Cowper-Coles, and others, that if we are to succeed in Afghanistan, we are in for a long haul. People in Afghanistan and Pakistan are looking to see whether we, with the international community, are prepared to stay there for the long haul. If they think that we are not and suspect that what is happening in Iraq might happen there, they will not be prepared to do what we would like them to do and literally put their lives on the line.

Secondly, all hon. Members have talked about the sheer scale of the problems with security and dealing with the poppy crop. Those of us who have a little interest and background in the history of this kind of political situation and counter-insurgency campaign know that we are again talking about spending years trying to establish security and the authority of a legitimate Government. The question is whether the British Government, the British public and our allies are collectively prepared to put in that long-term commitment and to take some of the casualties that might be required—not only military casualties, but representatives from the Foreign Office and DFID, who have to go out into the field to carry out the kind of operations that we want.

Thirdly, it is interesting that General James Jones, who has been quoted on several occasions—my hon. Friend the Member for Bournemouth, East knows him well—said, when he gave evidence to the US Senate armed services committee on 1 March:

> "Afghanistan's most serious problem is not the Taliban, it is the alarming growth of its economic dependence on narcotics...The lead nation for this effort is the United Kingdom, and it is failing in developing and implementing a cohesive strategy to even begin to resolve a problem that will result in international failure in Afghanistan if not addressed".

Those comments prompt several questions, not least regarding the fact that the United States of America is the leading international partner in Afghanistan. One could also question whether its anti-drug policy helped to create a problem. Nevertheless, the Government must be only too well aware of the American attitude. I do not view that comment in a negative sense; instead, I take out the part about developing and implementing a cohesive strategy.

I hope that the Minister will specifically address drug policy and my hon. Friend's constructive suggestions. It would be easy to list all the reasons why my hon. Friend's proposals should not go ahead—we could all do that. Indeed, I have a long list of such points, with which I shall not bore colleagues, but, given that we are all floundering around trying to find a positive potential solution, the Government should seriously consider his suggestions.

Where I disagree with my hon. Friend—this is to do with the chicken-and-egg problem of establishing security while allowing local economic development—is that, with the best will in the world, it would be incredibly difficult to have licit production within Helmand province, because the security situation there is probably too poor. However, that does not mean that there could not be a licit scheme somewhere else in Afghanistan. Such a scheme might provide an example to the Afghan Government and to people who live in other parts of Afghanistan where the security situation is less good.

Several hon. Members have talked about taking an holistic approach to the situation in Afghanistan. We all know that no single issue or policy has tended to work in the classic examples of counter-insurgency, even in so-called successful campaigns such as that in Malaya. I say "so-called" because the main reason for the success there was that we gave Malaya independence. However, there was a degree of co-ordination, and things were done then that we could not possibly do now.

There is a list of things that we could do in Afghanistan. The hon. Member for Newport, West (Paul Flynn) will be cynical about this suggestion, but I have no doubt that there are about 20 or 30 leading, known drug traffickers in Afghanistan, some of whom might well be related to or members of the Afghan establishment. If President Karzai wants the international community to stay for the long haul, he will have to show real courage on this issue. If he does not, the international community will have to lock those people up and take them out of action to show others that if they continue down that route, they, too, will probably face the same situation.

Patrick Mercer: My hon. Friend's comments about the Government are fascinating, but I recently visited Afghanistan with my hon. Friend the Member for Cotswold (Mr. Clifton-Brown), and it was clear to me that the tendrils of corruption go to the highest levels inside the Afghan Government and penetrate to the centre of the Cabinet system. I applaud my hon. Friend's sentiments, but the idea of removing the people he is talking about would necessitate a collapse of the current Government.

Mr. Simpson: Yes, well, politics and war, as Major-General Wolfe said, before he was killed, involve an option of difficulties. I am saying that President Karzai might well have that option of difficulties. If we accept my logic and we are to have some success, we must remember that we are talking about the British contribution being on a long scale, lasting years. If we do not consider the possibilities and persuade President Karzai that he has to address these issues, the problem might ultimately be that we do not have a strategy, and British and American public opinion might then take the view that it is not worth the effort.

Paul Flynn: Does the hon. Gentleman believe that the situation in Afghanistan has far more in common with what happened in Vietnam than what happened in Malaya, and is likely to become a British Vietnam?

Mr. Simpson: No, I do not. I think that Arthur Balfour was right when he said:

"History does not repeat itself. Historians repeat each other."

As a former military historian, I am loth to use analogies, because they are often wrong. There is a serious crisis in Afghanistan, and this debate is about trying to find ways to resolve the problems. I hope that the Government will seriously consider the suggestions of my hon. Friend the Member for Bournemouth, East and use their good offices to persuade the senior member of the international coalition, the United States of America, that those ideas might be worth trying. They will not have a major, monumental impact, but they are positive, British and worth considering.

10.48 am

The Minister for the Middle East (Dr. Kim Howells): It is a pleasure to have you in the Chair, Mr. Hancock. I thank the hon. Member for Bournemouth, East (Mr. Ellwood) for securing the debate. His contributions are always thoughtful, and I appreciate the original ideas that he has expressed and developed today.

President Karzai has said that, alongside terrorism, drugs are the biggest threat to Afghanistan's long-term security and development. I do not agree with my hon. Friend the Member for Newport, West (Paul Flynn) on many things, but I agree that corruption is fuelled by drugs and has an organic relationship with them, but is not entirely about them. We have heard that there are endemic forms of corruption in Afghanistan that reach right to the very top, and we have to live with that situation.

Paul Flynn: Will the Minister give way?

Dr. Howells: No, I have only a few minutes to reply to this important debate and the points made by the hon. Gentleman.

Counsels of despair might say that there is nothing we can do, we might as well get out now and try to be more insular about things, but I do not believe that we can go down that route.

I know from my five or six visits to Afghanistan—I remember going to Lashkar Gar before any of our troops were there—that it is impossible to tackle its problems today if we put off dealing with the drugs menace until tomorrow. The issue that we are debating is how we deal with it. Drug-related crime and corruption are rife, permeating all levels of society. As we have heard, the drugs trade and the Taliban insurgency are intrinsically connected in the south; there is a common interest in resisting Afghan Government authority and international forces. Afghanistan is facing another year of very high poppy cultivation, driven by the prospect of higher cultivation in Helmand.

Despite the almost unremitting gloom that we have heard in this debate, there are signs that things can improve and are improving in other parts of Afghanistan, especially the north and centre. In such areas, we must continue to help the Afghan Government to sharpen the delivery of their national drug control strategy.

My right hon. Friend the Member for Birkenhead (Mr. Field) is no longer present, but I would say to him that there is a kind of facile wisdom—I am not sure whether that is the right way of expressing this—about alternative livelihoods. On my first visit to Afghanistan, I went to Feyzabad in Badakhshan province in the north-east of the country. It is a remote, beautiful area, where a farmer said to me, "Hang on a minute. You are rewarding the next farmer for growing poppy last year by giving him tools, fertiliser and seed. You are giving me nothing because I did not grow poppy last year." The notion that there is an easy formula about providing alternative livelihoods is nonsense. I have seen alternative livelihoods being provided. The idea that our Government and the 36 other Governments who are involved in Afghanistan do not understand that there must be joined-up approaches to these things is nonsense.

Paul Flynn: Will the Minister give way?

Dr. Howells: No, I will not. My hon. Friend has talked for long enough.

[Dr. Howells]

I have seen simple schemes that we have helped to pay for. We do not go around advertising the fact that the huge amount of Department for International Development money—£120 million—that is going into Afghanistan is being spent by Britain; we do not put British flags all over it. The money goes through the Afghan Government. I have seen small schemes, whereby mule tracks have been widened into roads that can take four-wheel drive vehicles. That allows fruit to get to market more quickly and more easily, without being bruised when it arrives, people to get a better price for it and so on.

Patrick Mercer: I take the Minister's point about the bleakness of some of the views that have been expressed. When I was in Afghanistan two weeks ago, I was struck by the views of the ambassador, some of the UN staff and a lot of the military staff. I was broadly told, "Soldiers may be dying, civilians may be dying, the drug crop may be increasing, but we are making progress. Look in the north. Look in the west."

Let us compare the situation with that of Northern Ireland. Remember how the cities of Belfast and Londonderry were improving, yet the border down in South Armagh was constantly turbulent. There is an analogy to be drawn. We are progressing, but it is costing lives and money.

Dr. Howells: I could not have expressed it better. We denigrate or ignore the progress that has been made at our peril. We could talk about many areas in this regard, not just Herat in the west, where I was shocked by the normalcy of life—trade was going on, there was prosperity and so on. In parts of Helmand, right in the middle of the turmoil, I have seen remarkable things happening. The sacrifices that have been made by our soldiers are not in vain by any means. A council of despair has told us that we are just another army dragged into another Afghan war, it will become our Vietnam and so on. That is an easy thing to say, but it does nothing to address the central problem.

We must be realistic in our expectations of progress. As the hon. Member for Bournemouth, East told us, tackling the production and cultivation of opium is a complex problem that requires a complex solution. As the hon. Member for Mid-Norfolk (Mr. Simpson) said, ridding Afghanistan of this curse will take a generation, perhaps more. It took at least 30 years to reduce significantly the opium crop grown in the golden triangle. When I was in Assam a few weeks ago, locals told me that heroin is pouring down from there back into Bangladesh. This is a long-term problem. Should we do nothing about it? The hon. Member for Bournemouth, East says no, and that there are other ways of tackling it. We must examine those.

There are no short cuts to ending the drugs trade. As the hon. Gentleman said, we must be wary of silver bullet solutions. I do not believe that they would work, because I do not believe that a silver bullet solution exists. His continued engagement on the issue of drugs in Afghanistan is most appreciated. He acknowledges the difficulties in proposals for licit production there in the present circumstances, and he has some interesting and thought-provoking ideas about how to address the problems. He has raised them with us today, and my officials are studying them. I want to put it on record that the Foreign and Commonwealth Office will take them seriously. I am particularly struck by the idea that we could consider a pilot project, because that is one way of testing whether an idea could work.

The hon. Member for New Forest, East (Dr. Lewis) said that we must be careful about the idea that large-scale licit production can take place in an area where there is no law and order and where one does not control security. Such a notion is spurious. We have heard about the huge markets for opiates and heroin that exist just across the border in Iran and in Pakistan. Large numbers of people are prepared to pay good prices. I have just come back from Quetta and the border town of Chaman, where I saw how incredibly porous the borders are and how badly equipped the Afghan frontier police are. There is a notion that this can be controlled as one might control licit production in Tasmania or Turkey. We have heard Turkey talked about as if it were Afghanistan. Turkey is not Afghanistan—Turkey is like a little New York compared with Afghanistan. Afghanistan is completely different—one has to go there to see it and believe.

The hon. Member for Edinburgh, West (John Barrett) touched on an important issue when he discussed "Trainspotting". There is still a glamour attached to drugs—to cocaine and heroin. Successive Governments have been trying to tackle that at home. Farmers and politicians in Afghanistan and Colombia tell me, "If there was no demand, we would not be supplying it." That is an important point to take on board.

We must examine all ideas and treat them seriously. I have almost no speaking time left, but I should say that we must continue to take a joined-up approach to this, as hon. Members have said. We must have certainty in respect of the money that is spent on development and on our attempt to fight the Taliban. The hon. Member for New Forest, East made the important point that we did not go to Afghanistan to stop the production and flow of heroin; we went there to fight the Taliban and to return the country to a state where it could live alongside, and as part of, the community of nations and not be a home for terrorists. Unfortunately, heroin is starting to finance those terrorists, so we must take both problems on at the same time.

Motor Insurance Database

11 am

Mr. David Jones (Clwyd, West) (Con): I am grateful to Mr. Speaker for allowing this short debate on the motor insurance database.

There can be no doubt that the problem of uninsured driving is significant in the United Kingdom. It is estimated that one in 20 cars on the road is driven without proper insurance, and according to the Motor Insurers Bureau the consequence is to push up insurance premiums for honest motorists by £15 to £20 per person per annum.

Since 1946, the bureau, of which all motor insurers are members, has been obliged to pay compensation for injuries caused by uninsured drivers, so the greater the number of uninsured drivers on the road, the greater the cost to the rest of us. Clearly, everything possible should be done to deter uninsured driving, and to punish those who drive without insurance, so section 165A of the Road Traffic Act 1988 was welcome. The measure was introduced into the Act by section 152 of the Serious Organised Crime and Police Act 2005. Under subsection (3)(c), a constable is empowered to seize a motor car if he

"has reasonable grounds for believing that"

it is being driven without insurance.

Such a power is eminently desirable, and was generally welcomed by all parties. The motor insurance database, which is maintained by the Motor Insurers Bureau, is key to the implementation of the powers in section 165A. The database was established to enable the UK to achieve compliance with the 4th EU motor insurance directive. That was implemented in January 2003, and required the UK to create an information centre to facilitate easy identification of the valid insurer of any vehicle registered in this country.

It can be readily appreciated what a mammoth task it is for the bureau to maintain the database. It stores details on individual insured vehicles, fleets, motor trade and self-insured entities, and currently holds no fewer than 33 million records. Fundamental to the maintenance of the database is the active participation of the motor insurance industry. *[Interruption.]*

Mr. Mike Hancock (in the Chair): Order. I am sorry to interrupt you, Mr. Jones, but I suggest that someone must have a mobile phone that is not completely switched off because it is interfering with the microphone system. Could everyone ensure that their mobile phones are properly switched off?

Mr. Jones: All motor insurance companies are subject to an obligation to submit data to the database within 14 days of the

"inception, change, cancellation, lapse or renewal"

of all motor insurance policies, and penalties exist for failing to provide such details.

By virtue of regulations introduced in 2003, insurers are liable to a fine of £5,000 for failing to provide information, for making a statement that is known to be false in a material particular, or for recklessly making a statement which is false in a material particular. The target time for providing data to the database will be reduced to seven days from the beginning of 2008.

According to a parliamentary answer, already,

"94.4 per cent. of all appropriate records are provided to the...database...within seven days."—[*Official Report*, 2 July 2007; Vol. 462, c. 924W.]

It seems at first sight that the database is being maintained to a highly accurate level. However, given that there are some 33 million insured vehicles on the roads and, based on the Department's figures, there is a 5.6 per cent. level of inaccuracy, it follows that the insurance details of around 1.5 million vehicles may not be accurately recorded on the database at any one time. That is hardly surprising because tens of thousands of motor vehicles change hands every day, and thousands of policyholders change their insurers to obtain a better deal. The consequences of such inaccuracy can be serious. I was first alerted to the problem, and was prompted to apply for this debate after I was approached some three weeks ago by my constituent, Mrs. Maureen Smith, of Rhos-on-Sea. Her story illustrates the difficulties that can arise from a database that is not accurately maintained.

Mrs. Smith had lent her car to her daughter, Mrs. Helen Parry. Mrs. Parry, who is 29, maintains her own motor insurance policy, which permits her to drive a vehicle owned by another person, with that person's consent. On her way home, which was only a few miles away, Mrs. Parry was stopped by North Wales police officers, who were apparently carrying out a routine check. The officers, on being given particulars of her identity, told her that a check on the database indicated that she was not insured to drive the vehicle. Mrs. Parry explained that, although the car belonged to her parents, she was insured to drive it under the terms of her own policy. The officers checked the database again and told Mrs. Parry that that was not the case because she was not insured, so they seized the car. She was relieved of the keys and was obliged to stand in the rain at the side of the road until her mother, the car owner whom she had called on her mobile phone, appeared on the scene. For the sake of completeness, I should mention that Mrs. Parry, who is a nurse, was at that time 20 weeks pregnant.

On arrival, Mrs. Smith told the police officers that, irrespective of their views of the legality or otherwise of Mrs. Parry driving the car, they were aware that she, Mrs. Smith, was insured to drive it and asked for her keys back. The police officers refused to return the keys, and Mrs. Smith was obliged to attend Llandudno police station, where she had to pay a £105 fee for the release of her own vehicle. At the same time, Mrs. Parry, her daughter, produced documentary evidence that she was indeed insured to drive the vehicle. By then, she had been issued with a fixed penalty of £200 and her licence had been endorsed with six penalty points.

To the immense credit of North Wales police, when they discovered the error, they arranged for Mrs. Parry's endorsement and penalty to be cancelled and for Mrs. Smith's £105 to be returned to her. To be fair to North Wales police, they went beyond the call of duty and presented her with a large bouquet of flowers.

It seems that the information provided by Mrs. Smith's insurers, Direct Line, to the motor

[Mr. David Jones]

insurance database, was erroneous, and I have since discovered that the details of around 400,000 motorists insured by that company had not been provided to the database within the required time frame, so it is unclear how many other policyholders have experienced similar difficulties. Direct Line told me yesterday that it has now supplied the required information to the database, albeit very late.

Another example of the problems that can arise from inaccuracies in the database was recently outlined to me by Mrs. Jane Groves of Liverpool. Last month, Mrs. Groves decided to change her insurer from Asda to the Post Office, naming her partner on the policy as an authorised driver. She did that by telephone, as many policyholders do. Two days after she had changed her insurer, her partner was stopped by the police, who had consulted the database and discovered that the Asda policy had been cancelled, but not that the new policy had been issued. Mrs. Groves's car was seized, and it was not until she received a faxed copy of her motor insurance certificate from her new insurer some two days later that she was able to recover her car. She also had to pay a release fee of £105, but so far has not had it refunded. Indeed, she may well never have it refunded because the seizure was legal as it was based on the information on the database.

I have asked the Home Office for the number of occasions on which vehicles have been seized under section 165A of the 1988 Act, but was surprised to be informed that that information is not collected centrally. I suggest that the Home Office should arrange to collate such information because I suspect that there may be a large number of such cases.

Indeed, another constituent of mine has contacted me to say that recently he had a lucky escape from such a seizure, and I have also been told of a wedding party in Sheffield which was deprived of its vehicle on the way to church because of a similar problem. I am consequently grateful for having had the opportunity to highlight the problem today.

I repeat that I consider section 165A of the 1988 Act to be necessary and desirable. The database is an essential component in the drive to rid our roads of uninsured drivers. They are a menace to others, and they cost honest motorists hundreds of millions of pounds per annum. The problem lies not so much with the database, as with the way in which it is used by the police, and the promptness with which insurers update it. It is accepted that the database will always be less than 100 per cent. accurate; that must be the case, and there are many reasons why.

At the lowest level, there is the inevitable administrative delay while the insurer supplies the necessary information to the database to record the issue of the new policy. That normally takes place well within the target 14 days. Indeed, the seven-day target, which will be introduced in 2008, is already met in the vast majority of cases. However, there have been occasions—I have been alerted to one such incident by a constituent of mine, Mr. Anstey, of Old Colwyn—on which the insurers have failed to provide details of the amendment to the database for many weeks after the policy was issued. I have already referred to what appears to have been a flagrant omission on the part of a major UK insurer.

Certainly, penalties exist for failing to provide the information, but such penalties should be imposed far more vigorously to ensure that insurers comply with their reporting obligations. Further, although penalties exist for failing to provide the information, or for recklessly providing inaccurate information, penalties do not exist for providing inaccurate information negligently. Police officers ought also to be aware of the problem of delay and to exercise a degree of common sense and discretion when, for example, the policy has apparently lapsed very shortly before the motorist is stopped. Mrs. Groves's case is a prime example, and in such cases, further inquiries ought sensibly to be made.

Police officers ought not to be heavy-handed in their use of the database. However, in many police forces there is a target-driven culture, with officers encouraged to amass a certain number of points during a particular period, and with a varying number of points given for various offences. Certainly, such a system prevailed in north Wales until recently. It amounts almost to an encouragement to police officers to seize the vehicle, issue the fixed penalty notice and leave it to the motorist to argue the toss later. That cannot be right.

Finally, I suggest that insurance companies that do not do what is necessary to help to maintain as accurate a database as possible by providing accurate information in a timely manner should be obliged to compensate motorists for losses incurred when a vehicle is seized as a consequence. The database, in short, should be treated as a very useful tool, but not as infallible; police officers should be told of the need to use it with discretion and common sense. There should, further, be uniformity in such guidance. Again, in an answer to a parliamentary question, I was surprised to learn that, at present, the issue is left to individual forces as an operational matter. If police officers do not use discretion, injustices of the sort experienced by Mrs. Smith, Mrs. Parry, Mrs. Groves and, I have no doubt, many others will continue to occur.

I am pleased to have had the opportunity to raise the issue in this short debate, and I look forward to the Minister's response to my points.

11.13 am

The Minister of State, Department for Transport (Ms Rosie Winterton): I congratulate the hon. Member for Clwyd, West (Mr. Jones) on securing this important debate. He has reflected very well the experiences of his constituents, who obviously suffered some distress.

It would be helpful if I first said a little more about the motor insurance database. As the hon. Gentleman said, it was established by the insurance industry in 2001 as a way of trying to tackle some of the problems of motor insurance evasion. Like me, he knows that our constituents are very worried about the issue. We receive numerous complaints from people who think that in their street, there is a vehicle that is not insured. The issue causes a great deal of anxiety, and it is good that a system exists to try to tackle it.

Until the end of 2002, the data on the database were provided on a voluntary basis by the industry, but in 2003 the Government approved the Motor Insurers

Bureau as the motor insurance information centre required by the European motor insurance directives. The role has been strengthened, because following on from that, it has become a statutory requirement for all insurers to provide the MIB with details of all motor insurance policies issued, together with details of all vehicles covered by such policies. There is also a legal obligation on policyholders to provide the requisite information.

The database is owned and operated by the MIB, which in turn is owned by the insurance industry. Apart from operating the motor insurance database, the MIB's other activities include processing claims from the innocent victims of uninsured drivers and untraced—hit and run—drivers, under agreements with the Secretary of State. The bureau also acts as the UK green card bureau, dealing with claims from accidents caused by foreign motorists visiting the UK.

The main uses of the database are, first, to provide to a person injured as a result of an accident with a motor vehicle, details of the insurance company involved; and, secondly, to provide information to the police for enforcement purposes to tackle the significant social problem of uninsured driving.

The hon. Gentleman set out clearly the bad experiences of his constituents, which resulted from incorrect data supplied to the police by an insurer. The problem also occurred as a result of the insurer failing to update correctly the motor insurance database. Such incidents are distressing, and it is right that we and the industry do everything we can to minimise the likelihood of their occurrence.

The provision of data to the MID is the responsibility of the insurance industry, but it has made substantial efforts to ensure that the database is fit for purpose. It is also true that the insurance industry is exceeding our current data submission requirements by delivering 97.5 per cent. of data within 14 days. Almost 99 per cent. of all new records are on the database within 14 days, and 94.8 per cent. of all appropriate records are now placed on the database within seven days. It is ahead of our expectations to meet the target of 95 per cent. by January next year.

The hon. Gentleman is right that we should be concerned about the accuracy of the database, and ensure that it is fit for purpose. Fit for purpose includes accuracy and timeliness, of course, but we must also consider its effectiveness in tackling known problems, and the effectiveness of the safeguards that are built in to ensure that, as far as possible, experiences such as those of Mrs. Parry and the other people whom the hon. Gentleman mentioned are kept to a minimum or, we hope, completely avoided.

If we consider the figures, it is worth remembering that the police make some 3 million inquiries per month on the database, which is more than one per second, and that more than 1,500 vehicles per week are seized for being used without insurance. The number of vehicles wrongly identified as uninsured is not known, but the police have assured us that such instances are rare, and fewer than a handful of cases have been brought to the attention of the Home Office or the Department for Transport since June 2005.

Our view that police seizure powers and their use of the MID are working well is strongly supported by the drop in the number of claims made to the MIB by the innocent victims of uninsured drivers. As the hon. Gentleman said, the database and the system are fulfilling their key aim. In 2006, the number of claims dropped by 4.2 per cent., and so far this year, uninsured driving claims have similarly decreased. I am sure that he welcomes that.

The database is also an integral part of the checking process for motorists wishing to use the Driver and Vehicle Licensing Agency's electronic vehicle licensing system, which depends critically on the MID. The system has made a difference for the 9.5 million motorists who have successfully used it. Our evidence so far suggests that the information provided by the MID is very good. For the police, it is proving extremely valuable in tackling the problem of uninsured driving.

As for safeguards, the police have every interest in not seizing vehicles incorrectly. Not only is it a waste of their time, but it incurs storage costs and creates bad public relations. We must accept that the police will do their best not to cause motorists unnecessary distress. The MIB helpline provides a quick way to obtain insurance information, but checks can still be made directly with insurers. The MIB also uses a system to audit individual insurers' update performance and seeks to enforce increasingly tight standards.

I think that the hon. Gentleman recognises that it will probably not be possible to avoid every single incident. We must be realistic in acknowledging that. We should also recognise that such unfortunate incidents should not detract from the MID's general assistance to the police in detecting uninsured drivers. It is always regrettable when a vehicle is seized in error, and I recognise the distress and inconvenience that it can cause, but we have one of the highest rates in Europe of uninsured driving. Seizing 1,500 vehicles a week sends an important message that people must be insured. Despite all that, he raised some important points, and I do not want him to think that the Government are in any way complacent about them.

Mr. Jones: Two of the cases that I described related to motorists whose details had not appeared on the database because of insurers' negligence. Does the Minister think that in those circumstances insurers should offer compensation, and would she be prepared to consider a statutory amendment to effect that?

Ms Winterton: I shall come to that point. The insurance industry itself has agreed a contractual Government power to levy a penalty of up to £250,000 on insurers who fail to meet their obligations to update the MID. The power has been exercised in several instances. In addition, of course, any insurer that persistently provides wrong or late data will certainly suffer bad publicity. Insurers should be mindful of that, because it affects their customer base.

The hon. Gentleman's suggestion that insurers should pay the costs of incorrect seizure is interesting, although its practicability would need to be assessed. We can all agree that there is every reason to encourage the insurance industry to get it right. With that in mind, I intend to write to the insurance industry about improving the submission of data to the database so as to minimise the type of problem that he mentioned and

[Ms Rosie Winterton]

to ensure proper compliance in future. I will pass on his suggestions, ask officials to explore them with the insurance industry and reply to him with the results.

The Government are committed to tackling uninsured driving. The hon. Gentleman will be aware that the Road Safety Act 2006 included powers for a continuous insurance enforcement scheme—a preventive scheme intended to minimise the likelihood of uninsured motorists using a motor vehicle—in addition to existing enforcement powers. My officials are working up plans for detailed regulations and will be consulting soon. I am sure that he will be interested in responding.

I hope that that reassures the hon. Gentleman that the Government take his points seriously. We will write to the insurance industry as well as undertaking wider measures to ensure that motorists take out insurance when they need it, because we are all aware of the distress that non-compliance can cause.

11.28 am

Sitting suspended until half-past Two o'clock.

Flood Prevention and Defence

2.30 pm

Mr. Mike Hancock (in the Chair): A number of Members have said that they want to speak and I shall endeavour to include everyone, but Members should bear in mind that the wind-ups will start at 3.30 pm, so that might diminish their chance of being called. I hope that any interventions will be short. If we all work together, everyone who has said that they want to take part will have a chance to do so.

Mr. John Grogan (Selby) (Lab): This debate takes place in the context of the devastating floods that affected much of the country in late June and early July, particularly my own region of Yorkshire and the Humber. Six people died, and according to the Environment Agency, 20,000 properties were affected by surface water flooding. More than 3,000 properties were affected by river flooding or a combination of that with surface water flooding.

This debate also takes place in the context of an increasing number of flood events—not only in the United Kingdom, but across Europe. The European Commission estimates that across the European Union between 1998 and 2004, there were 700 major flooding incidents, in which, sadly, 600 people lost their lives. Flooding is becoming more important on political agendas—not only in our own country, but across Europe.

Among hon. Members in the Chamber today, there is a great deal of expertise and local knowledge of these most recent floods and other flooding events that have affected various parts of the country, so I intend to keep my remarks as concise as possible and concentrate on five general principles.

I am secretary of the all-party group on flood prevention, which has met to discuss flooding problems since 2002. The first of the five issues that I want to raise is funding. Ministers are to be congratulated on increasing flood defence spending by more than £200 million to a total of £800 million by 2010-11. That was a speedy announcement. However, if we are honest we must say that if the floods had not happened, things would not have looked too good for the three-year spending review. Other officers of the all-party group on flood prevention and I have been meeting Ministers down the years; although major capital projects might have been protected, I was not too hopeful about flood maintenance being protected in the years ahead.

The new Secretary of State for Environment, Food and Rural Affairs, my right hon. Friend the Member for Leeds, Central (Hilary Benn) and his Ministers now have the task of persuading the Chancellor to front-load that increase into the early years of the next three-year spending round, starting in 2008. In my own region of Yorkshire and the Humber, the projections are that spending on capital flood defences, as opposed to maintenance—of £15 million this year—will go down to just over £11 million next year, but will be £20 million the year after, £21 million the year after that and then a whopping £46 million, but only in 2011-12.

We need to bring that expenditure as far forward as is practicable. My right hon. Friend the Secretary of State and his Ministers must also ensure that the

political focus and commitment to flood prevention last for years and do not ebb once the great floods of summer 2007 become part of political memory.

In 2000, there was a similar step change in flood defence spending following the floods of that year. Many communities benefited from improved defences—including Selby, whose £10 million defences will be completed next year. However, by 2005 the Government were cutting the Environment Agency's flood defence maintenance budget; at £35 million this year, total spending by the Yorkshire and Humber flood defence committee is still below its £40 million peak of two years ago. As a result, start dates for work on improved flood defences in communities such as Leeds, Doncaster, York and Tadcaster have been put back time and again. Fewer than half the county's existing defences are in a satisfactory condition.

In summary, the political task for my right hon. Friend the Secretary of State is to make it as politically unacceptable to cut the flood prevention budget as he did the overseas aid budget when he was Secretary of State for International Development.

I want to say one other thing about funding—that is, funding for the most vulnerable people, who did not have flood insurance because they could not get it or could not afford it. There must be many thousands of people in that situation. Again, the Government responded quickly; they said that there would be an extra £1 million for community care grants to buy the most basic essentials—cookers, fridges, new carpets, beds and bedding—for some of the poorest people in our society.

However, buried away in the Department for Communities and Local Government press release, issued on Saturday, was a statistic that to date—in the entire country, as I understand it—only £21,600 had been spent on such grants. Clearly, an awful lot of people are in need. Average flood damage for one house is estimated at £30,000. Now that the money has been allocated, it is incumbent on Ministers, particularly at the Department for Work and Pensions, to ensure that those eligible know about the community care grants and that they should apply for them. That means a lot of people, including everyone on pension credit—probably the majority of pensioners in those areas—those on jobseeker's allowance and those on income support. As officers of the all-party group on flood prevention, one or other of us will ask every week how much of that money has been spent.

Mr. Andrew Tyrie (Chichester) (Con): While the hon. Gentleman is on the issue of funding, I should say that I am sure he is aware that the southern end of my constituency is severely at risk of flooding from the sea and that nothing like enough money is being provided to protect the area. Worse still, environmental considerations are being used as an excuse for failing to find the necessary funding.

Does the hon. Gentleman not agree that the points system used to allocate funding is grossly inadequate? It is ludicrous that of the 44 points in the priority scoring system, both people and the environment should score 12 points—that is, both have equal weighting. Do the Government not need to address that? In most cases, people and their homes are surely worth far more than environmental considerations.

Mr. Mike Hancock (in the Chair): That should be the last long intervention. Members should be wary of the length of their interventions because of the number of people who want to speak.

Mr. Grogan: The intervention was interesting nevertheless, Mr. Hancock, and reflected a point made by the Audit Commission in its recent report. I shall rattle as quickly as I can on to my fourth point, which I hope deals with the many rural communities that find it difficult to get the necessary flood defences.

I move quickly on to my second point. Who is in charge, particularly in respect of surface water flooding? Like me, many hon. Members will have stood in meetings in villages, towns and suburbs. The basic question has been about which among the Environment Agency, the Highways Agency, the district council—Selby district council, in my case—the drainage board or the water board is in charge of the relevant ditch or culvert. I stood in the village of Saxton, where six people suffered from surface water flooding, only last Friday. I shall not go into the technical solutions for that particular culvert and ditch, but they are known. The real question is about who will be responsible for carrying them out.

Interestingly, during the height of the flooding, the Department for Environment, Food and Rural Affairs started a consultation on the very issue of who was in charge of surface water management. There is one particularly telling sentence, which I hope to find during the course of my remarks. Basically, its gist is that the Environment Agency is responsible when it comes to river and coastal flooding, but it is not at all clear who is responsible when it comes to surface water flooding. In a second, I shall refer to a massively good analysis in the document about how surface water flooding occurs. Five options are listed in conclusion; one is that there should be a single authority for dealing with surface water management—perhaps a local council or a local drainage board. There are analogies to be drawn with crime prevention. Councils are responsible for co-ordinating all the bodies to do with crime prevention. Either councils or drainage boards should be responsible for co-ordinating all the bodies to do with surface water management and storm water.

The document analyses the causes of storm water flooding, such as compacted ground in urban areas. In car parks, for example, 75 per cent. of the rain that falls runs off into the system. It would be 10 per cent. in other areas. The capacity of the below ground drainage systems is typically designed with a one-in-30 annual probability of overtopping. The probability for highways drainage is just one in five. Both above ground and below ground systems often cannot drain effectively into the rivers in times of storm. We do not have as many storage facilities, sumps and so on, as many other European countries. Pipes and culverts collapse or are blocked. Ofwat has said that the water companies should spend £950 million to try to deal with those problems but only 0.1 per cent. of our sewer network is renewed each year. The assumption is that our sewers will last for 1,000 years and clearly some of them do not. That causes problems.

Also, 40 per cent. of our internal drainage systems mix sewage and storm water in times of storm. That causes tremendous problems for many of our

[Mr. Grogan]

constituents. If one authority was responsible for dealing with surface water and storm water, or at least for co-ordinating the other authorities, that would be an advance. On planning, we need to consider who is doing the co-ordination. The Government have made the Environment Agency a statutory consultee for new developments. Perhaps they should go further, and when the Environment Agency objects to a development there should be an automatic public inquiry, like in Scotland, before that goes forward.

With the best will in the world, the Environment Agency's expertise is river flooding and coastal flooding, not surface water. Water boards often do not comment on individual planning applications. They might comment on a local development plan, but they do not comment on the sewage implications of quite major developments. Indeed, they do not have an incentive to point out the inadequacies of the drainage system because they would then be partly responsible for funding the upgrade. Under the Water Industry Act 1991, a new development can connect automatically to the public sewer and drainage system. If one body—possibly the local council, or the drainage boards in some areas—was responsible for dealing with surface water matters to do with both management and planning, that would be a significant advance.

I am aware of the passage of time, so I want to move rapidly on to three other points. First, as I represent a rural area I am aware of the role of farmers in helping with this problem and improving flood prevention. The right hon. Member for Suffolk, Coastal (Mr. Gummer) has been particularly vocal on the matter in recent weeks. My right hon. Friend the Member for Scunthorpe (Mr. Morley), who was a distinguished Minister with responsibility for flooding, has often spoken of the importance of flood meadows and of changing the incentives for farmers to manage their land so that they retain more of the flood water on agricultural land rather than letting it go into defended settlements. The Ouse water catchment strategy in my area is a model for encouraging that process and retaining more water in the dales and moors of Yorkshire rather than seeing it coming down rapidly into the settlement areas. The Environment Agency has to win hearts and minds when it adopts such a strategy. It has to win over farmers and provide the right incentives as well as to persuade communities such as Carlton in my constituency that the communities will be defended if there is a change of strategy. Nevertheless, it is an important issue to consider.

In reply to the hon. Member for Chichester (Mr. Tyrie), I mentioned that I would deal with the points system. Let me read the two lines from the recent Audit Commission report on "Building and maintaining river and coastal flood defences in England" that deal with that point:

> "Less densely populated communities, which may flood repeatedly, have received lower scores because the number of households affected or the economic loss is relatively small compared to the cost of a new or improved defence. The Agency expects to address this problem with a new scoring system based on outcome measures."

The Audit Commission does not go into any more detail. If the Minister could tell us when the scoring system will change and how it might affect rural communities, that would be of interest to many Members.

Secondly, in my area, we have tried to match funding in some communities. Following a campaign that lasted a decade and that was led by the parish council, the village of Elvington managed to get generous funding from both the city of York and the Yorkshire regional flood defence committee to fund a £400,000 scheme, which will be completed this year. It took an awful lot of effort and perhaps such joint funding could be encouraged rather more in the future than it has been in the past.

Paddy Tipping (Sherwood) (Lab): Villages in the Trent valley have been badly hit—small, rural communities. Is it not wrong that big urban areas should score on the point system while small local communities lose out? Ought we not to change the criteria for allocation?

Mr. Grogan: That is a telling point. The devil is in the detail on this, is it not? Hon. Members would be interested to hear from the Environment Agency about how it intends to change the point system so that the needs of rural communities are better catered for.

I promised to be as brief as possible, so I shall move on to my final remarks, which are about information. The Environment Agency and many other bodies, including insurance companies—notably Norwich Union—have provided much more flood mapping in recent years. It is a valuable resource for people who are buying houses, looking to see whether they live in a flood plain and so on. As the Environment Agency has provided that information, it should be made widely available free of charge. There is an organisation called OnOneMap that tries to provide information to new home buyers and has been told that it cannot use the Environment Agency's information. That information has been provided through taxpayers' money and I understand that OnOneMap is a reputable organisation. It should be able to use such information, because it is of interest to consumers.

As regards information from the insurance companies, we have to be grateful that we live in a country where the majority of people can get flood insurance—for example, in the Netherlands, one cannot get river or coastal flood insurance. That is partly because of the partnership between the Government and the insurance industry. The industry says that as a rule, if someone has a one-in-75 chance, or better, of being flooded, it will insure them. There are lots of anecdotes about people who find it difficult to get insurance, even when they live in such areas. The Association of British Insurers needs to chivvy along some of the insurance companies a little more and to make it more clear who can be complained to. I understand that people cannot complain to the Financial Ombudsman Service unless they have a contract with an insurance company. The insurance companies are doing a good job by paying out as quickly as they can, but given that they have reached that agreement with Government they, too, have responsibilities and they need to deliver on insuring homes that fall into that category.

I have found the quotation from annexe A of the consultation document, so rather than précis it, I shall read it. It states:

"While the Environment Agency has a general supervisory responsibility for coastal and fluvial flooding it certainly has no statutory role in relation to other forms of flooding and nor does existing legislation assign any specific responsibilities or duties. The roles of other organisations involved in flood risk management are also unclear."

That is beautifully put. I have confidence that my hon. Friend the Minister and my right hon. Friend the Secretary of State will battle tirelessly to ensure that flood management and flood prevention remain as high up the political agenda in the next few months and coming years as they are now and that they will resist any attempts by the Treasury to claw back any of the money that has been promised.

2.49 pm

Charles Hendry (Wealden) (Con): I congratulate the hon. Member for Selby (Mr. Grogan) on securing this timely debate. My constituency has not suffered in the floods of the past few weeks, but we suffered quite seriously in the floods of 2000, as did the neighbouring constituency of Lewes. The thoughts of my constituents are with the people who have been so terribly affected by the recent floods. Their hearts go out to them and they understand the devastation that has been caused and felt.

I wanted to make a brief speech to talk about what has happened since the 2000 floods and the lessons that can perhaps be learned from them. We were all terribly impressed by the immediate reaction. The then Minister, the right hon. Member for Scunthorpe (Mr. Morley), came down within days and toured the site. Shortly afterwards there was a meeting in Downing street, organised by the then Prime Minister, who brought in the leaders of all the affected local authorities and gave them an absolute commitment that lessons would be learned, money spent and steps taken to prevent such floods from happening again. He could not prevent it from raining—even that Prime Minister could not do that—but he promised to put in place relevant measures to prevent the flooding from happening again. We then had another visit from the then Minister, who echoed that promise at a meeting in his office to talk about the issues of concern. Since then absolutely nothing of concrete, literally, has been built to prevent future flooding. That is a great lesson that we must learn, because the same has been the case in many constituencies.

We had a consultation process and everybody agreed that what was needed was upstream storage to prevent a huge volume of water from coming into the town of Uckfield or the small surrounding villages that had been affected. A model was built, on which one hundred and something thousand pounds were spent, and it cleverly proved that if one poured water into the model, it would eventually come over the top somewhere. Without £100,000 being spent, we think that we could have told them that.

Now, nearly seven years on, there is a proposal for a small bund in the town, and I am encouraged by the approach that the Environment Agency is taking to that. It would stop minor flooding but not the type of serious flooding that we saw in October 2000. The reason why such flooding would not be prevented, we were told, is that we simply do not score enough points. Uckfield is a busy market town in the middle of Sussex, yet it does not score enough points because not enough houses were flooded. We need a system that takes into account the real needs on the ground.

Nearly seven years on, the flood risk remains and the likelihood has increased. We were told in October 2000 that flooding would be experienced once every 50 or 100 years but we now know that, with global warming and climate change, such events can be expected more regularly. People continue to have problems insuring their homes, because no defences have been put in place. Insurance companies have said, "We will insure your homes if money is spent on flood defences, but if not, we are not prepared to provide the insurance." The biggest employment area in East Sussex, the Bell Lane industrial estate, finds it difficult to attract new investment because of the risk that businesses may again be flooded and destroyed. Above all, we want the Minister to say today that he will honour the commitment that was made by the then Prime Minister and the then Minister that defences would be put in place to prevent such flooding from happening again.

I wanted to be brief, because I am well aware that many other Members wish to speak. In opening the debate, the hon. Member for Selby said that he wanted to ensure that funding did not ebb once the great floods of 2007 started to be forgotten. That is exactly what happened to many of our communities that were flooded in 2000—we feel that we have been forgotten. I hope that the Minister will be able to assure us that he understands the commitment that was made by his predecessors and intends to honour it.

Mr. Mike Hancock (in the Chair): Thank you very much, Mr. Hendry. It is very generous of you to be so quick.

2.53 pm

Dr. Richard Taylor (Wyre Forest) (Ind): I, too, thank the hon. Member for Selby (Mr. Grogan) for raising this timely matter. He reminded me of a meeting that some of us, as officers of the all-party group, had with a Treasury Minister almost exactly a year ago. Our pleas for a little more money for flood defences fell on deaf ears. I echo the hon. Gentleman's comments, and it is a little sad that we have had to wait for absolute devastation before getting more money. Having said that, I welcome the money.

In my patch, we have been relatively lucky this time, in that there have not been deaths or devastation on the scale suffered in other areas. I praise the defences that we have in place in my area. If and when we have further severe floods, I should like to invite the Minister to come and see, within a two-mile space, demountable defences, pallet defences and a bund, which are absolutely magnificent at protecting the town of Kidderminster from the River Stour, which floods frequently. The bund has a hole in it for the river to flow through, and the hole is big enough only for an amount of water that will not flood the town. The water flows back into an old marsh, where we will, I hope, see snipe breeding and kingfishers flying in the near future. The bund is a marvellous thing where geography allows it.

[Dr. Richard Taylor]

The defences have been no help at all with the recent flash floods. One housing estate in my constituency was devastated when 55 mm of rain fell on a relatively small hill and dashed down through the estate, under which is a culverted stream. The stream is called a critical ordinary watercourse, and I should like the Minister to explain what that is. It was certainly critical during the floods, because the culvert was entirely inadequate. The grids were partially blocked and were of the old style, blocking water as well as rubbish. I understand that there are new-style grids that block rubbish but let water come through over the top of it.

Another difficulty was that a road built at the outflow of the culvert acted as a dam, stopping the culvert discharging. Will the Minister ensure that all culverts—of critical ordinary watercourses and less critical ordinary watercourses—are examined for patency? It could not be all that expensive to renew the grids and make them of the new pattern that allows water through. I do not think that camera studies for patency would be too expensive. The Government should also consider, where geographically possible, the building of relatively small bunds to dam up the flow and protect culverted watercourses.

As well as the devastation of some housing estates, we had the absolute devastation of 45 places on the preserved Severn Valley railway. That has removed the major tourist attraction in my area and cut the income of people who depend on tourists coming to the railway. It is marvellous news that Advantage West Midlands has stepped in with a large sum of money to help restore the railway. Sadly, but quite understandably, that has been greeted with a fair amount of exasperation from people along the course of the railway whose houses have been utterly devastated and who are not getting the compensation that the tourist industry is getting.

The other huge problem is sewers, to which the hon. Member for Selby referred. I have been part of the all-party group on sewers and sewerage for some time, and I should like an update on the review of unadopted sewers, which cause tremendous troubles time and time again. I should also like a comment from the Minister on the help being given to the uninsured. Is there a survey of the number of people affected who were not insured? Are the people who were adequately protected able to renew their insurance at reasonable rates?

I have commented many times that I am puzzled about flood maps. The insurance industry's flood maps of the major river areas seem pretty satisfactory, yet in the press there have been condemnations of the Environment Agency's flood maps, implying that they are not the same.

2.59 pm

Mr. Graham Stuart (Beverley and Holderness) (Con): I, too, congratulate the hon. Member for Selby (Mr. Grogan) on securing this timely debate.

My constituency has been devastated by the floods. Four towns in my constituency—Beverley, Hornsea, Withernsea and Hedon—have been affected, along with practically all the village communities in between, such as Thorngumbald, Ottringham and others up and down Holderness. In fact, at one stage, residents of Hornsea were cut off entirely by flood waters and were unable to get in or out. We often refer to the isolation of towns such as Hornsea and Withernsea in our ongoing campaign to protect community hospital services.

The local area including Hull received one sixth of its annual rainfall in 12 hours. In case I move on to any suggested or implied criticisms of authorities, it is terribly important that we recognise just how devastating the downpour was and that, no matter what preparations had been put in place, there would have been some flooding, and some misery would have been caused.

My constituents and I believe that more homes were flooded and for longer than was perhaps necessary. Like other hon. Members, I am asking the Minister to look seriously at the issue and to ensure that lessons really are learned and that there is follow-through. We all know the reality of political life—we recognise that attention is given to something but then moves on. Therefore, we are looking to someone of the Minister's calibre and self-confidence at the Dispatch Box to maintain the issue at the level that it deserves and to see it through. I am confident that he, along with the Secretary of State, will do so.

I join other Members in offering my condolences in respect of those who tragically lost their lives, and I pay tribute to the heroic efforts—and there certainly were many—of those in the emergency and other services who went above and beyond what could reasonably be expected. Time and again, I met absolutely exhausted people from the council, from Yorkshire Water, from the Environment Agency and from the fire and police services working flat out. It was a real community effort. I also pay tribute to the community itself, which came together.

During the initial downpour, Humberside fire and rescue service received more than 3,000 phone calls and the police received a further 4,800 calls. When I toured the area on the first Wednesday after the flooding, I was struck by the generosity, kindness and unity of the people I met. Many people had to rescue each other.

One central issue for the Minister, which I believe has been taken on board—I have spoken to the Secretary of State about it already—is that no one agency is responsible for flood rescue. Clearly, that is ridiculous. The duty needs to be given 100 per cent. to the fire service, in my opinion. If the Minister has other ideas, I am sure we will all welcome hearing about them. The fire service needs to have the resources and equipment to ensure that its officers do not enter water in equipment designed purely for fighting fires. In fact, as I saw in Leven, boats were commandeered by local residents so that they could make rescues themselves, and that was despite the heroic efforts of those in the emergency services.

Hull, of course, has been terribly affected. The leader of Hull city council called it the "forgotten city". Within 48 hours of his doing that, the floods Minister was travelling up the M1 to visit the area, and he was followed 24 hours later by the Prime Minister. I note in passing that I invited the Prime Minister to visit my devastated area in the East Riding of Yorkshire, but, unfortunately, he was unable to do so. In the first week, I invited the Secretary of State as well, but he also has

been unable to visit. It would be appreciated if the Minister would come and visit our area, as people in east Yorkshire often feel neglected.

No one would begrudge the attention that is now being paid to Hull city council. It says that up to 17,000 homes—17 per cent. of the total number of households—have suffered damage, that more than 24 per cent. of the city streets have been affected, and that six Hull schools remain closed. It says that the estimated clean-up costs could run into hundreds of millions of pounds.

According to the East Riding of Yorkshire council, 2,500 homes have been affected. I do not yet know precisely the number of homes that have been affected in my constituency. The most conservative estimate is that at least 1,200 homes have been flooded out and have suffered severe damage. On the basis of the average figure given by the hon. Member for Selby of £30,000 per house, one can see that the cost of repairing damage to homes in just my constituency—an area that has not yet merited a visit by any Minister at any level—will be some £36 million. That is greater than the total regional budget for flooding, which, as the hon. Gentleman said, has suffered from cuts. I hope that the Minister will bear those facts in mind when he responds.

Much went right with the rescue and clean-up operations and, as I said, individual staff worked very well, but there was a distinct lack of communication and leadership, at least as perceived on the ground. I have spoken regularly to people from the East Riding of Yorkshire council. They feel that they have worked extremely hard—and I know that they have—trying to communicate through the local radio station, through the council's website and so on. The point that I would make to them is that if the people at the receiving end do not feel that they have been communicated with—if Withernsea and Hedon town councils, and the parish councils of Leven, Burstwick and other affected areas feel utterly isolated and alone—the communication strategy has not succeeded. I hope that it will be reviewed.

I shall quickly pick up on some other issues. Yorkshire Water, which is responsible for much of the surface water drainage and has many of the assets to deal with it, was not invited to silver command in Hull until Wednesday, even though silver command opened on Monday at the beginning of the floods. Yorkshire Water was not actually invited until later. That is a small issue but one that needs to be addressed.

There is certainly a feeling on the ground that people did not come prepared. I shall be interested to hear the views of East Riding of Yorkshire council as we audit what happened. No one could come up with a bottom-drawer flood response booklet. Even if they were not trained, at least they would have been able to come out and make assessments. If the sewage is down, do we need portaloos, and how do we get them to where they are needed? Equipment did arrive, and people did come together, but there was a sense that problems had not been anticipated and that, in many cases, solutions had to be found by local communities rather than by the authorities to which they were looking for solutions.

As the Minister knows, in theory, the police take leadership in a flood situation, yet there was some confusion between the agencies, at least as far as people on the ground were concerned. I wonder whether he intends to review the issue of who takes a lead. I am no expert, but my personal feeling is that the council—the community leaders—is the most appropriate body to take overall leadership. It has the greatest range of assets. There may be many reasons why that is not the right solution, but we need absolute clarity about who is in charge, and who is supposed to rescue and who is not.

I am aware of the limited time and I have probably gone on too long already, but I wish to mention funds. The East Riding of Yorkshire council is not a shroud-waving council. It is very measured in what it says and does, but it estimates highway damage at between £5 million and £8 million. It lost a bridge at Spittal, highways and verges have collapsed, and ancient springs that have not been seen for a long time have burst forth. As the Minister knows, of the £14 million announced by the Prime Minister, £1 million has gone to the Department for Work and Pensions for, I imagine, some emergency help, £3 million has been put into highways, and £10 million is available for general purposes. Given that £5 million to £8 million is required in the East Riding of Yorkshire, we can see that the money is inadequate.

Six schools have been closed, five of which are not expected to open in September. Transport costs in a rural area such as the East Riding are immense. The costs of finding alternative accommodation are immense. The costs are huge. Where is the money to come from, and what will happen? The funding for the East Riding of Yorkshire council education authority is the fourth lowest in the country. Perhaps it has been driven by its financial needs, but it is recognised as the best financially managed authority in the country. What is it to do? If it redirects its capital budget, it will have to close down other programmes, which will impact on performance. If performance is affected, there will be cash implications.

I hope that the Minister will carefully consider the ongoing impacts, and that today he will commit to conducting an audit or assessment—I suppose that initially it will have to be a rough assessment—of, for instance, the damage to highways and other public sector assets. Once that information has been put together, I hope that he will make a commitment to give a funding boost to local transport plans in this year. That would probably be the appropriate way to deal with the matter.

Can the Minister also tell us what constraints there are on the supply of services? There is a limit to the number of contractors. The danger is that there will be sky-high prices if all the money is given this year, and that money will be wasted. Again, I would be interested to hear the Government's response. Perhaps the work could be phased in over two years so that we can ensure that public money is best spent to that effect. I would be interested in the Minister's views on that. I certainly support the view of the hon. Member for Selby that surface planning should be looked at by only one authority, whose only interest and incentive is to get things right and which has no conflicting interests.

There is also the important issue of the insurers, which I hope that the Minister will take on board. Whole streets and estates have been flooded out and

[Mr. Graham Stuart]

ruined. The Government have been working with the Association of British Insurers, and the East Riding of Yorkshire council has provided accommodation for the insurers so that it can work with them. It is working with them on planning issues to ensure that whatever needs to be done to help people can be done sensibly. However, the insurers all have different ways of working; they are bureaucracies, and some are less flexible than public bodies. Where whole estates have been taken out and there is a shortage of contractors, it could take 18 months or two years to deal with the problems. If we do not have a rational system, it will not be this Christmas, but next Christmas before we get people back in their homes. Can Ministers work with the insurers, bang heads together and get companies to act in a united way? It must surely be cheaper for a contractor to come in and deal with the whole estate at once. That will also cut down on the costs involved in subsidising people to live elsewhere and it will certainly be good for people. If the Minister can play a role in that, that, too, would go down well.

My last point relates to the Environment Agency. I hope that the Minister will have a close look at the issue of Burstwick drain. The internal drainage boards have been saying for years that the silt at Hedon Haven, where the outlet is, is not being removed, so the drain does not empty properly, even at low tide. We have a highly tidal system, of course, so although the water will flow out at low tide, it will stop and back right up at high tide. The outlet has not been de-silted properly and the doors failed. The outlet was also designed to have pumps, but none has been installed. It took till the Friday for a large pump to come up from Somerset, and it was Friday evening before it was working effectively. There was a real danger that there would be more flooding on top of the misery that had already been visited on so many villages and on Hedon town. I hope that the Minister can look at that and at the fact that, according to the internal drainage boards, the drain has not been properly maintained.

I have put many questions to the Minister and I appreciate having had the opportunity to ask them.

3.12 pm

Ms Angela C. Smith (Sheffield, Hillsborough) (Lab): Let me start by making it clear that there was damage and suffering across the country, which should remind us all of the importance of not claiming precedence for any one area in terms of its suffering. In that sense, it is unfortunate that Hull has claimed to be the forgotten city, because many areas have suffered serious flooding, and they include not only Hull, but the north and south banks of the Humber, Sheffield, Rotherham, Barnsley, Doncaster and elsewhere. We are all in this together, and it is important to remember that.

Let me refer briefly to what happened in Sheffield. I want to do so partly to place that on the record; we have so far been unable to do so. I note that my right hon. Friend the Member for Sheffield, Brightside (Mr. Blunkett) is here today. It is important that we put what happened in Sheffield on the record because it underlines the significance of this debate about flood defence and flood prevention.

The industrial damage in Sheffield has been well documented in the media. Corus had to close. Georgia-Pacific, a paper mill in my constituency, is now up for sale. Cadbury Trebor Bassett was also affected. Meadowhall, one of the biggest retail malls in the country, is still suffering and is now only partially open. Furthermore, it is often forgotten that hundreds of smaller engineering companies depend for their business on larger companies such as Forgemasters and Corus. Some of those smaller companies were also underinsured.

Many jobs in the city are at risk. The city has regenerated over recent years and desperately needs the help promised yesterday by the Secretary of State for Business, Enterprise and Regulatory Reform. Those jobs are critical; indeed, the most important point over the long term is probably that we preserve them and prevent them from disappearing. The future of South Yorkshire's economy is at stake.

It is often forgotten in all this that small charities and community centres are badly damaged in such circumstances, and they are not always well insured. The Newton Hall community centre in Chapeltown in my constituency was flooded twice, on Friday the 15th and Monday the 25th. People there are now worrying about whether they can continue their good work in the local community. In addition, the A6102 Middlewood road north suffered a 60 ft landslip and will, even with the best of efforts and immediate funding—the funding needed for just that one small stretch of road is in the region of £2 million—not be open until 2008.

One old people's home in my constituency was evacuated twice, on Friday the 15th and Monday the 25th. Its residents are dementia sufferers, and their distress will be obvious to all, so I do not need to explain it. On top of that, a nursing home in Stocksbridge was flooded on Monday the 25th.

There were moments of light humour. One woman in Winn gardens described to me how she found a frog on her mantelpiece once the flood water receded, and my right hon. Friend the Member for Sheffield, Brightside will remember that. However, residents from Mill lane, Deepcar, and Station road, Oughtibridge, were evacuated from their homes, and they are still not back. Most seriously of all, Falding street in Chapeltown was flooded twice, on Friday the 15th and Monday the 25th. It was flooded not by the River Don, but by a local beck, and that underlines the seriousness of the situation. The cause of that flooding appears to have been a blocked culvert, which underlines the point made by the hon. Member for Wyre Forest (Dr. Taylor), and I shall return to that later.

There were heroes in all this. An individual called Craig Stenton not only rescued a boy from the beck in Chapeltown on Friday the 15th and saved his life, but rescued a local family from Falding street on Monday the 25th. Members of the family could not get out of their house, so he took them out on his shoulders and in dinghies. There were heroes, and the situation brought out the community spirit.

What do we need to do? There are several things that we need to do, and my hon. Friend the Member for Selby (Mr. Grogan) underlined many of them. First, we need a rigorous reassessment of the flood risk. I got some maps for my area from the Environment Agency website. I live at the top of the Don valley and I am

told that my flood risk is 0.1 per cent. That proved to be true on Monday the 25th. The residents at the top of Winn gardens were told that their flood risk was low, and that, indeed, proved to be the case, because the flooding of Winn gardens stopped halfway up the estate. The people at the bottom of Winn gardens were told that their risk was very high—so far, so good. The people of Falding street, however, were told that their risk was moderate, and of all the residential areas in Sheffield, theirs suffered the most. They have nothing left of their homes—their floorboards and everything else has gone. I visited the area twice, and the memories of what I saw—the raw emotions of the residents of Falding street—will remain with me for ever. So, too, will the bitter taste that the contaminated mud and muck left in one's mouth.

People who live close to rivers, becks, streams, the sea and the coast need the best possible information and assessments from the Environment Agency. We therefore need a reassessment—perhaps in recognition of climate change—of what the genuine risk may be. That risk needs to be more widely publicised, and we need a debate about the issue. The Department for Environment, Food and Rural Affairs also needs to front-load its spending on flood defence and flood prevention. However, it needs to allocate that budget according to a rigorous assessment of risk and in a transparent manner—we need a debate about what is necessary and where the priorities are.

If we had asked any citizen of Sheffield whether they thought that they would ever be flooded, they would have said, "No, we live on a hill." Sheffield is built on seven hills, and nobody thought that it would ever be flooded. We have never suffered this before. The only other great flood in Sheffield was in 1864 and was the result of a dam bursting its banks because it had not been properly engineered or finished. However, we have never suffered before the flooding that we experienced recently and we need a reassessment of the risk.

We need to do more to make home owners and tenants aware of the level of risk that they face, and to give advice on how to minimise that risk. A pilot scheme is under way at the moment involving a £500,000 flood resilience grant from DEFRA. That is being tested and entails advising people on how to protect their homes from flood with water-resistant floors and walls, putting sockets higher up the walls to protect the electrics, and so on. Members of the House need to be made aware of the outcome of the pilot. If it proves to be a worthwhile exercise, and to save money in floods, we should roll it out, and I look to DEFRA to provide the funding.

We need to examine water management infrastructure again. My hon. Friend the Member for Selby pointed out that drains are the responsibility of local authorities, rivers and becks are the responsibility of the Environment Agency, and sewers are the responsibility of the water boards. That does not make sense. We need an over-arching body to oversee the maintenance of those waterways, and I agree with him that the local authority is probably the most appropriate body. However, we need to reconsider how effectively local authorities maintain their drainage systems. The comprehensive performance assessment includes in its performance indicators the cleanliness of public space and the condition of unclassified roads, but not the maintenance of the drainage system. My hon. Friend the Minister was a local government Minister so he may understand what needs to be done about that. Perhaps he will pass the message on.

We need a flood defence strategy that gives the necessary protection and gives insurers no excuse to refuse insurance to anyone in this country who lives in a potential flood area. We need to work with the insurance companies to ensure that they stick by their statement of principles and that the Government's work is, if hon. Members will excuse the pun, watertight, with the result that the insurance companies will come up with premiums that are manageable and affordable for everyone.

I live in S6 in Sheffield. I phoned up for a renewal of my insurance policy last week and was refused insurance even though my flood risk is less than 0.1 per cent. DEFRA needs to do something to ensure that the Association of British Insurers gets a grip on what is happening with insurance companies, and that they stick by their statement of principles.

Finally, I want to mention the moorland management project that my hon. Friend the Member for Selby referred to. It is true that much of the water that came down the River Don on Monday 25 June originated in the Peak district. We have degraded our blanket bogs to the extent that they are now emitters rather than absorbers of carbon. They have been drained, over-grazed and polluted by the acid rain from Manchester and Sheffield, and, although my hon. Friend the Minister lives on the wrong side of the Pennines, he at least understands the problem. DEFRA needs to put more money into moorland management and the restoration of the blanket bogs, because, more than anything, along with adequate drainage systems and flood defences, it is the restoration of our natural moorland habitats in the Pennines that will probably protect large parts of the urban populations in the north.

Mr. Mike Hancock (in the Chair): We have eight minutes, so, if the remaining two hon. Members who want to speak before the Front-Bench spokesmen take four minutes each, everyone who wanted to will have been able to contribute. Can we play fair by each other?

3.23 pm

Norman Baker (Lewes) (LD): I shall do my best, Mr. Hancock.

Mr. Mike Hancock (in the Chair): No; I hope that you will stick to the four minutes, to be fair to everyone.

Norman Baker: Yes, I agree that we should all try to give each other fair time.

I welcome the remarks of the hon. Member for Selby (Mr. Grogan) and congratulate him and the hon. Member for Wyre Forest (Dr. Taylor) on their work with me on the all-party group on flood prevention, which has been very useful.

I entirely endorse the points that the hon. Member for Selby made, and do not need to go through them again. Suffice it to say that I associate myself with his remarks and the five points that he made, which were well put together. Although I was planning to make

[Norman Baker]

comments on a general basis, wearing my all-party group hat, I shall, given the time, limit myself to comments about my constituency.

I want to associate myself with the comments of the hon. Member for Wealden (Charles Hendry), who said much of what I would say, substituting Lewes for Wealden. In 2000 we had some severe flooding and everyone in Government was caught unawares. The then Deputy Prime Minister said that he had had a wake-up call, and we were promised all sorts of action. I am sad to say that that has not materialised. The DEFRA budget was under considerable pressure from the Rural Payments Agency fiasco and foot and mouth disease, and the budget was cut. It is very welcome that £200 million more has now been provided; it is good that the Government have done that. However, we need more, because the money put into flood defences is more than repaid by the avoidance of floods. The cost-benefit ratio is enormous. When floods happen, as they have in Hull, Sheffield and elsewhere, the cost to the public purse is fantastic. Money spent on flood defences is money well spent, and I am surprised that the previous Chancellor did not identify that.

Hugh Bayley (City of York) (Lab): Will the hon. Gentleman give way?

Norman Baker: I do not think that I can.

Mr. Mike Hancock (in the Chair): I ask hon. Members to be fair to each other.

Norman Baker: We must not lose sight of the issue, now that it is once again high on the agenda.

Lewes has been divided into six cells, only one of which has been dealt with, despite the fact that the floods were enormous and caused mass devastation with hundreds of people out of their homes. The flooding devastated the financial centre of the town and even now only one cell of the six has been repaired. The Cliffe area in the middle of the town, which is its financial and shopping centre, has not been protected, because the points system says that not enough people live there. It does not matter that the whole town depends on the Cliffe area; the points system does not allow it to be dealt with. That is a disgrace.

My message in the four minutes that I am allowed in the debate is that the people of Lewes were given a commitment in 2000. We were told that the needs of Lewes were recognised, as were those of other communities that had been flooded. That commitment, following the then Deputy Prime Minister's wake-up call, has not been adhered to. He rode off into the sunset, and Lewes is still without flood defences.

I want to hear from the Minister, first, that the Government will give more attention to adaptation, because although they have rightly talked quite a lot about climate change and getting carbon emissions down, they have not focused enough on adaptation measures to deal with the climate change that is inevitable. Secondly, I hope that he will say that he recognises that communities were flooded in 2000 and that they need to be dealt with. We all greatly sympathise with the communities that were flooded in 2007, which must be dealt with too, but let us not forget about those that were flooded seven years ago, which are still waiting for action.

3.27 pm

Mr. John Greenway (Ryedale) (Con): You and I, Mr. Hancock, are used to having only four minutes to speak, from serving the Council of Europe. It is a good discipline. I agree with almost everything that has been said this afternoon, and I will not repeat it.

I want to begin on a positive note, by saying that the flood defences in Malton and Norton that were installed following the terrible floods of 1999 and 2000 actually work. Malton and Norton were not flooded on the occasion of the flooding in North Yorkshire two or three weeks ago. Sadly, the same cannot be said about the town of Pickering. Like Malton and Norton, it was to have a flood defence scheme following what happened, particularly in 2000, but no such scheme has been built. Pickering has now been flooded no fewer than six times in nine years, and the most recent flood was the worst of all, with many more properties affected, including many that had never been flooded before.

A flood alleviation scheme for Pickering is gathering dust on a shelf in the Environment Agency in York. It will take some time to design, let alone build, some of the flood defences that will be necessary after what happened in the past three or four weeks, so some of the new money could be directed, I should have thought, at schemes that have already been designed. I honestly feel that it is Pickering's turn.

I want to make four points about future policy, because this is a debate about policy. First, we must have regard to frequency in relation to where we build flood defences. We need to treat the smaller market town communities equally, and not be diverted into thinking that because more homes were flooded on the most recent occasion of flooding, all the money should go to the urban areas. That is the worry of my constituents in Pickering. Secondly, we need imaginative solutions. A diversion costing £50,000—which has been put to the Environment Agency—would have saved nine homes and two businesses, I understand, from being flooded in Pickering this time. Yet the flood damage is far more than the £50,000 it would have cost to build it, which shows that we need to be more imaginative.

Thirdly, there is no question but that river management and maintenance must be improved. The maintenance of the River Derwent is little short of a disgrace. A farmer came to see me on Saturday and asked whether I had realised that the water was not draining away from the Derwent basin. I said that I had noticed that there was a lot of flooding in the fields, which is ruining the wildlife. The farmer then told me—I have asked for this to be verified and maybe the Minister can help us find out the answer—that the Kirkham sluice gates are now permanently closed because of disrepair. If that is the case, it is completely unacceptable.

We need to manage waste water and sewerage better. There is much policy discussion these days on combating global warming and climate change, and rightly so, but we are doing nowhere near enough to

counteract the effects of climate change. This matter is urgent and is doing huge economic damage to our society. Restricting capital resources in the way that Government policy does, is a false economy. There are at least £1.5 billion worth of insurance claims, but they will not give everybody restitution. Money spent on flood defences would secure people's homes, prevent damage and give people the security and dignity of knowing that they will avoid this experience in the future.

Mr. Mike Hancock (in the Chair): You have one minute, Mr. Bayley.

3.31 pm

Hugh Bayley (City of York) (Lab): I am pleased that the Prime Minister has announced that the budget for dealing with floods will increase by £200 million. That was the size of the total flood budget at the time that the Labour party came to power. However, a larger increase is still needed, for which I hope that there will be cross-party support.

I shall say one thing about the case for public funding. Some community benefits cannot be bought by individual citizens, for example public health or environmental protection. Protection for flooding is a clear example of that. In a terrace of houses, one householder cannot protect himself from flooding, and the same applies to communities as a whole. There is a case for social solidarity in relation to this issue; we all benefit, so we should all contribute. There is a misunderstanding about that approach because people sometimes say that those who live at the headwaters of a river face no risk of flooding and therefore they are not included in the national bargain. However, of course, they are at risk because the water that falls where they live flows down the river. It is the river that keeps them dry and it flows through downstream areas. That is why everyone in the country has a mutual social benefit in having decent flood protection and alleviation measures in place. That is also why there is a case for yet more public expenditure on this issue.

3.32 pm

Chris Huhne (Eastleigh) (LD): Thank you, Mr. Hancock, it is a pleasure to serve under your chairmanship. I will try to be as brief as possible to give the Minister time to reply to the many interesting and important issues. I have two key points to which I should like the Minister to respond.

The first key issue is that of the co-ordination of flood defences and flood prevention. The reality is that in many areas there has clearly been surface water flooding. For example, in Hull, which I visited last Tuesday, the floods were simply caused by an enormous inundation—4 in—of rainfall in one day. Monsoon levels of rainfall overwhelmed an already high water table caused by the large amount of rain in the previous weeks and overwhelmed the drainage system. In addition to that, I am told—I would like confirmation from the Minister on this—that one of the pumping stations operated by Yorkshire Water could not operate at full capacity because it was not proofed against the inundations suffered in that area.

There are a number of clear lessons to be learned. One is that we need to bring the water companies into the planning process and ensure that it is properly co-ordinated. Local authorities, drainage boards, the Environment Agency, the water companies, and therefore Ofwat, all have a responsibility for prevention and flood defence measures in low-lying areas. The hon. Member for Beverley and Holderness (Mr. Stuart) pointed out that Yorkshire Water was only invited to silver command on Wednesday and that there has not been joined-up thinking between the relevant bodies. The truth is that the Government were aware of that some time ago because in March 2005 in its first response to the Autumn 2004 consultation exercise "Making Space for Water" the Government clearly stated:

> "So as to facilitate an holistic approach that is risk-driven, the Government will work towards giving the Environment Agency an overarching strategic overview across all flooding and coastal erosion risks."

That must obviously include surface and ground water flooding. The timeline at the back of the Government's response clearly states that there should be an

> "Extension of Environment Agency's strategic role to other forms of flooding and coastal erosion—legislative and organisational considerations"

and a consideration of the impact. The timeline for that was due to finish at the end of 2006, but such is the revolving door of Ministers going through the Department for Environment, Food and Rural Affairs—usually on promotion to the Foreign and Commonwealth Office after some incredible mishap—it seems that nothing has happened about completing that. I know that the Minister is new to his role, but it is terribly important that he does not just say what the Government said in 2005, but that he delivers the joined-up co-ordination that is required.

The second point that I shall make in the one and a half minutes remaining to me concerns the budget. The truth is that last August there was a £14 million cut in the flood defence budget. We know the consequences of that from the evidence that Barbara Young, the chief executive of the Environment Agency, gave to the Select Committee on Public Accounts. She said:

> "one of the casualties of our cuts mid-year last year was the pace at which we were able to do catchment flood management plans."

Ultimately, that had an effect on capital expenditure because there were delays in, for example, feasibility work. Whenever that has been raised in the House, Ministers say, "But the capital budget was not cut." That is a disingenuous response because the truth is that the overall flood management budget was cut. I am told, and it has not been denied by any DEFRA Minister in either of the two statements that have been made, that the Treasury was on the prowl and was waiting for more cuts just before the latest floods. Indeed the Environment Agency sent out to the regional boards a document requiring them to plan on

> "flat cash in line with our current 2007/08 baseline"—

this was sent out last month—

> "with any growth limited to capital investment".

The truth is that the only reason that we have had a U-turn and an increase in the budget to £800 million, which I am delighted about, is precisely because of the

[Chris Huhne]

recent floods. It is crucial to establish—again perhaps the Minister can enlighten us on this— whether the Treasury is up to its old tricks on the budget. It has given us an £800 million figure for 2010-11, but no figure for next year or the year after. The last time the Government announced a substantial increase in the flood defence budget they did exactly the same thing; they made a big increase in the last year of the three-year plan and had a low build-up to it.

From what we have heard today, it is clear that a much more substantial commitment to public funding for flood defences needs to be made and to start as soon as possible. This issue needs to be far higher up the Government's list of priorities. More people have been killed in the floods over the last few weeks than in the terrorism incidents that have perhaps unfortunately overshadowed the need to plan for flooding. The fact that the flooding incidents happened slowly, unexpectedly and less dramatically than the terrorist incidents does not mean that they are any less of a serious matter of national security. Climate change means that we will have more enormous inundations and monsoon-like rainfalls and it is precisely because of that that we need to ensure that we are properly prepared. The Government are not properly prepared either in terms of co-ordination or budgets and it is about time that they were.

3.39 pm

Miss Anne McIntosh (Vale of York) (Con): This is a timely debate and I congratulate my constituency neighbour, the hon. Member for Selby (Mr. Grogan), on securing it. He has touched a chord. All of us would wish to remember not just the loss of life, but, as the hon. Member for Sheffield, Hillsborough (Ms Smith), said, the loss of possessions, the intrusion into homes and those removed from their homes for some time.

In particular, I hope that the Minister will comment on the losses in rural and farming communities, where insured losses are estimated at £10 million, but where uninsured losses will probably reach £15 million. I join those who have paid tribute to the emergency services.

The Chief Fire Officers Association labelled the non-joined-up thinking after the flooding as "institutional confusion". Will the Minister say that there should be an end to the confusion and that there should be one lead body and lead Department? At the moment, too many Departments are involved—DEFRA, the DCLG, the Department of Health, the Home Office, the Department for Business, Enterprise and Regulatory Reform, the Treasury and, potentially, the Cabinet Office, through its resilience responsibilities.

Let us consider also the local response by district and county councils, unitary councils, internal drainage boards, environmental health services, social services, private insurance companies, the Environment Agency, the Highways Agency, and the police, fire, ambulance and health services. If we learn nothing else from the tragedy of the most recent floods, can we please end this confusion and have one lead body? I would argue that one of the emergency services—the fire service would seem to be a good start—could work with and co-ordinate everyone else. We need also one lead Department.

Will the Minister ensure that we learn those lessons? My hon. Friend the Member for Ryedale (Mr. Greenway) has mentioned already the flood alleviation scheme in Pickering in his constituency, but a further three such schemes in north Yorkshire have not gone ahead, about which the Minister should perhaps feel a little embarrassed. One is in Thirsk in my constituency. Another scheme would have benefited the constituency of my hon. Friend the Member for Beverley and Holderness (Mr. Stuart) and residents living in Hedon and Burstwick, near Hull. The Hull tidal surge barrier was perhaps the biggest such scheme and would have helped the whole of the Hull area.

On 18 January, a press release on the Environment Agency's website promised that those schemes would go ahead. For his own benefit, the Minister might like to find out why the schemes for Pickering, Thirsk, Hull, Hedon and Burstwick did not go ahead. I think that it detracts from the excellent work of the Environment Agency and all of the emergency services when we learn that those schemes were due to happen this year, but did not proceed.

Furthermore, will the Minister look at the abysmal and flawed warnings that are often given? The Environment Agency relies on very modern equipment and asks people to refer to its website. From the houses that I saw in Toll Bar, however, I do not think that a home computer was top on the list of priorities for home furnishings. For the most part, people did not have access to home computers. Many people, if they were not at home, did not receive flood warnings, either by phone or mobile phone.

Can we consider an updated system, such as the one that worked very well after the floods in 2000 on the outskirts of York—in areas such as Rawcliffe in the Vale of York—where parish councillors acted as voluntary wardens and went round giving flood warnings? I understand that in Toll Bar, the police were wandering around giving flood warnings as the floods were actually entering people's homes. That is another lesson that we have to learn. We need the most modern and effective system for reaching people in time so that they can evacuate their homes and take their possessions with them.

On planning permission, the Environment Agency is a statutory consultee, but will the Minister take the Government one step further and give it the power to block planning applications in inappropriate places such as on functional flood plains? It simply is not fair that the owner has to be aware of it, and I do not think that it is relevant to make the developer liable either, which was a question put to the Prime Minister today. Let us consider the Thames Gateway, where it is proposed to build houses and blocks of flats on stilts. If we know that they are going to flood, is it really fair to invite people to live in them? I ask the Minister to look very carefully at how those planning decisions are made.

On affordability and availability of insurance, for many people in deprived areas, insurance can literally be unaffordable. Toll Bar, in particular, is a very deprived area. It is a former mining community. I think that many parts of Hull and Sheffield might fall into

similar low-income categories. It is not out of lack of good will that people did not want to insure their homes; they had to make a lifestyle decision and they felt that they could not afford insurance.

Will the Minister ensure that in future cover is extended to those who have been flooded and remain at risk of flooding? Some businesses in north Yorkshire suffered hugely between 2000 and 2005. Will he ensure a level playing field? I welcome the support that the Government are giving through business grants to areas of south and east Yorkshire, where businesses have suffered. However, I believe that that money should be made available to others. May I provide him with the names and addresses of businesses that suffered between 2000 and 2005 because either they did not have insurance or they have not gone back to operating full-scale businesses such as dental practices? May I make representations to him about that? I hope that he will have regard to them and take them on board. Also, given the losses and heartfelt pleas made today, will he promise a full Government inquiry into the damage caused, and look at how much was caused because flood defence schemes, such as those mentioned today, did not go ahead?

I gather that many pumping and electricity stations are built in areas prone to flooding. Sometimes, pumping stations are not functioning because the electricity substations are flooded. Perhaps that is an additional point for the Minister. I know that that happened in Selby and Beverley. I hope that he will take that on board.

Finally, allowing the Minister plenty of time to wind up, may I ask him to promise to streamline the decision-making process and put one body in charge in order to remove confusion, and to have a one-stop shop for advice so that people know who to turn to for sandbags, skips and portaloos? That will enable victims of flooding, on the day and in the following months, to know exactly who to turn to. Furthermore, will he have regard to waterlogged land that has been contaminated? I know that a partial derogation has been granted, which the farming community welcomes strongly, but will his Department also allow farmers to enter waterlogged land that may be set aside, so that they can salvage what crops they can? There is perhaps a misunderstanding there. If they do so, farmers might infringe cross-compliance rules for flooded land that is set aside.

It is absolutely true that £14 million was cut from the flood budget. Let us remind ourselves why that money was cut: because the Government failed to implement the single farm payments on time. It is perverse that through the fault of one part of the Department, other areas, up and down the country, have suffered subsequently.

Will the Minister review the fact that farmers are paying a levy to internal drainage boards to drain ditches and other areas such as the outflow of main tributaries? Many of the rivers that flooded have not been dredged for years and are full of debris and choked with plant matter that prevents and impedes water flow, and the result is flooding of farmland.

On a positive note, one of the Minister's predecessors, the right hon. Member for Scunthorpe (Mr. Morley), enjoys in his own constituency a pilot scheme whereby flood alleviation scheme money is provided—partially, I think, through the EU European development fund—to allow upstream land to flood. The scheme allows farmers to be reimbursed for the resultant loss of land from production. It seems rather bizarre that a former Minister with responsibility for flooding has such land. Will the Minister say whether we can have some of that money in the rural areas that we represent, and will he ensure that the schemes, if successful, are trialled throughout the country?

3.50 pm

The Minister for the Environment (Mr. Phil Woolas): The debate has demonstrated—if it needed demonstrating—the value of Members of Parliament to their constituencies. The knowledge and experience that has been fed back is very important, and the fact that members of the public have an MP for their area is also important—regardless of the party to which that MP belongs. My hon. Friend the Member for Selby (Mr. Grogan) has done his constituents and the House a great service in obtaining the debate.

I am conscious that I shall not be able to answer all the questions that have been raised. Several hon. Members have accepted that fact, and I apologise in advance for it. I am well aware that many thousands of people will be reading *Hansard* online and in more traditional ways to see what is going on and to see the Government response. It is right that I should take the opportunity, as has my right hon. Friend the Secretary of State for Environment, Food and Rural Affairs, to put on record the sympathy of all of us in these terrible circumstances for the loved ones of the bereaved.

In the time available I shall try to answer the thematic points and then move on to the [illegible] funding, none of us knows whether the recent floods were caused directly or indirectly by climate change or whether they were simply exceptional events. We know, however, that similar tragedies have occurred around the earth, such as in Karachi in Pakistan, where 250 people have been killed in the past two weeks through exceptional flash floods, and in southern Australia, which has experienced the most severe drought on record. I do not know whether those events are connected, although it seems likely that they are.

We can predict flooding from coastal erosion and from the interaction of tides and waterways with some degree of accuracy. Hon. Members have spoken about that. It is possible to review the flood plain situation too. However, it is important to understand, and to say to the public, that nobody can predict where the next floods will take place.

3.53 pm

Sitting suspended for a Division in the House.

4.8 pm

On resuming—

Mr. Mike Hancock (in the Chair): We have seven minutes to go.

Mr. Woolas: Thank you, Mr. Hancock, for chairing the debate, which has been exemplary. I was about to rebut the allegation of the hon. Member for Eastleigh (Chris Huhne) about funding—he mentioned the

[Mr. Woolas]

in-year reduction in the non-capital budget. There has not been a U-turn by the Treasury. The flat cash assumptions that are made across Government—some are better and some are worse—are part of the spending review period. When one is profiling capital expenditure, it would not be wise to front-load it in years one or two. The hon. Gentleman will know, from his knowledge of economics, that the planning of capital expenditure requires a lead-in time. Having said that, all hon. Members have welcomed the extra money that has been provided.

Let me warn both the House and members of the public who might be following this debate that, as hon. Members have said and as the chief executive of the Environment Agency and its chairman, with whom I had a long conversation in preparation for this debate, have said, it is not possible to predict where the next flood will be. The recent floods were, in some parts, surface water floods. The Environment Agency does not set out to tell us where floods are going to take place, because that is not known. It can tell us only the likelihood of floods in certain places. Given our experiences, particularly the nature of the flooding in South Yorkshire, one would never have imagined that there would have been severe floods in the Pennines. If the House is asking me to provide funding for all eventualities in the light of that background, I must say that it is not possible to do so. However, funding increases were set out in the announcement made by the Secretary of State.

In all tragedies, disasters or, indeed, malicious acts where the Civil Contingencies Act 2004 is triggered, there is a lead agency in the immediate response—the gold command—and usually the chief constable is in charge. Hon. Members who recall debating that Act will know that that is required in order that agencies come under a single command and control structure. Such a structure is in place.

The hon. Member for Beverley and Holderness (Mr. Stuart) spoke with great knowledge of his area and the response, and, as he indicated, both the perception and the reality are important. The truth is that this country is in its early days of civil contingency and civil resilience response under the gold command structure. One should always remember that the lead Department complements the response structures that are in place through the Cabinet Office and the Department for Communities and Local Government, whether we are dealing with a terrorist bomb, a flood, foot and mouth disease, a fuel supply crisis or something else.

We have improved enormously as a country in that co-ordination. It can always be better, and that is why the lessons-learned exercise, which we are under a statutory obligation to carry out, covers both the lessons learned from our knowledge and information on the flooding and the lead-up to it, and the response of the agencies, be they public, private or voluntary. All hon. Members are invited to take part in that lessons-learned exercise. Indeed, the Government take the attitude that it is not only necessary but desirable to have an open mind about that. We can always learn lessons, but we cannot predict accurately the next flood or incident.

It is also worth putting on the record the understanding that I believe exists among officials, in the agencies and among Ministers about the psychological and human impact of flooding as well as its physical impact. My hon. Friend the Member for Sheffield, Hillsborough (Ms Smith) spoke movingly about her experience—I am sure that hon. Members on both sides of the House could share such experience. Civil resilience planning requires, above all else, public resilience. It requires the common sense of the British public, and that has been evident in spades in this response. No amount of planning can compensate for that.

Farms, businesses and homes have been damaged by some of the most severe floods and exceptional circumstances. Two main points have been made, one on the funding and the other on the lessons learned. I hope that hon. Members will accept that those have been understood by the Government.

The hon. Member for Eastleigh asked a number of other questions. Water companies are involved in the planning exercise. I do not know about the specific circumstances to which he referred. The hon. Member for York—

Miss McIntosh: Vale of York.

Mr. Woolas: I am well aware of the difference between my hon. Friend the Member for City of York (Hugh Bayley) and the hon. Member for Vale of York (Miss McIntosh), both of whom speak with experience about flooding because of where their constituencies are. She asked about access to fields for farmers, and I hope that she will be pleased to learn that the Secretary of State has addressed that issue today. She asked that one lead agency be in charge. The lead agency for the flood defence preparation and for the immediate response is the Department for Environment, Food and Rural Affairs, in terms of Government agencies. The lead agency on the ground is the gold command; it takes authority in the area.

My hon. Friend the Member for Sheffield, Hillsborough raised questions about the lessons learned and the need to front-load cost to flood defence—

Mr. Mike Hancock (in the Chair): Order. I am afraid I must intervene. I should like to thank the Minister and all the hon. Members who took part for the courtesy that they showed the Chair and each other during a useful debate.

Benefits Office (Portobello, Edinburgh)

4.15 pm

Dr. Gavin Strang (Edinburgh, East) (Lab): I am grateful for the opportunity to bring to the House the case for keeping open the Jobcentre Plus benefits delivery centre in my constituency—a benefits centre acknowledged to be one of the most efficient in Scotland.

It might be helpful if I sketched out a little of the history of benefits delivery and processing on the east side of Edinburgh. Until a few years ago, there were two offices that people living in Portobello and the surrounding area could visit in connection with unemployment and benefits: a jobcentre in Windsor place, Portobello, and a social security office, Phoenix house, on Portobello high street.

Following the 2004 spending review and the Gershon report, the Department for Work and Pensions was obliged to reduce the number of its staff by 30,000 full-time equivalent posts by the end of March 2008. Half of those—15,000 full-time equivalent staff—were to come from Jobcentre Plus. An efficiency programme was put in place, and about 630 offices were earmarked for closure, among which originally were both Portobello offices.

I was pleased that the efforts made by myself, as the local Member of Parliament, and by the trade union, the Public and Commercial Services union, led to the Government pulling back from the proposition that Phoenix house would be one of the offices to be closed. Talking to managers in the Department for Work and Pensions at Edinburgh level, Scottish level and head-office level proved to be constructive. At the time, the chief executive of Jobcentre Plus was David Anderson; so far I have not yet sought a meeting on this issue with the new chief executive, Ms Lesley Strathie.

This is the first time that I have put this issue on the record in the House of Commons, but I must say that I was not at all happy about the final geographical distribution of offices throughout the city of Edinburgh implemented as part of the Jobcentre Plus roll-out. It is true that the representations made by the union and I resulted in the retention of the office at Phoenix house, Portobello. The site is a good one: the building was purpose-built by the then Department of Social Security; it is highly accessible by public transport; and there is a good availability of staff.

What I deeply regretted, and still do, is that the decision was taken that Phoenix house would cease to be an office that is open to the public, and that my constituents from Newcraighall, Craigmillar, Niddrie, Portobello, Craigentinny and the greater Portobello area could no longer visit it for advice and help. Given the deprivation in the east of the city and the number of cases being handled per week at Portobello, which is significantly more, for example, than at the Wester Hailes office, a better balance would have been to have had an improved facility at Leith—a good public office, as exists now; let me emphasise that—and to retain the office in Portobello as a centre also open to the public.

My constituents now have to go to the Edinburgh High Riggs office or to the Leith office. That aside, the important decisions that were taken maintained a configuration of offices that still saw a role for the vital Portobello Phoenix house office. No longer open to the public, the Portobello office has become a benefit delivery centre, dealing with social fund claims. It is by no means a small office. It is a significant operation in Portobello, with about 95 staff. The team processes social fund claims; indeed, from 4 June, all social fund applications in the Edinburgh, Lothian and the borders area have been processed at the site.

Given the backdrop of where the Government are going nationally, with benefits processing being done at large centres, the decision to do all social fund processing for Edinburgh, Leith and the borders area at Phoenix house is wise and constructive in the circumstances. It is now a settled and practical arrangement that is wholly consistent with the existence of major processing centres at Bathgate and elsewhere.

My hon. Friend the Minister will be aware that we are in the middle of a sharp contraction of DWP staff in the Edinburgh area. Her colleague, the Under-Secretary of State for Work and Pensions, my hon. Friend the Member for Warwick and Leamington (Mr. Plaskitt) wrote to me in May to advise me that the debt management unit with 28 jobs at Argyle house in the centre of Edinburgh in my constituency will close in March 2008.

When the Department was closing the Castle terrace office, which was also in the centre of Edinburgh in my constituency, the staff were offered the opportunity to move to the large processing centre at Bathgate in west Lothian or to Portobello. Clearly, that was an important career decision, which I understand had to be made at the end of last year. At the end of the process to facilitate the closure of the Castle terrace office, a number of staff indicated that they would accept redeployment to Phoenix house, Portobello. The senior DWP official informed them that Portobello was

"a long term feeder centre with the emphasis on the long term".

Knowing the Minister's interest in good industrial relations, and her concern that we treat people decently, I am sure that she agrees that the undertaking to staff is important. Those people are now working at Portobello. They moved there because they viewed it as a good prospect for the future. I repeat that they were told that it was

"a long term feeder site with the emphasis on the long term".

No doubt they were aware that the Portobello office is highly efficient and is recognised as such at a Scottish level, so they would have assumed that the jobs that they were moving to were reasonably safe.

Everyone to whom I have spoken, including the Jobcentre Plus senior management, has praised the efficiency and skill of Phoenix house staff. They are highly able people and many have decades of experience in their field. I am conscious that the Minister and the Secretary of State moved to their Department only a couple of weeks ago, but I am sure that the Minister will already be familiar with the way in which Government policy on contributory and non-contributory social security benefits is being implemented in Scotland.

I received a letter dated 7 June from the Jobcentre Plus district manager confirming that the transfer of the processing of all social fund applications for the

[Dr. Gavin Strang]

entire Edinburgh, Lothian and the borders area to the Portobello office was to be completed on 4 June. That was good news, but unfortunately the letter went on to inform me that the office was to be closed because all that work was to be moved to Glasgow Springburn by March 2008.

It is remarkable that any Department should treat its employees in that way. If that had happened in the private sector there would be an outcry. I doubt whether a single Member of Parliament or trade unionist in this country would regard the proposal as fair and reasonable. Let us be clear: the work is being taken away from one of the most efficient offices in Scotland.

The plan is to reduce the number of sites in Scotland dealing with benefit claims to eight mainstream benefits processing centres and two social fund processing centres with no sites in Edinburgh. Under the new plan, all social fund applications for the Edinburgh, Lothian and borders area will be transferred to Glasgow. We can reasonably assume that virtually none of the Phoenix house staff would find it practical to transfer to Glasgow. As is standard practice, staff have been told that efforts will be made to redeploy them.

My hon. Friend will probably set out some of the packages and additional money that will be available if people are prepared to travel longer distances and alter their child care arrangements. Obviously, the Government are making money available to try to facilitate people moving to other offices, but it will not happen in Edinburgh. Frankly, I think everyone realises that without one of the 10 major benefit delivery centres being located in Edinburgh, there is little prospect of those civil servants being able to stay in public service. Most of the staff are too young for early retirement, and the reality is that most of the 95 staff will be made redundant if the plan goes ahead.

Let us consider the proposal from the point of view of efficiency and the public purse. Under the plan, an efficient office will be closed. Dozens of redundancy packages will be paid out and, over in Glasgow, new staff will have to be recruited from the street and trained for the work. I am sure that anyone looking at the proposal would conclude that there is little sense in it. The expense of redundancy packages, recruitment and training will be large and entirely unnecessary. That is not an acceptable way to treat employees.

Staff have worked at Phoenix house on the basis that it was a long-term prospect. They have put in place the social fund operation and are running it well. Now, just as the transfer of the area's social fund work is completed, the Phoenix house team is told that it is to lose its jobs and that new staff are to be recruited elsewhere.

I remind my hon. Friend that some staff moved to Phoenix house precisely because it was seen as a long-term prospect, and the DWP told them that a few months ago. The job losses will be devastating for the staff and their families, and the closure of such a large operation will be bad news for the local area because the staff bring a lot of business to local shops and banks.

The staff who lose their jobs will have great difficulty in finding comparable work. It is important to understand that Edinburgh is not homogenous. Like most of our cities, there are areas of affluence with strong economic growth owing to the strength and stability of the UK economy. I believe that that economic growth—in Edinburgh it has been predominantly in the financial sector—is because of the long-term management over the past 10 years by the former Chancellor of the Exchequer, now the Prime Minister. However, the recent growth—I think my hon. Friend knows this—has been predominantly in the west of the city, and the jobs that are going are in the west of the city and in the central area.

If my hon. Friend has had the time to pore over the statistics and compare Edinburgh with other cities in the United Kingdom, she will have grasped that it cannot be overlooked that a large number of people in Edinburgh are dependent on the benefits system. As Jobcentre Plus points out, the region

"also contains several Wards at the lower end of the poverty spectrum".

The east of the city holds some of the most deprived areas in Scotland. The most recent Scottish index of multiple deprivation report showed that the most employment-deprived place in Scotland is Craigmillar in my constituency, an area that I have had the privilege to represent in Parliament for more than 30 years.

Whichever way we look at the proposal to close Phoenix house, it is unacceptable. Ninety-five people, many of them highly experienced staff, will lose their jobs. That is clearly bad news not only for the staff, their families and the local area, but for the work of Jobcentre Plus and the DWP. The proposal makes little financial sense, entailing as it does so much unnecessary expense, and it makes little sense to service delivery, because it replaces an efficient operation staffed by fully trained personnel with a new office staffed by new recruits.

I am grateful for having had the opportunity to raise the matter today, because it is an important issue in my constituency and beyond. I am grateful for the opportunity to put the case for Phoenix house, the Portobello benefits delivery centre, today. I very much hope that my hon. Friend the Minister will take into account what I have said, so that the proposal will be reconsidered.

4.31 pm

The Minister for Employment and Welfare Reform (Caroline Flint): I congratulate my right hon. Friend the Member for Edinburgh, East (Dr. Strang) on securing the debate. I have had several conversations—one by phone and one in person—with him before today, and from my correspondence and meetings with my predecessors, who are now the Minister for Europe and the Financial Secretary to the Treasury, I know that my right hon. Friend has been a strong advocate on behalf of his constituents and their future at the Portobello office. I have listened very carefully to his points today, and although I do not think that I can deliver for him what he most wants, which is the retention of the Portobello site, I hope that I can reassure him about some of the actions that we are taking, and certainly convey my understanding of some of his queries about the suggestion of a

long-term future for Portobello with the transfer of the social fund operations to that site.

I shall explain the way in which we support people both through employment advice and support, and through support for people in receipt of benefits. There used to be two very different services, the Employment Service and the Benefits Agency, and they were brought together to form Jobcentre Plus to strengthen our welfare-to-work system, which is based on the needs that people who access the service have for a one-stop shop. It is also based on the use of IT and on the better development of our approach to personal advice and support, so that we can be more efficient in the turnaround of benefit applications and provide better quality advice for people who want to get back to work.

We have transformed the way in which our services are delivered to customers, partly through the increased use of telephony services, and the almost complete roll-out of new Jobcentre Plus offices, which are a world away from those of the past, where often the desks and chairs were chained to the floor, and there was a high counter over which one would engage with staff. Now, the offices are much more user-friendly and open, and we can only thank the staff who have helped us through the process of providing that different environment. It pays huge dividends for staff and for people who use the services.

In September 2004, the then Secretary of State announced that, as part of the modernisation of Jobcentre Plus, benefit processing would be centralised to 81 sites throughout Great Britain by 2008. At the time, more than 650 sites processed benefits, which illustrates how significant an undertaking centralisation is. Why do we want to do so? Primarily, it is to support our customers. The centralisation to larger sites enables Jobcentre Plus to be much more responsive to customer inquiries. It also enables greater consistency of process to tackle the variations in the way in which claims are processed and the time they take, it enables staff to develop more in-depth knowledge and experience, and it enables 25 per cent. of benefit delivery centres' resources to be dedicated to telephone teams, which provides greater opportunity for customer contact. The response from customers suggests that the changes have been gratefully received, but there is always room for improvement.

The structure will also deliver benefit payments much more efficiently through cost savings on management and overheads, and it will allow the Department for Work and Pensions to make better use of its estate. To date, 54 benefit delivery centres have been opened throughout Britain, and we have moved our benefit delivery from almost 400 sites. In Scotland, we originally identified eight sites, which we have been converting to benefit delivery centres. We hope to complete the centralisation of that process by March 2008. We announced in 2004 that Portobello was not one of the sites selected to become a benefit delivery centre, and therefore it was scheduled for closure. I shall explain some of the reasons why.

When we made the decision, we looked at several factors, considering where the new larger centres would be, and whether the existing building could seat 100 to 250 people, which is our preferred size for capacity, delivery and savings. We also took into account the costs, our ability to retain staff, and our ability to redeploy staff in the sites that would close. Portobello has a smaller seating capacity for benefit processing, and it is acknowledged that there is very little scope for easily securing extra space. I know that my right hon. Friend has strong views on this next point, but moreover, the buoyant nature of the Edinburgh labour market and the fact that, as the Scottish capital, there are many other Government jobs in Departments and in the Scottish Executive, meant that compared with other locations, staff there had more redeployment opportunities. In addition, the closure of Portobello will also generate more than £500,000 every year in estate savings.

Back in 2004, we knew that centralisation would be a significant undertaking. To maintain customer service during that period, processing teams in some sites have been retained on a longer time frame to provide tactical support until transformation nears completion. Since January 2007, when income support, jobseeker's allowance and incapacity benefit processing migrated from the site, Portobello has been processing solely Edinburgh social fund work for exactly that purpose—to provide transitional support.

Dr. Strang: I am grateful for that response, and I hope that there will be an opportunity—although not today—to look into the alleged £500,000 of savings, taking into account the huge cost increases that will be generated this year and next.

Staff were told in the autumn that they could move to the Portobello long-term feeder centre—with the emphasis on "long-term". Portobello is a highly efficient operation and, as I have tried to argue, it fits in pretty well with the rest of the set-up. It handles all the social fund applications for the Edinburgh, the borders and Lothian areas. I hope that my hon. Friend will address that point, because it is fundamental to all civil servants in Edinburgh.

Caroline Flint: I shall try to respond to my right hon. Friend's point. In his contribution and just then, he raised the point about the use of a "long-term" feeder centre, and I have asked about it. The advice that I have received is that feeder sites were envisaged to be in place only from 2004 to 2008, the period of transition, and that no guarantees were given for them beyond March 2008. However, I am happy both to write to him about that point, and to look into the use of the phrase "long-term".

I also have a copy of the letter that was sent to my right hon. Friend on 7 June. It clearly says that the processing of social fund applications at Portobello is an "interim measure", taking place

"whilst we complete the Benefit Delivery modernisation plans, which will see the final proposed destination of Social Fund for Edinburgh, Lothian and Borders move to Springburn in Glasgow by March 2008."

As I said, my understanding, which is based on advice, is that that was always envisaged as part of the transition process.

We do not expect the closure of the Portobello office to have a detrimental impact on our customers. Face-to-face services are provided from our jobcentre in Leith. Customers contact the Portobello office by telephone only; no face-to-face service is provided

[Caroline Flint]

there. Moving the work to the larger benefit delivery centre in Springburn will involve only a change in telephone number for our customers, and calls for crisis loans are free from a land-line.

Earlier this year, it became apparent that despite falling case loads in Scotland, our benefit delivery centres would have a shortfall in capacity, so we reconsidered the possibility of creating a delivery centre in Portobello. However, the same constraints and considerations that applied in 2004 still apply, so we decided to put the additional centre needed for Scotland in Aberdeen. That took into account the potential for redeployment, which was felt to be far less in Aberdeen than in Edinburgh.

We know that our staff in Portobello, in common with many other sites from which we are moving work, have concerns about the changes. Of course they do. Staff have been aware since 2004 that the site would not be a benefit delivery centre, and I hope that we have endeavoured to keep them as informed of developments as possible while centralisation has progressed. The union PCS has also been kept up to date regarding all plans and decisions for Portobello.

On 23 May, managers and staff were informed about plans to complete the modernisation of our services in Scotland, and we began the gradual migration of social fund work from Portobello to Springburn benefit delivery centre near Glasgow. It will be completed by March 2008. I understand my right hon. Friend's concerns about recruiting extra staff to carry out work at Springburn when staff will be available at Portobello. However, there were good reasons for that decision. Migrating work between other benefit delivery centres in Scotland has enabled the redeployment of approximately 400 staff members from other parts of the Department. We need sites of that size to generate the economies of scale necessary to provide acceptable customer service levels on a reduced budget.

As my right hon. Friend will know, the Edinburgh labour market remains buoyant. I understand that the employment rate is higher than in the rest of the country and the unemployment rate is lower. It is the UK's second and Europe's sixth largest financial centre—Royal Bank of Scotland, HSBC and Standard Life all have their headquarters in Edinburgh. The financial services and construction sectors have experienced their highest levels of growth in the past financial year. We hope to offer opportunities for redeployment into other civil service jobs, but we also know that the skills and training of the centre's staff are very portable into other work environments.

Despite uncertainty about the future, the permanent staff—Portobello has 84 permanent and 11 temporary staff—have continued to make a valuable contribution, and I do not want to take anything away from that. There is no question about their work, commitment and service delivery. The question is whether it is as efficient as it could be within the context of what we want to deliver for our customers and the constrained budgets that all Whitehall Departments face in delivering services.

I acknowledge that some public sector work is moving out of Edinburgh, but I challenge my right hon. Friend's suggestion that the Portobello staff have little chance of finding alternative work. As well as the technical expertise needed for benefit processing, they have developed a number of transferable skills—IT, administrative proficiency and the ability to build constructive working relationships and deliver good customer service, often to some of our most vulnerable customers.

Dr. Strang: When the Minister talks about moving to alternative jobs in Edinburgh, does she mean jobs in the public sector?

Caroline Flint: Obviously, we will consider opportunities for redeployment in the public sector. Despite the fact that some public sector jobs are leaving Edinburgh, it is the Scottish capital. As well as Whitehall Departments and the Scottish Executive, it has a number of jobs into which public sector workers could redeploy that provide far more opportunities than in other parts of Scotland. That was part of our consideration. I have talked to senior managers in Jobcentre Plus about how important it is that we engage during the months ahead about future possibilities and support for staff as the changes take place.

EU Constitutional Treaty

4.45 pm

Mr. Nigel Evans (Ribble Valley) (Con): I am delighted to be under your authority once more, Mr. Hancock, in this important debate on the case for a referendum on the EU constitutional treaty. It could not be more topical. Today, *The Times* quotes Mr. Barroso, President of the European Commission, as saying:

"We are not the United States of Europe—we are unique in the history of mankind! Sometimes I like to compare the EU as a creation to the organisation of empires. We have the dimension of empire, but there is a difference. Empires were made with force with a centre imposing diktat. Now what we have is the first non-imperial empire. We have 27 countries that fully decided to work together and to pool their sovereignty. I believe it is a great construction and we should be proud of it."

The article's next paragraph, even more tellingly, says:

"Nervous aides to the former Portuguese Prime Minister inquired after his press conference whether this description might feature in British media reports."

They need not have asked. Clearly, it was going to feature in many British reports about exactly what that European politician had to say.

It is important to listen to what European politicians say, because it appears—I hope to expand on this later—that while the Government are saying one thing to the British people, politicians throughout Europe are proud of what they are creating in the European Union. They are not ashamed of parading it and advertising it as something that their people want. From what I can make out after talking to people from other EU countries, they do want to advance it. The big question—it is why I secured this debate—is whether that is what the British people want. That might not be the case. I do not know. I shall not pre-judge what the British people would say in a referendum; I only ask that they get that referendum in the first place.

This debate follows a week in which our new Prime Minister vowed to give

"more power to Parliament and the British people".

However, the Labour party is going back on its manifesto promise, asserting that the treaty is not a matter on which the people need to decide. Ruling out the referendum in that manner shames the Government at the same time that it removes power from the British people, contrary to what the new Prime Minister said.

If the treaty is so good—we have been told on many occasions that it is a good treaty, and that it is what people want—then let us have a referendum to establish it. We were told that we would have one before the treaty referendums in France and the Netherlands, and we know what happened there. For France to say no is quite spectacular, and it should be listened to. The Dutch said no as well.

Dropping the word "constitutional" from the title does not mean that the promise of a public referendum on the subject can be broken. In two elections for the European Parliament and a general election, the promise of a referendum has been in the manifesto. It is disingenuous to play with words as the Government have done and to think that what is happening now is just an unimportant tidying-up exercise. Who would think that Tony Blair, in his dying days as Prime Minister, could renege so easily on that promise? It does not astound me that politicians in this country are held in such low esteem when a Prime Minister and a Government can promise a referendum, hold that promise through two elections and throw it away in their dying days. That is shocking.

The new Prime Minister even said that there was no need for a referendum, because there was no referendum on the Maastricht treaty. However, the new Foreign Secretary admitted that that treaty involved a smaller transfer of power and that the constitutional treaty would give away much more. More important than that, there had never been a promise of a referendum on the Maastricht treaty, so no promise was broken. However, there was a promise that the British people would have a vote on this constitutional treaty, and it is being broken.

We hear talk of red lines—and, of course, we should protect our human and social rights, foreign policy and tax benefits. However, that has always been the Government's position. Everybody else is concerned about the rest of the treaty, the part that the Government seem determined to brush under the carpet. That smacks of back-door politics. The majority of other European leaders have been candid in their appraisal of the new treaty. I have managed to snatch a copy of *Le Monde* from the Breakfast Room; I shall put it back immediately after this debate. An article in it mentions Jo Leinen, a German Socialist who welcomed the outcome of the intergovernmental conference, which, according to him,

"préserve en grande partie la substance du traité constitutionnel".

Broken as my French is, even I understand what that means: the bulk of the constitution has been retained. Angela Merkel said on 25 June:

"The fundamentals of the Constitution have been maintained in a large part".

Steinmeier, the German Foreign Minister, said that the treaty would

"preserve the substance of the constitutional treaty".

Spanish Prime Minister Zapatero said:

"A great part of the content of the European Constitution is captured in new treaties".

Bertie Ahern said in the *Irish Independent* of 24 June:

"I think it likely that a referendum will be held...thankfully, they haven't changed the substance—90 per cent. of it is still there."

Danish Prime Minister Rasmussen said:

"That which really matters—the core—is left".

Finland's Europe Minister said:

"There is nothing from the original institutional package that has been changed."

EU Commissioner Margot Wallström said:

"It is essentially the same proposal as the old."

Just a couple of weeks ago, I was in the Council of Europe when Hans-Gert Pöttering, the President of the European Parliament, said that the substance of the treaty remains. I think you were there, Mr. Hancock, when he said that in the chamber. Mr. Pöttering was somewhat disappointed at the fact that the symbols and hymn were not to be retained as part of the constitution. However, MEPs speaking in

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Strasbourg yesterday accepted that they will change the procedures of the European Parliament to ensure that there will be a place for the flags and the hymn. Irrespective of whether they are in the treaty, the flag and hymns will play an important part.

How is it that the leaders of Germany, Spain, Ireland, Denmark and Finland, as well as an EU Commissioner and the President of the EU Commission, can see that nothing has changed? It is a case of "cannot" or "will not" from our Government. What is important is that while our politicians here tell the British people that there are fundamental differences between what is being put before us now and the constitution, all those other politicians tell their people throughout the whole of Europe that nothing much has changed and the constitution's substance has been retained. Either the Government here are not telling the truth to the British people, or all those European politicians are not telling the truth to their people. What is certain is that both sides cannot be right.

I have received from the Minister two parliamentary answers to questions about how many letters he has received on this issue and the main differences between the two treaties; frankly, neither answer says much, and I suspect that there will be a lot of that in the next couple of weeks.

We know that under the new constitutional treaty, there will be an EU President, that an EU diplomatic service will be rebranded as the "External Action Service" and that the EU Foreign Minister will instead be named the High Representative of the Union for Foreign Affairs and Security Policy. According to Bertie Ahern, that is the original job proposed but with a long title. We will still be signing up to cut our power to block EU legislation by 30 per cent. There will be a European public prosecutor, and safeguards on enhanced co-operation will be removed. There are new powers of veto for the European Parliament in 50 new areas. There will be new, increased EU powers over social policy, economic co-ordination, employment policy, trade policy, public health and public services; increased power for Europol; new powers for the European Court of Justice over asylum and immigration; the end of the veto on legal migration; and a new mutual defence commitment.

Given the time available, I have mentioned only a selection of the changes, but make no mistake, the British public will be hugely affected. They should be consulted. It looks as if the Government believe that if they ignore the issue long enough, it will go away. On 23 November 1990, Margaret Thatcher said of Labour Members:

"For them, it is all compromise, 'sweep it under the carpet', 'leave it for another day', and 'it might sort itself out', in the hope that the people of Britain will not notice what is happening to them, and how the powers would gradually slip away."—[*Official Report*, 22 November 1990; Vol. 181, c. 451.]

How right she was then, and how disappointing it is that now, 17 years later, the Government have not learned from their past mistakes.

The Conservatives have long campaigned for a referendum; we believe that the British people want one. As I said, European leaders have admitted that the new treaty is essentially the same document as before. I believe that we now have a Prime Minister who can show himself to be different from his predecessor. We know that he has been trying to do that at every stage. I have seen more of the right hon. Gentleman in the House of Commons Chamber since he became Prime Minister than I saw our former Prime Minister in the past 10 years.

We know that the new Prime Minister is trying to show that he is a House of Commons man. He has already said that he wishes to give a greater say to the British people. He has promised to listen, and he now has the opportunity to state that he has done so and will give the referendum that his predecessor always promised to the British people. If the new Prime Minister wants to ensure that his Government have any credibility and if he is serious about restoring faith in British politics, he could do both by simply changing the policy of the outgoing Prime Minister and bringing in the old policy—that the British people will have a vote.

As I said, I am not here to prejudge the outcome of a referendum on behalf of the British people. The Government believe that the constitutional treaty will be good for the United Kingdom and I suspect that all the other European Union leaders feel exactly the same. The Irish will get a vote because that is part of their constitution; I believe that the Danish will have a vote as well. All I am asking the Government is that they should stick to the referendum that they promised, and that will be the thrust of everything about this debate until, I hope, the Government change their mind. Let the people decide, and when they have made their decision, let us listen to them.

4.58 pm

The Minister for Europe (Mr. Jim Murphy): I am delighted to serve under your chairmanship once again, Mr. Hancock. I was not aware of your deep personal interest in and experience of the matters being debated, to which the hon. Member for Ribble Valley (Mr. Evans) alluded. I am also delighted to welcome the hon. Member for Rayleigh (Mr. Francois), in his informal Front-Bench post for this debate. I should also like to put on the record my welcome for my hon. Friend the Member for Wigan (Mr. Turner). This debate, in this interesting period, is his first outing in his new role. He has a deep personal interest in the issues and will serve the Foreign and Commonwealth Office well.

I congratulate the hon. Member for Ribble Valley on securing this debate. I know from experience how assiduous he is on this and many other matters. Debates are often more heated as a consequence of his involvement; on occasion, of course, they are more enlightened. I hope, perhaps, to differentiate between those two characteristics in my response.

First, I thank the hon. Gentleman for giving me another opportunity to state absolutely that the constitutional treaty, as was, is no longer on the table. The draft intergovernmental conference mandate agreed at the June European Council specifically states:

"The constitutional concept, which consisted in repealing all existing Treaties and replacing them by a single text called 'Constitution', is abandoned."

Before the European Council, the UK made it absolutely clear that what was needed was a conventional amending treaty, like the Nice, Amsterdam and Maastricht treaties and the Single European Act, none of which required a referendum in this country. The reform treaty will amend the existing treaties, allowing important institutional reforms and improving the functioning of the European Union.

We also set out four central demands in those deliberations. First, on the charter of fundamental rights, we secured a legally binding protocol that was specific to the UK and applicable to the British courts and to the European Court of Justice. The protocol confirms that a binding charter will have no new impact on UK domestic law and will create no new powers for the EU to legislate. In particular, the charter will not extend the ECJ's or national courts' power to challenge or reinterpret UK employment and social legislation, nor will it change the rights that we already apply in the UK through the Human Rights Act 1998.

With regard to criminal law and police and judicial processes, we obtained an extension of our existing opt-in rights on migration, asylum and immigration issues. We can therefore opt in to individual measures, where it is in our interests, or stay out, if we want to.

Mr. Mark Francois (Rayleigh) (Con): I thank the Minister for his kind words earlier. I, too, congratulate my hon. Friend the Member for Ribble Valley (Mr. Evans) on securing this important debate. The charter of fundamental rights has seven titles, or chapters. Can the Minister confirm that the IGC mandate exempts us from title IV of the charter of fundamental rights but not from the other titles?

Mr. Murphy: The draft agreement exempts us from all chapters—that is my understanding of the position that we reached. We are exempt not only from chapter IV but from the others, too. The European Scrutiny Committee has rightly taken a keen interest in that, and of course that conversation will continue. I hope that that reassures the hon. Gentleman.

As I was saying, in respect of criminal law and police and judicial processes, we obtained an extension of our existing opt-in rights. Further to that, we secured a provision that allows us to insist on unanimity if we have concerns that a proposal will affect important aspects of our social security system. Finally, the common foreign and security policy will continue to be treated separately from issues covered under the first pillar Community method. Unanimity voting will remain the rule. We also obtained a declaration stating that the treaty

"will not affect the existing legal basis, responsibilities, and powers of each Member State in relation to the formulation and conduct of its foreign policy...and participation in international organisations, including a Member State's membership of the Security Council of the UN."

The posts of Commissioner for External Relations and High Representative will be amalgamated in a single job—the Union representative for foreign affairs, not a Foreign Minister. The Union representative will operate within a policy framework set by EU Foreign Ministers by unanimity. So, our red lines were secured and that is another reason why the reform treaty is not the constitutional treaty by another name, as the hon. Member for Ribble Valley suggested.

The treaty introduces other measures that the Government support. I want to set the record straight on some of those changes, which do not represent a threat to the UK or a fundamental transfer of sovereignty. The new treaty confirms for the first time, explicitly, that national security is the sole responsibility of member states. There are new powers for national Parliaments to object to Commission proposals on subsidiarity grounds. The reform treaty will formalise the EU's legal personality, but a declaration will confirm that that does not authorise the Union in any way to legislate or act beyond the powers conferred on it by member states in the treaties.

The treaty does provide for some extension of qualified majority voting, as the hon. Gentleman said. In the most sensitive areas—justice, home affairs and social security—the UK has the right either not to participate or to insist on unanimity. A number of other qualified majority voting measures, such as those about rules within the eurozone, do not apply to us.

Mr. Evans: Will the Minister confirm that the new constitutional treaty contains a measure for a self-amending treaty and that

"The treaty will include mechanisms that will enable the treaty to be changed without the need for fresh treaties and IGCs"?

Mr. Murphy: As I understand it, the hon. Gentleman is referring to the ratchet clause and the passerelle. I understand that any move of that nature will always have to happen by unanimity, so the UK would have an effective veto in any case. I hope that that reassures the hon. Gentleman.

The treaty provides for some extension of qualified majority voting. On the most sensitive areas—justice, home affairs and social security—the UK has the right to participate or to insist on unanimity. It is worth remembering that qualified majority voting is often in Britain's interest. The biggest move to qualified majority voting came with the Single European Act, which allowed the creation of the single European market. More recently, we have secured liberalising reforms, such as the services directive, through qualified majority voting, and they would almost certainly have been blocked had we relied on unanimity.

A fixed term, two-and-a-half-year presidency of the European Council, accountable to the leaders of the member states, will replace the current rotating six-monthly arrangements, boosting the EU's efficiency. This new treaty will allow the EU to move on to focus on the issues that really matter: energy security, climate change, tackling terrorism and organised crime, and making Europe more effective internationally in an era of globalisation.

One of the things that struck me before I came to this job less than two weeks ago was the extent to which a debate about Europe was an endless conversation, important though such conversations are, about structures and powers. It is entirely right that the structures and powers should be in balance and appropriate. Before I took up this post, however, the debate about Europe was, for me, about delivery. It was not about the issues for which we, who are all elected, have a passion from our different perspectives. I hope that once the reform treaty is resolved we will move

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away from a conversation that seems to rely on a sense that the major problem in the EU is a democratic deficit and towards a better assessment of how we will move away from the bigger problem, which is the delivery deficit. The fact is that on occasions in the past under both parties that have been in government, visionary words and bold statements were too often not transformed into action on the ground that helped to improve people's lives.

Unlike the hon. Gentleman, I am not ashamed of saying that I am positive about Europe. I am not ashamed of saying that we should co-operate across national boundaries when it makes good sense to do so, adds value to the UK national interest and can improve the lives of our citizens. There is an enormous list of examples of where that is the right and proper thing to do.

On climate change, we achieve much more by working together with our EU allies—the Germans, the French and others. We can also achieve much more through a united effort on relations with Africa, justice, trade and economic liberalisation. We can achieve an awful lot more on reform that is good for our economy. It is in the interests of the United Kingdom's economy, prosperity, employment and social justice for there to be a more liberal, flexible and economical model that delivers the type of economic improvement that there has been in the UK in recent years, with a record number of people in employment. I think that I recall rightly that more than 90 million people across the EU are economically inactive. To me, that must be one of the great challenges.

We do not surrender our individual policies or seek a uniform approach to overcoming problems in our sovereign states, but we can learn from one another and co-operate when that is the right thing to do.

Mr. Evans: Will the Minister confirm that we will still have a referendum on the single currency if the Government decide that we should enter it? Secondly, I do not dispute what the Minister has just said. As a member of the Council of Europe we co-operate with and talk to 47 countries, not just 27. I feel a lot for the 20 countries that are outside the European Union and seem to be ignored and unable to obtain access to some of the things that the Minister has just spoken about. They have the same aspirations for themselves and their peoples and want them to share in wealth and learn from good practice. The only good practice that they will not learn from this Government is that when a Government promise a referendum, they should not renege on that promise.

Mr. Murphy: As the right hon. and learned Member for Rushcliffe (Mr. Clarke), who I understand chairs the democracy taskforce in the Conservative party, said:

> "I think the idea we have a referendum...is frankly absurd...some of the Eurosceptics will have demanded a referendum just about the date on the top of the piece of paper, but they are flogging away, I think, at a dead horse."

Today the dead horse has been dragged out of the stable and flogged again. I suspect that its carcase will be taken from the stable regularly in the next few months. The fact is that the treaty is a traditional amending treaty, and we have not held referendums on such treaties.

I hope that I can overcome at least some of the concerns raised by the hon. Gentleman. The European public prosecutor will have to be agreed to by unanimity, and the UK does not see a need for such a body, so I hope that that matter will perhaps not find its way into the hon. Gentleman's future speeches.

On the observations of other member states and prominent politicians across the EU that the hon. Gentleman mentioned, what they have signed up to, as they are entirely entitled to do, is not the same approach as that of the United Kingdom's, which has a series of opt-ins, protocols and specific arrangements that the UK secured as part of its negotiation on the reform treaty.

I congratulate the hon. Gentleman again on securing the debate, which I am sure will be continued, and on securing a copy of *Le Monde*. I see from reading through *Hansard* that this is at least the second time that he has done so—in the previous debate he secured a copy from the House of Commons Tea Room. I hope that he returned it and will do so again today. I look forward to continuing this conversation in the weeks and months ahead.

Mr. Mike Hancock (in the Chair): Thank you all for your participation in the debate.

Question put and agreed to.

Adjourned accordingly at thirteen minutes past Five o'clock.

Westminster Hall

Thursday 12 July 2007

[MR. ERIC MARTLEW *in the Chair*]

Carter Review (Legal Aid)

[Relevant documents: Third Report of the Constitutional Affairs Committee, Session 2006-07, HC 223, and the Government's response thereto, Cm 7158.]

Motion made, and Question proposed, That the sitting be now adjourned.—*[Mr. Michael Foster.]*

2.30 pm

Mr. Alan Beith (Berwick-upon-Tweed) (LD): I am glad to see you in the Chair, Mr. Martlew, and I am grateful for your assistance already in trying to ensure that we can accommodate those who are very interested in the debate. Indeed, I wish that your authority extended to allowing us to change places with the main Chamber, because given the number of hon. Members who want to take part and the wider interest, there might be more interest in this debate than in what is going on in the main Chamber, but alas the Standing Orders do not give you the power to do that. I welcome the Minister to her new post and congratulate her on her appointment. I look forward to hearing from her later.

The debate is on a report that the Select Committee on Constitutional Affairs produced on the Carter review of legal aid. That process—that report—produced more evidence than any other report on which the Committee has worked. Vast quantities of evidence were submitted, which were of great value to us. I am particularly grateful to the staff of the Committee and its advisers for the work that they put into analysing the very large quantity of evidence and dealing with the many responses that we received. The Government issued their response to our report on 22 June, and I shall refer to that as the debate continues.

Legal aid guarantees access to justice and is a fundamental human right. Criminal legal aid is enshrined in article 6 of the European convention on human rights, which is given domestic effect by the Human Rights Act 1998. Scottish cases that have gone to the Judicial Committee of the Privy Council have shown that funding arrangements and fee structures for legal aid providers have serious human rights implications and, if insufficient, violate the right to a fair trial, so let no one be in any doubt about the importance of what we are discussing.

Legal aid is a powerful tool to fight social exclusion: it is focused on the financially weakest and most vulnerable members of society. In the light of the Prime Minister's recent welcome announcement of his desire to strengthen accountability in local government and public services, it is worth remembering that legal aid can be a powerful vehicle for holding local authorities to account. In the areas of housing, welfare benefit or community care law, for example, it is decisions of local and other public authorities that are often in dispute, and legal aid granted to individuals allows them to challenge those decisions by means of court action if necessary. That, in turn, sets standards for the future conduct of public services.

We can be proud of the legal aid system in England and Wales, whereby we spend more than any other democratic country per capita on publicly funded legal advice and assistance for those in need.

Keith Vaz (Leicester, East) (Lab): The right hon. Gentleman will remember the proceedings in the Committee and the evidence given by black and Asian groups representing solicitors and others. Is he surprised that they have commenced legal proceedings against the Lord Chancellor in respect of the review? Does he agree that that gives the Government the opportunity to pause and reflect on what they have done and perhaps review these most unnecessary provisions?

Mr. Beith: The right hon. Gentleman was actively involved in the Committee work on the report, and neither he nor I was surprised. I suppose that it is not really surprising that if lawyers believe that the Government have got something seriously wrong, they are the first people to make use of the mechanisms with which they are familiar, but the right hon. Gentleman is right to say that the Government should take the opportunity to reflect on the problems that have been revealed, and, for various reasons, some of which I shall come to, this is an opportunity to reflect and think again about at least some aspects of the system.

The system has come under severe strain in the past decade. Expenditure, mainly in the areas of Crown court defence cases and child care proceedings, has rocketed and appears to be still on the increase. We now have a legal aid budget of more than £2 billion. No one would disagree with the suggestion that the legal aid system needs some reform, and the Government's proposals, published on the basis of Lord Carter's review, are pretty well known. They involve a comprehensive move to remuneration of legal aid lawyers per case—rather than by the hour—at a price set by the market on the basis of competitive tendering for legal aid contracts by providers.

However, until that best value tendering is rolled out nationally after October 2008, new fixed and graduated fees set by the Legal Services Commission will apply to publicly funded legal advice. The planned new fee schemes would lead to significant reductions in fee levels for legal aid practitioners, especially in urban areas, and for criminal legal aid. The Constitutional Affairs Committee undertook a thorough inquiry into the proposals and the subsequent modifications to them made by the then Department for Constitutional Affairs and the LSC.

Mr. David Drew (Stroud) (Lab/Co-op): The right hon. Gentleman has said that there is a problem in relation to both criminal legal firms and urban areas. May I assure him that there is a problem in rural areas, where we already do not have criminal cover? There is no steady state, and the proposals will, if anything, probably make the situation worse. I hope that he will bear that in mind.

Mr. Beith: The hon. Gentleman is absolutely right. I intended to come on to the point that he makes, because it is slightly different. The impact on urban areas will be in the form of a very severe reduction in

[Mr. Beith]

the number of suppliers. The problem in rural areas is that there are not enough suppliers now, and even a small reduction in rural areas, even if there is any possibility of a transfer of money from urban to rural areas in this process, means that many small towns are likely to end up in a situation in which if there is one supplier they will be lucky, and of course if there are two contending parties in a case or two defendants in a criminal case, that one supplier cannot meet the needs of both.

Ms Diane Abbott (Hackney, North and Stoke Newington) (Lab): On the question of the reduction in suppliers, does the right hon. Gentleman agree that it is prophesied that there will be a particular impact on black and ethnic minority-led solicitors in inner-city areas because they tend to be smaller and newer firms and to do predominantly criminal legal aid, and that that is a very unfortunate by-product of the so-called reform?

Mr. Beith: The hon. Lady is right: the report says that in terms, and I shall refer to it again.

We focused our inquiry firmly on the potential impact of the reforms on legal aid clients and their needs, and we took evidence from individuals, lawyers, representative groups, academics and senior judges. All the witnesses agreed with the need to reform the legal aid system, but only a few thought that the Government had approached that in the right way. Eminent academics in the field of legal aid and its reform complained of the lack of a more holistic approach to legal aid reform: instead of identifying and analysing the cost drivers in the legal aid budget and then addressing them, the reforms would be focused on short-term gains and cuts in lawyers' fees. That is despite indications that average case costs in terms of lawyers' fees in a number of areas were not the only factor that contributed to the recent rise in legal aid expenditure, and certainly were not the most significant.

It is self-evident that cuts to legal aid fees, or at least a further freezing of those fees in the future, could set free funds that could be used to finance a greater number of acts of assistance under legal aid. Although the measure of acts of assistance is one of quantity not quality and there is a limit in its value, I still welcome the significant increase in the number of acts of assistance in terms of civil legal help from fewer than 600,000 to nearly 800,000 in 2006-07 and the associated rise in spending on civil legal aid since 2004.

However, such increases in the quantity of publicly funded legal advice, especially when funded through what are in effect cuts in legal aid fees for a significant number of providers, may come at a price. That price is difficult to quantify, but may be very high. Dedicated and experienced legal aid lawyers and not-for-profit organisations providing legal advice may be forced to leave the market because of significant and unsustainable loss of income as a result of the new transitional fee schemes. The quality of legal aid may deteriorate and, worse, there may even be a risk to the provision of legal aid advice, especially in family and civil law in some areas of the country. Areas of unmet need already exist in the north of England, in Wales and in East Anglia, for example, and include rural areas such as those to which the hon. Member for Stroud (Mr. Drew) referred.

David Lepper (Brighton, Pavilion) (Lab/Co-op): In the light of what the right hon. Gentleman has just said, will he consider as an example illustrating his point the case of Brighton Housing Trust immigration legal service? It is the sole legal aid provider of immigration advice in the constituency. It deals with 80 nationalities a year and a case load of 713 cases, which has doubled as this decade has gone on, and it anticipates that the scheme before us will mean a further loss of £44,000 a year in income to the firm. John Holmstrom of that organisation tells me—

Mr. Eric Martlew (in the Chair): Order. Interventions should be short.

Mr. Beith: You will know from that intervention, Mr. Martlew, that there are many hon. Members present who are well aware that in their constituencies there are legal aid providers who do not see how they can provide under the new arrangements the service that they are providing at the moment. Indeed, figures provided to the Committee by the LSC indicate that in London, which is a hotspot of social exclusion and deprivation, the incomes of 63 per cent. of lawyers who provide housing law advice will be reduced under the Government's plans for new fixed fees for the transitional period if they do not change their working practices. The average loss for those lawyers who face fee reductions will be 18.5 per cent. The picture is even worse for those who provide welfare benefits advice in London, of whom 70 per cent. will see a similar average fee reduction. Some providers in other regions of the country might receive significant increases in their fees—the previous Lord Chancellor talked about that when he gave evidence to the Committee—which could be a positive development, but it is deeply worrying that there is a risk to the provision of social welfare law advice in London and other urban areas that have particular needs.

Research for the LSC by Andrew Otterburn on the economic situation of criminal legal aid lawyers demonstrated the fragile state that the supplier base is estimated to be in. He warned that the situation is likely to be even worse for civil and family legal aid lawyers. Despite the obvious risk to the provision of quality legal advice posed by fee cuts and aspects of competitive tendering, the Government appear not to have carried out appropriate, wide-ranging research into the likely impact of the Carter reforms on suppliers and clients. They have not undertaken detailed research into the cost drivers in the legal aid budget or into potential means by which to secure a lasting and sustainable development of the legal aid system that consists of more than simply cutting lawyers' fees. Their view on evidence was shown rather vividly in paragraph 40 of their response, which states:

> "Work is in hand to fill the data gaps identified by the Review, but this is not expected to change our view of the fundamental factors driving cost."

So they are saying, "We are going to get some more evidence, but it won't change our mind, whatever it says." I find that very Sir Humphrey.

An urgent warning about the effects of the lack of an holistic approach to legal aid came from Michael Robinson, who is a member of the Law Society Council from Northumbria. On the reform proposals for legal aid in child care proceedings, he said:

"It is not appreciated how fragile the care proceedings system is. No one has really undertaken a review of how it operates in each local magistrates' and county court or how well the non-solicitor/non-barrister professionals cope with the system. The system works very slowly and, in the main, the interests of children or of parents or grandparents are advanced because solicitors are pro-active. This pro-action will cease with fixed fees. Children will suffer."

Despite the recent child care proceedings review carried out by the Departments for Constitutional Affairs and for Education and Skills, the Government reforms pay too little attention to the recurring problems faced by lawyers and court users in child care proceedings. Such problems include delay, understaffed courts, problems with the Children and Family Court Advisory and Support Service and insufficient case preparation by local authorities, all of which mar proceedings. The legal aid reforms do not take those considerations sufficiently into account.

During its inquiry, the Committee was provided with many other examples of how the Government have failed to consider the legal aid system as a whole, carry out adequate research and then address the systemic difficulties comprehensively. For example, little attention has so far been paid to the way in which expert fees have contributed to the rise in the legal aid budget, especially in family and criminal proceedings.

The Committee's report generally welcomed the Government's intention to move comprehensively to the payment of legal aid providers by case rather than by the hour. However, our inquiry convinced us that neither Lord Carter nor the Government have managed to design fee schemes for the one to three-year transitional period prior to competitive tendering that would provide adequate remuneration for the work that a provider invests in a case. No appropriate set of objective proxies for individual case complexity was employed when deciding the fee levels, and there was almost exclusive reliance on the swings-and-roundabouts effect that is inherent in a fixed fee system with limited graduation. The lack of graduation for differences in case complexity in the initial fee scheme has attracted particularly severe criticism from the most senior family judge in England and Wales, Sir Mark Potter. He called the initial Government proposals for the family fee scheme

"a series of extremely crude averaged fixed fees"

and said that

"the whole thing has to be radically revised".

Although the proposals have been changed, the modifications to the fee schemes can hardly be called adequate. Crude fixed fees or fee schemes with rudimentary graduation will hit hardest the clients who are more difficult to deal with, and potentially the most vulnerable, as they may have greater difficulty in getting their cases dealt with by experienced providers. Fixed fees will waste the knowledge and talent of specialist and niche providers, as they will be forced to take on more straightforward cases to arrive at an economically viable case mix. Such specialists will not be able to deal with as many of the complicated cases that require a high degree of specialisation. There are no economic incentives in the new fee schemes in the transitional period for the provision of dedicated services and specialist advice. The fee uplifts for members of the Law Society's children panel will be severely curtailed under the revised Government plans.

The quality control of legal aid lawyers by means of peer review will provide a quality floor, but will not encourage excellence. Michael Robinson, whom I mentioned earlier, told me:

"Already, as a result of the criminal legal aid reforms, we are seeing firms restructure so that expensive, experienced fee-earners will be got rid of and replaced by cheaper, less experienced young people. It is the experience of solicitors which tends to make the system work, and this is not valued by the Legal Services Commission."

The Committee concluded that more work needed to be done on the Government's proposals for what they call the transitional period, with LSC set-fee schemes, and that there needed to be a solid evidence base. Severe fee cuts are envisaged not only in the areas of legal aid in which the budget is still increasing, such as in Crown court cases and care proceedings, but across the board in virtually all areas of the law.

The legal aid system is being put at risk even though significant parts of it appear to be operating acceptably, and to budget. A wholesale and rushed change to the system is not needed, especially given that the Government have failed to assess the real risk of the reform plans to legal aid clients. The Committee has therefore called for the introduction of the new fee schemes for the short transitional period to be halted. Here is the problem: the dangers of the fixed fee schemes have caused such alarm that they have distracted attention from the main feature of the reform that the Government propose, which is a move to competitive tendering for block contracts for legal aid work.

The Committee was astonished by the lack of concrete plans for the tendering process. There are well-known problems with competitive tendering, such as "winner's curse", when the winning bidder bids at an uneconomically low rate and cannot fulfil their contract. Those who travel on the east coast main line will be familiar with that problem, which happened to GNER. It could perfectly well happen in the legal services sector.

Another issue is whether there will be an adequate supplier base, especially after the fixed fees period. If that period goes ahead, who will be left at the end of it to compete in the tendering process? Who will be left at the second round of competitive tendering? There is a real danger that there will not be sufficient suppliers to make the second round a process of competitive tendering in any realistic way. We quoted the evidence of Professor Cape, who called the introduction of competitive tendering without proper piloting "reckless". We thought that competitive tendering should not be rolled out nationally, even in a phased manner, without such a pilot.

The Government's response to our report, issued on 22 June, was disappointing. None of the Committee's hard-and-fast recommendations seems to have been taken on board. The fixed, graduated fee schemes for the transitional period are to go ahead in all areas of legal aid, and no significant changes were made to the structure of the fee schemes in terms of graduation or to reflect the differing work costs across the country.

[Mr. Beith]

There is to be no proper piloting of best-value tendering and no detailed analysis of the cost drivers in the legal aid budget to inform the current or future reforms. In short, the Government have failed to address the main flaws in their reform proposals.

There have been some improvements to the previous proposals, such as the phasing in of the new private law family fee scheme, with level 3 and 4 fees coming into force at a later date than levels 1 and 2, which come into force in October, but those improvements do not change the overall picture. The most recent fee schemes and consultations published by the LSC at the end of June and the beginning of this month vindicate the Committee's concerns. For example, one of the Committee's main criticisms of the Government and the LSC was the lack of data on which the fee schemes for the transitional period were modelled. This spring, the LSC announced a change to its initial plans to reform the arrangements for the allocation of police station slots for criminal legal aid suppliers. Because of what it described as "data integrity issues"—a wonderful-sounding euphemism—the initial proposals were stopped and the LSC re-consulted, asking suppliers to provide it with more and accurate data on which further models could be based. Similarly, it had to delay a crucial decision on the introduction of minimum contract sizes for police station and magistrates court work in order to refine its data.

The most striking example is the new consultation paper on the litigators graduated fee scheme for Crown court defence work. The LSC acknowledges that certain complicating factors, such as a client being a non-English speaker, would increase the amount of work in a defence case, but it admits to not holding enough data to quantify the increase in work load. It concluded that it was not able to model, with certainty, an appropriate uplift for such complicated cases. In the light of that recognition and the apparent difficulties with modelling the level three fees for the private law family fee scheme, I wonder how the LSC will ever be able to identify the appropriate value for money for pieces of legal aid work, if not through crude cost averaging. Of course, some delay is justified when it is used to collate and apply better and more reliable data, but that should have taken place before fee schemes were published or, in the case of police station slot allocation, before firms engaged in re-organising their duty solicitor working practices.

Another example of the undue haste with which the Government are pushing ahead with the reform proposals is the very short consultation period for the Crown court litigators graduated fee scheme, one of the most central planks in the Carter reform armoury. Consultees were issued with a 91-page consultation paper, replete with data and models, given two online calculators and asked to feed back their experience with these mock calculations to the LSC. Only six weeks were allowed for that time-consuming exercise for Crown court defence solicitors. General Government consultation guidance provides for a three-month consultation period, but the LSC is resorting to the pretext of these schemes having been the subject of a previous consultation: the one following the Carter report. Why is the LSC not allowing providers more time to calculate the fee models and come up with a sensible, well-tested response?

All that reinforces the suspicion that the current reform plan, especially in respect of the transition period with its Government-set fixed and graduated fee levels, is not a carefully planned, well-thought-out step based on diligent analysis of extensive and reliable data, but a rushed attempt to save money at all costs in a short period of time. The Government partly acknowledge that, saying in their response that they intend to

"tackle known cost drivers as a matter of urgency"

and that they need

"to act decisively if reductions to scope and eligibility"—

for legal aid—

" are to be averted."

So, there is a sense and rush and urgency.

Reforms carrying significant risks to the provision of quality legal aid in the near future should not be implemented in this way, without proper reflection and without a solid basis of evidence and piloting. It sounds like a Treasury-driven approach is being taken, and it may be highly damaging to our legal aid system. Along with it has gone something that we were very concerned about: a breakdown in relations between the LSC and the professions and the not-for-profit providers, who are also important in this area. Citizens Advice has said:

"We hope that members will support Citizens Advice in urging the Ministry of Justice and the Legal Services Commission to initiate a consultative process involving all stakeholders in the design of a pilot tender process, supported by robust research on demand and delivery cost drivers."

Some of the damage has already been done. Many people have given us evidence—right up until this morning—of what is happening. The Association of Major Criminal Law Firms sent me some information this morning, saying:

"Over 80 per cent. of our member firms are contemplating taking or have already taken steps to make staff redundant."

Large firms have indicated that they are going to "leave the market" and others have indicated that they have "no interest" in taking on the work that those firms are doing.

It is not too late to make a change, even though some damage has been done. As was indicated at the beginning of the debate, an opportunity exists; some legal action may be taking place and we have a new Minister, whom I have congratulated on her appointment. She has an opportunity to take a new look. Any new Minister coming into office would expect to check carefully whether matters already in hand really do fit with the Government's wider social objectives. In their present form, these proposals cannot be matched to the Prime Minister's declared objectives for a fairer society. I hope that the Minister will examine the proposals carefully and follow some of our guidance on ways in which not only could they be mitigated, but we could proceed to a much more carefully thought-out second stage without the damage of the transitional fee scheme.

Several hon. Members *rose—*

Mr. Eric Martlew (in the Chair): Order. Many hon. Members are standing, and I hope that they will bear that in mind in terms of the length of speeches.

2.54 pm

Keith Vaz (Leicester, East) (Lab): It is always a pleasure to follow the right hon. Member for Berwick-upon-Tweed (Mr. Beith), the Chairman of the Select Committee on Constitutional Affairs, on any matter, but especially on this one, as he chaired the Committee sitting that examined this important area of work.

Mr. Martlew, you told me that we should be brief. I can be brief, because I agree with everything that the right hon. Gentleman has said. I am happy to support it, because he speaks with the authority of someone who, like myself and other members of the Committee such as my hon. Friend the Member for Southampton, Test (Dr. Whitehead), took evidence from a wide range of people.

The worst witness by far was Lord Carter. I cannot understand the Government's love affair with Lord Carter; with legal aid having been completely messed up and firms having been driven into legal action against the Government, they have decided to appoint him to examine the Prison Service. Goodness knows what will happen to that after Lord Carter finishes his report, because, to quote Catherine Tate, in our dealings he was just "not bothered". He came along having not done any analysis of the impact that his proposals were going to have on legal aid firms, he had no understanding of the legal profession, he did not understand what running a legal practice that had to rely on legal aid was all about, and he just shrugged his shoulders when he was asked questions of fact. On the basis of that kind of demeanour, this report has been produced.

I hope that having heard what the right hon. Gentleman has said, having read the Committee's deliberations and noted the way in which witnesses gave evidence, the new Minister will step back, carefully examine what has been proposed and take the pause that the professions, consumers and Members of Parliament have requested, so that this area can be reviewed.

I believe that 157 right hon. and hon. Members have signed my early-day motion on legal aid reform. Five key early-day motions are before the House: early-day motions 537, 738, 493, 1303 and 1475. Let us consider the collective voice of right hon. and hon. Members from across the House. A total of 264 have signed one or other of those early-day motions. Judging by the nods of Opposition Members, it is clear that the Committee's report, which was unanimous, has the support of Members from both sides of the House.

I congratulate the Minister on her appointment to one of the most exciting Departments in Whitehall. Its new and wide brief means that it is so easy to lose sight of a core responsibility such as legal aid. I am delighted that she has got it because she has proved in her ministerial career that she is able to master a brief quickly and to think carefully—and one hopes independently—once evidence is put before her. I hope that she will not just read out what civil servants have prepared for her predecessor, because we were not impressed by what was said by her predecessor on this issue.

I know that since the Minister was given this job by the Prime Minister she has not had the opportunity to visit a legal aid firm. I believe that she has also not had a chance to talk to the Law Society and the Bar Council about this matter, although I might be wrong about that. That is one of the first things that a new Minister does when they take office in Selborne house, and I hope that she will take the opportunity to have such discussions.

My hon. Friend the Member for Hackney, North and Stoke Newington (Ms Abbott) and I were on our way to see the previous Lord Chancellor to discuss these very issues a couple of days before the reshuffle. As a result of diary problems—I believe that he had to deal with overcrowding in prisons—and because we were delayed on other matters, we did not manage to meet him. We were looking forward to meeting him. He is strongly committed to the community legal service, and I think that he would have paused and considered carefully what we have had to say.

I am sure that the current Lord Chancellor is in exactly the same position, because once he examines the evidence—I am sure that we can provide evidence of how the proposals will affect firms in Blackburn—he will know the effect that the proposals will have on the legal aid service in this country. He will also know they will affect the basic tenet of what this Government have tried to do over the past 10 years: to create the seamless community legal service. That was the intention when we took office in 1997. If legal aid is subject to this review and if it is implemented and these reforms take effect, the seamless community legal service will be fractured forever.

The disproportionate effect that that will have on ethnic minority firms—my hon. Friend and I have raised this point on many occasions, both in the House and in meetings with Ministers—will destroy the ethnic minority base of the provision of legal services in this country. Our representations to a number of Ministers, the evidence that we have seen, and our conversations with black, Asian and Chinese solicitors suggest that the entire ethnic minority community will be forced to give up this work and to merge into bigger firms. They will lose their identity and their unique ability to communicate effectively with their specialist client base. That is why they have gone to court. It is not a welcome start for the new and strong ministerial team to have to cope with the Lord Chancellor facing action over a decision concerning legal aid. However, I am glad that they have done so, and if I can help in any way in supporting their legal action, I will because the case has been made and it must be prosecuted in the courts.

Ms Abbott: Does my right hon. Friend agree that there is little point in the Government saying that they are committed to more diversity in the judiciary and the legal profession as a whole if they are driving through untested and unthought-out processes that could lead to 75 per cent. of ethnic minority solicitors going out of business? That would have an indirect effect on black and ethnic minority barristers and have the total effect of reducing diversity in the profession.

Keith Vaz: My hon. Friend is absolutely right, and there will be an impact on other services. As young, talented people refuse to go into the profession because there are no training contracts to enable them to be

[Keith Vaz]

trained in those firms, they will choose other professions and other areas in which to develop their careers.

This is an opportunity for the Minister. The legal action gives us an opportunity to stop the Government doing what they are doing, but the best way forward is to call the parties to a meeting, listen to the almost unanimous views of hon. Members, and reconsider the proposals. I support a Government, and the Minister is a member of a Government, who have done more to provide individual rights than any other Government in history. They have modernised the constitution as no other Government have. What a sad testament it would be to that great achievement if we took away the very basis of people's ability to go to law, which is legal aid. I hope that the Minister will reconsider the proposals.

3.2 pm

Mr. Graham Stuart (Beverley and Holderness) (Con): It is a pleasure to stand here again to talk about an issue on which I introduced a debate with the previous Minister just last month. Unlike the Minister here and many other hon. Members, I am not a lawyer or an expert on the intricacies of legal aid.

My interest in the matter began when I was contacted by constituents who work for criminal legal aid practices in Hull. They told me that, like so many others around the country, they were desperately worried about the Carter proposals and their impact on businesses and, more importantly, on the vulnerable clients with whom they deal daily. I promised to look into the proposals and to question the Government on their behalf. That culminated in the debate on 12 June, and I wish to return to several of the points raised in that debate, because my constituents were not happy with the then Minister's response.

I congratulate the new Minister on her post and I understand that she has been a legal aid solicitor, which is extremely welcome. I hope that she will have a better understanding of the matter than her predecessor. It seems that the bigger the error made by Ministers, the higher the office that immediately results.

Ms Abbott: The hon. Gentleman should not be unduly excited that the Minister was a legal aid solicitor. The former Minister was a barrister who had done plenty of legal aid, yet she proved quite obdurate on the matter.

Mr. Stuart: Perhaps self-confidence and even occasional arrogance are seen more often in barristers than in solicitors. I say for the benefit of my hon. and learned Friend the Member for Torridge and West Devon (Mr. Cox), that that applies in only a minority of cases. We are asking the Minister to reconsider the matter calmly and coolly. We hope that she will take that opportunity.

If the suggestion that super-casinos in poorer areas of a major city are a means of regeneration can be reconsidered, surely the suggestion of marketisation, without pilot, without practice and without evidence, of something that affects the most vulnerable people in our society can also be reconsidered. I hope that the Minister will have the courage and self-confidence to do so. A solicitor in Hull wrote to me saying:

> "Civil liberty and freedom are illusory concepts if you cannot afford legal representation to defend them."

That is why so many hon. Members are in the Chamber today.

Eight firms in Kingston upon Hull undertake publicly funded criminal defence work. They have historically covered towns in the East Riding, such as Beverley, Bridlington, Goole, Driffield, Hornsea and Withernsea. As a result, more than 8,000 East Riding residents received help through legal aid in 2006. Their united opposition to the Carter proposals stems from the fact that the Government have designated 16 urban areas in which solicitors can no longer charge for travel and waiting time. Hull has been declared an urban area, although, oddly, Norwich, Middlesbrough and Doncaster have not. That has had an impact on out-of-town courts, such as Beverley.

It is worth making the point that criminal legal aid solicitors are not in a highly paid area of the law. People who enter that sort of work do not do so because they seek riches; they do so because they want to put their legal skills to work to help some of the most vulnerable people in our society. However, they expect to be able to make a living and to sustain their practices. The diversity of supply may be confusing for the Government and perhaps for civil servants. There is complexity all over the country: different areas have different sorts of practices and different specialties are provided in different ways, but that organic system works and has provided stable costs. Many hon. Members cannot understand why the one area of legal aid work where costs have not exploded, is the very area in which the Government are smashing through change and putting at risk good practice provided in a stable, cost-controlled way. That is a question for the Minister to respond to.

The firms in Hull went on strike—they were hardly minded to do that—but when that got them nowhere, they announced that they would no longer provide duty solicitor services for courts based outside Hull or take on new cases. That came into effect on 16 April 2007. The firms decided that it did not make economic sense to do such work, despite the fact that it constituted 20 per cent. of their business. The decision had a major impact on their businesses, but they could not afford to do the work. They are not high-earning individuals charging the vast hourly rates that perhaps the former Minister was able to charge as a barrister. The firms decided that they could not go to Beverley, Driffield or Bridlington, and that was not an easy decision.

The Minister disputed the figure that the firms concerned would lose 20 per cent. of their income, but the Legal Services Commission admitted that Hull firms were expected to take on the same work load as last year, but for £30,000 less. The previous Minister in the earlier debate tried to make out that those solicitors had pay rises, but, on the contrary, they lost business and were expected to do the same work for £30,000 less when they already had low margins.

That decision meant that there was potentially no legal aid provision at Beverley magistrates court in my constituency. The Legal Services Commission, after a

short spell using the public offender service in Darlington at heaven knows what cost, arranged for three firms—one from Bridlington and two from Scarborough—to be used. Those firms are now being paid to travel and wait, at a cost of £26 per hour to the taxpayer. When one considers that a case programmed for an 11 o'clock start at Beverley may often not start until 2 pm, we are talking about a significant amount of waiting time. If Hull solicitors come out—the previous Minister attacked them aggressively during the earlier debate—they are expected to sit unpaid in a courtroom while another set of solicitors is paid for waiting and the inevitable delays. Surely it is madness for firms to be brought in from further afield when local firms are willing to do the work.

Jeremy Corbyn (Islington, North) (Lab): The hon. Gentleman must be aware that some courts are incredibly badly run. Large numbers of cases are set down for the same time, even though everyone knows full well that they will not be dealt with for many hours. That just results in large numbers of people sitting around some grotty coffee machine hoping that something will happen, which is an incredible waste of everybody's time.

Mr. Stuart: That is absolutely right, but instead of looking to tackle the problem, Ministers are here attacking committed public defenders. The previous Minister did herself a great disservice during the previous debate, when she suggested that Hull solicitors were simply seeking more money. She repeatedly accused them of behaving like fat-cat lawyers by demanding more money to travel to Beverley. She told us that they were refusing to do work that they were contractually obligated to do—that is, to travel to Beverley—and that they were trying

"to boycott the work that they are being paid to do."—[*Official Report, Westminster Hall*, 12 June 2007; Vol. 461, c. 250WH.]

That was said by a Minister of the Crown in this Room about hard-working criminal solicitors based in my constituency and working in Hull. No wonder she moved jobs, although, sadly, that has resulted in a promotion, instead of a return to the Back Benches which she properly deserved for having said what she did.

The then Minister said that the solicitors had

"achieved a 2 per cent. pay rise on the assumption that they go to Beverley. Actually, solicitors are not going to Beverley; they are grasping a much bigger pay rise by avoiding that obligation."—[*Official Report, Westminster Hall*, 12 June 2007; Vol. 461, c. 250WH.]

That was said by a Minister of the Crown about solicitors in my local area. However, the 2 per cent. figure to which she referred is incorrect. Just one of the eight firms will receive a 2 per cent. increase; most will receive no extra money, and one is set to lose money as a result of the reforms. Peter Barker, of Barker and Co. solicitors, tells me that the Legal Services Commission has consistently refused to provide the evidential base for the claim that was made in this Chamber about those Hull solicitors. If the new Minister is unable to respond to that point today, perhaps she will write to me following the debate to ensure that the then Minister's claim is either substantiated or retracted.

Within just a few days of the debate, I received an e-mail from Richard Miller, of the Legal Aid Practitioners Group, who stated that the Minister's claim

"would amount to serious misconduct and breach of contract by the firms, not to mention arguably amounting to a fraud of the taxpayer. The firms are doing nothing of the sort. They are receiving a fixed fee for work they undertake in accordance with their contract, the same fixed fee as every other solicitor in an urban area outside London. They are not being paid specifically to attend Beverley, they are not paid for any cases they do not undertake and they are not failing to undertake any work they are contractually required to do."

I also received correspondence from Bill Waddington, of Williamsons solicitors, who watched the debate on television in disbelief. Speaking of the Minister's claim that the eight Hull firms had proposed to the Legal Services Commission that they be offered payment for travelling and waiting on top of the new revised fee—in essence, that they be paid twice over—he said

"I cannot imagine for one moment that this was a misunderstanding of the proposals that we put to the LSC".

The firms had suggested that they revert instead to the old, lower fee, but that they be paid for waiting and travelling, because the inadequate administration in many courts often led to solicitors sitting around for many hours, and they could not afford to do that without at least being remunerated or having the system improved. Mr. Waddington went on to say that, unfortunately, he had come to the view that the then Minister's statement was "deliberately misleading." He said:

"what we in fact proposed in an attempt to resolve this issue pre-April 16th was that they should consider de-urbanising the rural area",

which would take us back to the old way of doing things.

The previous Minister and, indeed, this Minister—as I understand it, we have one, indivisible Government—owe the eight Hull firms an apology. The then Minister attempted to tarnish their professional reputations and caused personal anguish to the individuals concerned. Those people are committed to the services that they provide in our community; they do not enter the profession to become rich and they are particularly proud of the work that they do. As one firm put it:

"Solicitors do not jettison clients that have sometimes been represented by their firm over many years without trepidation and crisis of conscience."

These solicitors do not deserve to be smeared by a Minister who, as a member of the Bar, was used to far greater remuneration than they currently receive. The present Minister should recognise that, do the honourable thing and apologise on behalf of the previous Minister this afternoon. If she cannot find time to address my points in her remarks, I would ask her again for a written communication that I can share with my constituents to ensure that the injustice that occurred in this Chamber is put right.

3.14 pm

Dr. Alan Whitehead (Southampton, Test) (Lab): I hope that we can all agree about the statement right at the beginning of the Government's response, where they say that the legal aid system is

"one of the proudest legacies of the progressive post-war Labour governments".

There may be a few dissenting voices, but the legal aid system is indeed a great achievement, and the fact that further money has gone into it over recent years indicates the support that it receives.

[Dr. Alan Whitehead]

However, it can also be generally agreed that the overall cost is increasing, and the question before us is how to ensure that the legal aid system offers fair representation across the country, regardless of whether the person seeking representation lives in a large town, a city or the countryside, and that representation is undertaken on a reasonable basis. When it is suggested that changes are made to the way in which the legal aid system works to address those issues, some people will resist those changes for reasons of self-interest.

The issue is, however, much larger than simply whether administrative changes can maintain the legal aid system in the way that I have described. The issue that took up a considerable part of the report on the implementation of the Carter review—the question that is at the heart of the proposed changes, whatever else may be contained in the detail—is the method by which any changes may be undertaken. Put simply, the chosen method is a best-value tendering system based on market principles. We have long experience of the process of best-value tendering—and of compulsory competitive tendering before that—particularly in local government services. It is not, therefore, a new concept, although as we know from experience, it does not always turn out to be quite what its proponents thought it was when they introduced it.

The Government response errs, however, on the side of suggesting that the principle of the tendering process itself—not any variation of the process based, among other things, on the many lessons that have been learned over the years as a result of the unfolding of the tendering process in various services—will solve a number of the problems. Indeed, the Government state:

"We agree that there may need to be different ways of creating a viable market in different parts of the country: different areas have different conditions...In urban areas where the balance between the number of firms and legal aid clients is strongest we might reasonably expect downward pressure on prices. In rural areas where supply is often weaker and clients are certainly more dispersed, a move to the market will reveal the lowest price at which a sustainable service can be secured."

I read that extract twice, but I came to the conclusion on both occasions that it appears to say that, where there are few suppliers, the process will reveal the point at which the service will no longer be supplied. That, of course, will be the nub of the issue if this complex method of tendering becomes the chosen instrument by which to make changes and to ensure that supply exists across the country in the way that I have described.

There is not just a slight difference or a difference of emphasis, as has been suggested in the quotation I just gave, but an enormous difference between the process in large cities and towns and that which applies in smaller towns and rural areas particularly. There is a smaller number of suppliers, and in some instances just one or two even in quite large communities. We know that there is continuing movement away from the area, and evidence to the Committee indicated a reduction in the number of people who continue to be engaged in supplying legal aid services.

Mr. Drew: Does my hon. Friend accept that there is another problem with the tendering process: one that relates to the subject of tenders? National Family Mediation claims that its work saves money for the state and is much more successful than court processes in trying to deal with family break-up. It has told me that because mediation will now often be subject to court action—that being the way in which the tendering process will operate—its valuable work is being pushed to the margins. The mediation agency in Gloucestershire is considering closure. I am sure that other hon. Members have received similar information.

Dr. Whitehead: My hon. Friend illustrates that there are complications in the application of the tendering process to legal aid services—not just in the bidding process but in connection with a range of other factors such as mediation, advice from citizens advice bureaux, and similar areas. He underlines the point that I was about to make, which was that it is difficult to apply a relatively simple tendering idea to the complex issues before us.

The Committee heard evidence of the so-called "curse of the winner", whereby tendering firms might, because of anxiety to remain in the frame, make a low bid at an early stage. Another way of putting it is contained in a book by the late Kieron Walsh entitled, "Public Services and Market Mechanisms: Competition, Contracting and the New Public Management". In that book, he said:

"The fixed price contract is likely to have an effect on the way that the service is provided. If contractors cannot control the income they receive then they are likely to try to cut the costs of the work by reducing the quality or quantity of work done."

That is just one example of why we do not need to look into a crystal ball to see the outcome of what is happening to tendering processes. The information is not new; we have it in a book—in that case, a book written in 1995.

The known outcomes of the tendering process mean that, as was the case historically, we must consider not just the question of the first tendering process but those that follow—the second, third and fourth rounds. The suggestion appears to be that, if prices increase as a result of the process, as they might well do in areas such as those that I have described that have only one or two suppliers, that might be seen as evidence of a cartel. That is not necessarily the case at all; it might simply be that there is not sufficient supply to accommodate a tendering process.

During the Committee's deliberations, I asked one or two questions that were couched in terms of comparison with waste collection tendering processes. I subsequently received letters from several lawyers asking how I dared to compare them to bin men. It was not my intention to do so, but I did intend to draw some lessons from waste service tendering processes, among other things. One of the lessons is that, once second, third or fourth tendering process are reached, the tenderers that were previously knocked out cannot get back in. After a period, that results in the only remaining tenderers being those that have tendered already, because they are the only ones left in business. In those circumstances, the idea that the process will continually improve competition, drive down prices and lift the standard of services does not necessarily stand up.

That idea is based on classic tendering theory. As Kieron Walsh said, it is relatively simple to organise a

tendering process for rubbish collection, but it is much more complex to organise one for legal services. Among other things, and as has been mentioned, the tendering parties in a rubbish collection tender have to submit a tender in order to stay in the market. If local authorities or private companies do not tender for municipal waste collection, they are not in the waste collection business. That is not true of legal services; the firms will simply switch to some other legal service. The point about the planned tendering process is that it is leaky; firms leak out of the process and switch out of the area.

Mr. Graham Stuart: Does the hon. Gentleman agree that some processes are not suitable for tendering? In a commercial environment, businesses allow audit tenders because there are statutory auditing requirements, and the supplier will seek to fulfil those at the lowest cost. However, companies do not ask their lawyers for fixed advice tenders, because the amount of advice that they receive differs, and they want the best possible advice. Instead of adopting an appropriate process, we are trying to drive down costs in the same way as for bags of waste.

Mr. Eric Martlew (in the Chair): Order. Interventions should be short.

Dr. Whitehead: I agree with the hon. Gentleman. The tendering process is differentially appropriate to different services, and different kinds of tendering are appropriate to different services. I wish the party of which the hon. Gentleman is a member had said that a few years ago about other forms of tendering, but we shall let that pass.

3.27 pm

Sitting suspended for a Division in the House.

3.42 pm

On resuming—

Dr. Whitehead: I recognise that a number of other Members wish to contribute, so I shall be as brief as I can in drawing my remarks to a close. I draw the House's attention to a fundamental assumption about what will happen after the first or second tendering round—Lord Carter himself, in evidence to the Committee, suggested that it would be the case. When asked what would happen about the maintenance of effective competition beyond the first bid round, he said that it would be

"very difficult...I think people will leave."

However, he said,

"if people saw that there are weak suppliers in an area,"

they might "break away" or come in

"from other areas, which is probably more likely."

It is a sort of "on your bike" theory of tendering. It is most unlikely to happen in this area of supply. That is why it would have been important to pilot the process in London, as was suggested, before undertaking the Carter review.

The Government's response to the Select Committee report says:

"We propose to roll out best value tendering initially".

That is a sort of suggestion of piloting, inasmuch as the Government recognise

"the need...for a dynamic information monitoring process in order to assess the state of the market."

A roll-out is not the same as a pilot, nor will it enable the sort of lessons to be learned that I have suggested are needed.

I also note that the Government propose in their response to undertake consultation on the tendering processes that will be designed for the system. I hope, if piloting is not to occur, that the design of the tendering process will take into account the fact that inevitably, both the initial and subsequent rounds of tendering will have to be very different in some areas from others. I suggest that in some areas, the mechanism effectively would not be a tendering process. If the consultation leads to that conclusion, it will be a positive outcome.

Careful thought is needed about how the system will progress. As other hon. Members have suggested, the danger is that we might end up effectively destroying the very service of which I, as a Labour Member and supporter of this Government, have been so proud—a service introduced over many years to ensure that people receive the proper assistance in accessing justice.

3.45 pm

Mr. Geoffrey Cox (Torridge and West Devon) (Con): I draw attention to my entry in the Register of Members' Interests. Some Members present will know that I am a practising member of the Bar, and that I practise in fields funded by legal aid. I have thought long and hard before rising to speak, and before attending this debate. I have attended none until this one, because it has been extremely difficult for me to see how I could make a speech to the House on a subject of such close financial interest and concern to me.

After careful reflection and consultation with many people in the profession whom I have known for many years, I have found that I am duty bound to speak on a subject of such grave concern not only to the legal profession of which I have long been a member but, I firmly and passionately believe, to the wider public interest, which is being defeated and damaged by the Government's proposed measures.

The quality of justice and the judiciary in this country is one of the proudest assets of which we can boast. When I say "the quality of justice", I refer to all those involved in the administration of justice in this country. We sometimes forget that when we speak of the administration of justice, we are talking not only of those who dispense justice from the bench, the magistrates courts, the Crown courts, the High Courts and the county courts right up to the House of Lords itself. Critically, we are also talking of those who assist the administration of justice in an essential way—those who represent people before the courts, whether they be solicitors or members of the Bar. It is upon their integrity, competence and willingness to commit themselves to their clients' cause—their decision to go that extra mile to discern whether the interests of justice help their client and to discover a particular way to assist them—that the administration of justice integrally and importantly depends.

[Mr. Geoffrey Cox]

All members of the justice system administered in this country should do their job with the maximum vigour. Only that guarantees the system's success. During the 25 years for which I have practised, I have seen the most breathtaking commitment. People not remunerated at all well have given their time—frequently knowing that they will not be paid for it, or certainly not paid at any commercial rate—trying, at 9 o'clock in the evening, to find a bail hostel for a drug addict; trying to find a probation officer to give their client a chance and to look into his case; trying to find a way to help their client in a criminal legal aid case to avoid the spiral of imprisonment and continuing drug addiction.

I have seen such things personally. I have seen how solicitors paid on legal aid contribute every day with their effort, energy and dedication to the administration of our justice system. We should be proud of that system, and we should be proud of them. Their remuneration does not make them fat cats, although I suspect that many people regard them as such, and I often wonder whether this Government do too.

I say more in sorrow than in anger that I cannot help feeling that some of the measures shortly to be put before the House are driven by what we have seen from this Government in recent years: a regrettable tendency to denigrate those who practise in the criminal justice system. I do not mean only judges, although it is true that the Executive have repeatedly denigrated them. All sorts of extraordinary remarks have been made not only about judges, but about other practitioners in the field. I seem to recall that a former Home Secretary of this Government referred two or three years ago to "bent briefs" who tried too hard for their clients. I am not sure that the two are necessarily related. However, that kind of remark and that kind of atmosphere seem to be driving what is almost contempt for those involved in legal aid and the legal profession—particularly those engaged in representing people in the criminal courts.

The measures will lead to a brutal degradation of legal services. Some 600 to 1,100 firms will close or merge. Black and minority ethnic solicitors will be particularly affected, as will rural firms in constituencies such as mine. The plight of those firms is the burden of my short speech.

From time to time in my surgeries, I see people at their wits' end, unable to get help with legal problems that are desperately and obviously important to them; other hon. Members must have similar experiences. For example, I have seen a lady with learning disabilities, who was married to a violent husband, and a man whose stepmother had left a disputed will, the money from which would have set him up and enabled him to escape poverty. There are so many ways in which legal problems can go to the root of somebody's life. Unless such people can easily get advice and help, the problem of going to the law to tackle the issue that stands in their way can often be insurmountable.

My constituency of Torridge and West Devon is very rural. It consists of scattered villages, widely dispersed rural communities and a number of market towns. In those towns, there will be perhaps one or two long-established family firms. Often they do a small proportion of legal aid work, to the best of their ability and with extraordinary professional integrity in the service of their communities. They are not well paid for that work. Those firms—certainly the legal aid side of their practices—are going to face the axe. Many have written to me expressing their real concern.

If a person lives near Holsworthy or Bideford in my constituency and the one or two legal firms stop taking legal aid cases, they will have to travel 50 or 100 miles to reach somebody who will give them the service. What type of service is that for the elderly, infirm or learning disabled? How will they gain access to those services? I tell the Minister that that is a real problem even now, although the one or two firms in my area at least give me somebody to whom to send such cases.

However, if those firms' legal aid sides go out of business, to whom will I send such cases? Thankfully, Bideford has a citizens advice bureau, which has a franchise from the Legal Services Commission, and I pay tribute to the extraordinary work that it does. If it were not for that bureau, there would be a desert of legal services in my part of northern Devon—there would be none. People would have to travel to Barnstaple, which could involve a journey of as much as 50 or 60 miles there and back, or to Exeter or Plymouth to receive the services that they needed.

I urge the Minister to understand that the measures will have a direct human impact on people whom I understood it was part of her political philosophy to defend. She will be hurting those people; this Government will be hurting those people. I find it inexpressibly sad that the measures are being rushed through. They have been introduced speedily, with no allowance for adjustment and no pilots that could have shown the effect that they will have on the fragile, rural legal services framework—and, I accept, other services in urban areas. We have not been able to see how they will work before they damage people.

I appreciate that there must be a proper concern for economy and for saving money. The legal aid budget has risen, and I completely understand why the Government wish to save money. However, they must balance that against the hurt and damage that they will cause, particularly to those vulnerable sections of our community. I speak particularly for those in rural areas.

Hugh Bayley (City of York) (Lab): The budget for criminal legal aid has risen by 37 per cent. in real terms in the past 10 years. Why is the legal profession providing a poorer level of service—the hon. and learned Gentleman says that firms are closing down and that it is harder for clients to get the advice that they need—when the expenditure has risen by a third in real terms?

Mr. Cox: That is a question to which I shall return this answer. First, I do not believe that a poorer level of service is being provided. Secondly, this Government, of whom the hon. Gentleman is a Member, have created several thousand new criminal offences. They introduced the Human Rights Act 1998 and presided over the largest avalanche of legislation in the criminal justice system that we have ever seen. There are 379 sections in the Criminal Justice Act 2003 alone. There are hundreds and hundreds of provisions.

I say to the hon. Gentleman that it is not surprising that the legal aid budget has risen in the criminal courts, given that thousands of new offences have been created. Furthermore, a whole layer has been added by legislation such as the 1998 Act—with which, I should say, I have no personal grouse. If the Government introduce such a measure, they must be prepared to pay for it. People will take advantage of their rights and bring cases for judicial review that they would never previously have been able to bring. The whole purpose of the 1998 Act was to repatriate rights. That meant that, rather than going to the European Court of Human Rights, people could go to the courts in this country—and they have, in their droves.

Hugh Bayley *rose—*

Mr. Cox: No, I shall not give way at the moment. The studies on the criminal legal aid system show that the unit cost of the individual case has not risen. What has risen is the volume of cases that have come before the criminal courts. I suspect that the reason for the rise in volume has been the massive rise in legislation, creating new rights of which people were bound to take advantage, and new offences.

Mr. Henry Bellingham (North-West Norfolk) (Con): My hon. and learned Friend is absolutely right. The fault is not with the lawyers. Legal aid payments to solicitors have been almost static for several years; the last pay increase for criminal legal aid was in 2001. The rise in costs is due not to lawyers claiming more money, but to the plethora of new offences created by this Government.

Mr. Cox: As a lawyer, I am willing to accept almost any fault. I am certainly not going to defend lawyers. There will always be two factors in debates such as this: the factor of professional interest and of a profession defending itself, and the genuine question of the impact on human beings. I have been trying to address the Minister about the latter one. I ask her to accept that there will be that impact, particularly in the rural areas that I represent. Small firms will go out of business. They will not find that, by merging, the access to rural legal aid services will increase. It will diminish. That is why I ask the Minister, and I know that she has been in the profession, to think carefully about whether some amendment, or pause for thought at least, could be introduced even at this stage.

My concern is for those who will be damaged, not really for the effect on the profession, which is a by-product. Large firms will be unable to take the care, trouble or time over individuals that those firms with which I have been familiar for more than 25 years have habitually done. It is on the professional energy, dedication and commitment of such firms that much of the integrity and quality of our justice system is based. If that is attacked, one of the foundations of justice in this country will be eroded and undermined. Although I appreciate that the Government do not see it as an attack, it is perceived as such across the profession. I have never known the profession in such a state of trouble, indignation and general anxiety for the services that they will be able to provide. The measure is perceived as something that will degrade the system of justice, and I urge the Minister to pause and to think again.

4.1 pm

Kate Hoey (Vauxhall) (Lab): I, too, congratulate the right hon. Member for Berwick-upon-Tweed (Mr. Beith), as chairman of the Constitutional Affairs Committee, and all the members of the Committee on producing a detailed, common-sense report.

I welcome the Minister to her new post and I hope that she took volume II, in particular, to bed with her as bedside reading. Anyone who has read all the details of the evidence that was given by people who know what they are talking about—I am not a lawyer, so I will not profess to have the detailed expertise of many of those people—can see that the Government response to that well-documented, detailed report is wrong and almost disgraceful. I am disappointed, too, that although a few minor changes were accepted and made, the report did virtually nothing to make the fundamental changes that would have made a difference. Fundamentally, nothing has changed about the underlying flaw in the way in which the fixed fee system will affect the most vulnerable in our society.

We have heard a lot today about rural areas, but I want to point out—as I and many other London MPs did in an Adjournment debate on the same topic in this Chamber on 11 January—the particular difficulties and issues in London. We asked the Minister then to consider London in a different way. I looked back on that speech and read the whole debate, and I remember that we went away hoping that there would be some changes in the light of the fact that Members from all parties expressed concerns about the changes and the way in which they were being implemented. We felt that some changes would be made and that the Government would listen. We then saw this report and that little had been changed as a result of it. It has led not only the legal profession but many MPs to question who is ultimately supposed to make such decisions.

I am distressed to discover that as an MP for an inner-city seat, where I rely so much on the valuable work done by my law centre and the many solicitors' firms that work in legal aid, I will end up representing people who will be affected by these changes without having had a chance, in our democracy, to make my views known through a vote. That is wrong, no matter what the rules are about the Legal Services Commission and its being a quango. Ultimately, Parliament should decide on the matter, but it has not had the opportunity to debate and vote on the matter.

The Minister's boss, the new Lord Chancellor and Secretary of State for Justice, comes from a background that leads him to know a great deal about inner-city areas and the particular and special nature of their multifaceted problems: people with concerns and issues that need legal advice and aid are linked to people with mental health problems, immigration problems and housing problems, which lead to all sorts of other problems. Those are the sort of people who will suffer in inner-city areas such as mine.

I want the Minister to tell us, in particular on the question of London and other inner-city areas, whether she thinks, having listened to what everyone has said and having read the report, that she can be absolutely confident that the changes will not affect the most vulnerable. I certainly think that they will and I know that the people who have the experience in my constituency think that they will.

[Kate Hoey]

Let me repeat what I said in January about the overall legal aid budget. Of course, more money has gone into legal aid. Although a few people laughed, the hon. and learned Member for Torridge and West Devon (Mr. Cox) is right. There are some 3,000 more offences. Many of the people involved in those criminal offences have also been caught up in the net of some of the other issues to do with immigration and mental health problems. Of course that has led to more demand for legal aid. Legal aid solicitors are not being paid more and making huge amounts of money. There is more work—we know that from our surgeries. There is more work, and that relates specifically to some of the changes in the law and the Human Rights Act. It does not mean that we are against the Human Rights Act if we simply point out that it has led to more cases.

Ms Abbott: My hon. Friend the Member for City of York (Hugh Bayley) sought to imply that the rise in cost was wholly down to solicitors making more money and, perhaps, charging inflated fees. Is it not a fact that, as my hon. Friend the Member for Vauxhall (Kate Hoey) has said, there has been much more immigration work? My immigration caseload has gone up three times in recent years. There are also the increased costs of specialist witnesses and those caused by bad organisation and waiting times at court.

Kate Hoey: My hon. Friend is right. We have a similar caseload. All London MPs who represent inner-city areas know that the volume has increased. It is not fair and not right to put the blame onto somebody else for causing the problems.

The Parliamentary Under-Secretary of State for Justice (Maria Eagle): I have heard what various hon. Members have said about increasing expenditure being down to volume increases. Obviously, there is some element of that, but it is not the whole explanation. Child care case costs, for example, rose 24 per cent. in real terms over the past five years. Private law children's cases rose by 5.75 per cent. in real terms. Crown court cases expenditure rose 65 per cent. with little change in case volume. Although case volume has some part to play, it is not the whole explanation.

Kate Hoey: I do not think that any of us said that it was the only explanation, but it is a major aspect. The Minister's figures show that. If we are serious about access to justice for those people who need support and legal aid, we should all agree with the previous Lord Chancellor, who said at the Law Society on 13 October last year:

"Free access to justice for those who need legal aid is as integral to the Welfare State as the NHS or state education."

If we all share that view, which I hope we do, we have to face the fact that maybe the cost will have to increase. I am concerned that the cost will continue to rise because of the factors that have been mentioned, but that the quality of service will be greatly reduced. The cases of the people whom I represent, who need specialist help, will take a lot longer than those of people who do not need extra help and support. They will therefore be more costly. Many solicitors' firms in my area have already had to stop doing legal aid cases, because some of the smaller firms just cannot afford it. There will still be some solicitors and support available, but not nearly as much as is needed, and they will not necessarily give good value.

Of course the Government want to streamline the legal aid system and make it financially workable, but under the proposals fewer cases will be taken on. Solicitors taking them on will want to turn them over as quickly as possible and get on to the next one, and individual need will not be considered. Rather than create access to justice, the proposals will create an even greater underclass in our society, consisting of elderly, sick, disabled and illiterate people, many of them from ethnic minority backgrounds. They will simply not be able to obtain access to solicitors. In the words of one legal aid solicitor in my constituency:

"These are the people who require our support."

There is a theme running through some Government comments. They almost imply that any solicitor is just out to make a huge fortune and that they are all fat cats. A solicitor in a practice in my constituency wrote to me, saying that he trained in the City and took the conscious decision to work in legal aid to help other people. His colleagues in Lambeth are like-minded and he says that

"there is a genuine commitment to society. In contrast to the public image of legal aid solicitors we work long hours and could earn substantially more money elsewhere with the skills that we have. However, we have taken the decision to act for what is essentially a public service."

Those dedicated public servants, who do a job that we know is necessary, are going to feel very much let down by the Government if the Government do not listen. There should be a vote in the House and some radical changes, which should be on a much longer time scale so that, as the Committee has said, we can test them properly and evaluate what they will mean.

I urge the Minister to be brave and do what the Prime Minister did on Wednesday. He came to the House and said that he has, quite rightly, changed his mind on large casinos, a policy that a few Labour Members and Opposition Members opposed. We got into trouble with our Whips for opposing Government policy on super-casinos, but we were right all along. I ask the Minister not to let legal aid be an issue on which the Government ultimately have to change their view when they see the catastrophe that it will cause in constituencies such as mine. They should change their view now and use the opportunity of a new Prime Minister, a new Lord Chancellor and a new Minister to listen to the people who really know what is going on.

Mr. Eric Martlew (in the Chair): A considerable number of Members wish to speak, so if hon. Members keep their speeches short we may get them all in.

4.13 pm

Jeremy Corbyn (Islington, North) (Lab): I will be brief, because I want to ensure that everybody gets in. The attendance here, the volume of correspondence and the briefings that we have had indicate just how much of a crisis currently surrounds legal aid. Crucially, the issue is access to justice for the very poorest and most vulnerable people in our society. The comments of each Member who has spoken have reflected that point.

I start from the point of view that if we deny people access to justice because they cannot get legal aid, and if they do not get a fair hearing in divorce, immigration, housing or criminal cases, we are effectively saying that they are not good enough to get any kind of justice. If we believe that the law is there to bring about justice and should have some degree of equality in its operation, we must be prepared as a society to spend a great deal of money on legal aid to ensure equality of representation when a case finally gets to court.

I represent an inner-city London constituency, which, like those of my hon. Friends the Members for Vauxhall (Kate Hoey), for Hackney, North and Stoke Newington (Ms Abbott) and for Hayes and Harlington (John McDonnell), has the perverse characteristics of fantastically fast-rising house, land and business prices, very high costs of running any business and an increasing sense of isolation and deprivation among many people. In the midst of all that, legal aid firms face a combination of factors. One is lower income, another is greater demand on them and yet another the people who end up in our advice bureaux. I was doing an advice bureau this morning for people with really serious problems. I am sure that all Members do this: we ask someone in an immigration case who their solicitor is and they say, "Haven't got one. Don't know where to get one. What can I do about it?" I sometimes then start ringing round local solicitors to get them to take cases on. It is not the function of an MP to go round finding solicitors for people—it ought to be a relatively simple process.

I would be grateful if the Minister considered in her reply the related issue of access to the advice that goes with legal aid. She can write to me on it if she prefers. I find that people increasingly get into all kinds of serious legal problems on housing, immigration, divorce and so on because they do not have adequate access to basic advice in the first place. Funding for people's rights groups, citizens advice bureaux or whatever there happens to be in a given locality is important.

The Select Committee described well in its report a lot of the issues involved. Its points should be read carefully, such as the one that it was breathtakingly risky to go ahead with the reforms. I took part in the debate in this Chamber a few months ago, and in today's debate there is a sense of déjà vu plus. We are all making more or less the same speeches, but we are six months further on and have the experience of what has happened in our communities as a result of the changes.

I shall quote from a letter that I have received from Islington Law Centre, which shows one of the reasons why legal aid is at crisis point. The letter urges me to get involved in the debate, which I am happy to do. The law centre is very good and the people there work incredibly hard. Nobody there is particularly well paid and they are totally dedicated, just like most legal aid solicitors all over the place. I do not draw a distinction between somebody who works in a law centre and somebody who works in a legal aid firm—they usually have an equal commitment to the community. The issue of funding is serious, and the letter states:

"While general inflation has risen by 43 per cent. since 1993, legal aid rates have been increased by less than 10 per cent."

Ruth Hayes, who wrote the letter, says:

"I started work at the Law Centre in 2001, and we have received an inflationary increase in our legal aid rate only once since I have been here—5 years ago. As we have not received an inflationary increase from any of our other funders, it is a massive struggle every year to maintain our services."

I know that, because I ring up the staff to ask them to see people who cannot get a lawyer anywhere else, and they have a problem dealing with such cases. It is up to Parliament to do something about that, and I hope that the Government are listening to such concerns and understanding them.

I have a letter from another firm, which is quite well known and not local to me. It points out:

"As things stand we have already taken steps to shed staff in our Housing, Community Care, Family (including Children cases) and Mental Health Departments."

That is the story for legal aid firms across London. The big firms that do a proportion of legal aid cases are continuing to do so only because they can cross-subsidise within the firm—not because there is sufficient funding but because they can afford to. However, I have a number of legal aid solicitors' firms in my constituency, as I am sure colleagues do, in which sometimes as much as 90 per cent. of the work is on legal aid. If the cuts go on, they will have to close down and we will lose the benefit of them.

After the last debate, I took the opportunity of writing to every solicitor's practice in my constituency. I sent them a questionnaire and asked them to outline what they did, whether they had signed the new contract, what they thought the effect would be on their clients and whether they would be prepared to take part in a repeat exercise in a few months' time. Many companies replied. All of those that replied had signed the contract, but they pointed out that they had been unwilling to do so, it was done at the point of a gun and so on. They did not do so willingly.

On 16 May, Deighton Guedalla and Company replied to my questionnaire. I asked what the effect of the new regime was likely to be on finances, training and so on, and the company replied:

"Effect is likely to be adverse, and is already felt as such in terms of uncertainty which makes future planning almost impossible. We are uncertain whether and for how long we can survive."

Deighton Guedalla is a good, effective local company. I could read out all the survey reports, because they say much the same kind of thing.

Colleagues may have done similar surveys of local firms in their constituency. I have a quote from Islington Peoples Rights, which is a very effective, popular voluntary organisation. It has a legal aid contract. My questionnaire asked:

"What is likely to be the effect on your clients?"

The reply was:

"Lack of support to enforce their rights, financial exclusion, further marginalised communities, negative effects on improving child poverty."

There are so many more responses like that one.

I had a letter from a local legal aid solicitor, Greg Foxsmith, who referred to a meeting of legal aid lawyers that he had attended the day before in Conway Hall, at which it was said that allegations about the top 10 high-earning barristers had been used to an absurd degree by the media and others who go on and on

[Jeremy Corbyn]

about the gravy train for fat-cat lawyers. I do not doubt that there are fat-cat lawyers. I do not doubt that those who represent the Beckhams and other such people in this world probably make a lot of money. There is a difference between the world of the rich and the famous for being famous—those who are famous because of their barrister—and the reality of life for ordinary people whom we have been sent to Parliament to represent. I wish that we could separate the two and seriously review the consequences of the changes that have been introduced.

Access to Justice Alliance set out a good summary of the issue. It asked, what is the point of legal aid, and said that it was the supply of advice, accessibility of legal aid services to all ethnic groups, local networks of organisations that provide help and support to vulnerable people, and quality of advice.

Given that good advice and those sound points, it is important that the Government recognise that the Carter review came along, there were warnings about problems, and problems occurred. There was a debate in this very Chamber when prescient warnings were given. The Select Committee published a report—and a very good report it is, too—and here we are again, having another debate.

We have a new Minister. I compliment her and congratulate her on her appointment. She has a real chance to do something about the situation by listening to those who work day to day in this field, by understanding the problems that they face, and by understanding that, in the present atmosphere, the reality is that the people who are being short-changed and treated the worst are those who have already been short-changed and treated the worst by society as a whole.

If we are here for justice, we must ensure equality of access to justice. That is what I want. That is why I ask the Minister to think seriously about the Government's response to the Select Committee report, and to give us some hope when she replies that there will be a rethink on the contract and the funding, and on accessibility to advice services in constituencies and communities.

I shall conclude with this point. I have represented Islington, North since 1983. When I was first elected, the borough had three law centres, two citizens advice bureaux, a large number of community advice organisations and an effective welfare rights organisation run by the local authority. In other words, many people could get access to advice. Therefore, benefit take-up rates and all the other things that go with that were high.

The borough now has one law centre, no citizens advice bureau—the last one just closed—Islington Peoples Rights, which does its best but is flooded by demand, and legal aid solicitors who do their best. I suspect that many people, particularly those whose first language is not English, have no access to any advice or the benefits that would come if they were to get advice, and no access to legal aid because of the shortage of legal aid provision. It is up to us, as Labour Government Members, to ensure that those people in our society do not go under-represented and short-changed.

4.25 pm

Hugh Bayley (City of York) (Lab): Legal aid is a very necessary service, and legal aid lawyers do a fantastic job on behalf of the clients whom they represent. Few earn large salaries for the work that they do. However, none of those incontrovertible facts is a reason not to curb excesses within the legal aid system, or to seek better value for money in a public service for which expenditure is rising a great deal faster than the rate of inflation.

The problem with legal aid is that almost everyone who has anything to say in the debate has a vested interest in increasing the amount that is spent on it. *[Interruption.]* I know that some hon. Members disagree with me. I have listened patiently to their views, so I hope that they will have the decency to listen to a different point of view.

My comment about vested interest applies to lawyers and to members of the public who qualify for legal aid. It applies to the courts, the police and many pressure groups.

Mr. Beith: I am neither a lawyer nor, because of my income as a Member of Parliament, do I qualify for legal aid. What is my vested interest?

Hugh Bayley: I said that almost everyone who has anything to say about the matter has a vested interest. The hon. Gentleman makes a debating point. He has looked at the evidence in front of him and reached conclusions, but I ask him to listen with an open mind to someone who has reached conclusions that are different in some respects.

The consequence of the nature of the debate that we have had in this country about how we provide legal services for those who cannot afford to pay for them themselves has left us paying more per capita—

4.27 pm

Sitting suspended for a Division in the House.

4.42 pm

On resuming—

Mr. Eric Martlew (in the Chair): Owing to the time lost through Divisions, the debate is now scheduled to finish at 6 pm.

Hugh Bayley: Given the reaction of the Chairman of the Select Committee to my opening remarks, I feel a little as I did when, in front of an audience that included many Yorkshire miners paid by their union to attend, I argued the case, against Arthur Scargill, for the Labour party abandoning clause 4 of its constitution, which committed us, in those days, to the nationalisation of the means of production, distribution and exchange.

Whatever the reasons, the legal aid budget for England and Wales is larger per capita than that for any other country, and, therefore, it is not self-evident to me that the way to deal with the problems facing the legal aid system is simply to increase the budget. That might be necessary, but so too is radical reform of the budget. The Government are right to seek to limit the rate of growth in the budget and we, as Members of Parliament, have a responsibility to taxpayers to ensure

that they receive value for money from taxes paid for the legal aid fund, as we seek value for money from other taxes.

My hon. Friend the Member for Islington, North (Jeremy Corbyn) said that he is irritated by reports in newspapers of legal aid lawyers earning more than £1 million a year from legal aid work. Like him, I accept that few lawyers earn such remuneration from legal aid. Recently, I read a report in a newspaper that listed the top 10 earners from legal aid, one of whom, I believe, earned more than £1 million. Frankly, I find it extraordinary that any lawyer, who inevitably will be an educated man, could be so out of touch with the lives of ordinary people that they believe that it is fair to accept remuneration of £1 million—in some cases, more—as recompense for their contribution to society through representing clients in the courts. That is four times the remuneration paid to the highest paid doctors in the NHS, the Prime Minister or the highest paid judges.

Doubtless the vast majority of solicitors practising in my constituency would share my incredulity, because they earn a tiny fraction of that level of remuneration, especially if they are working on legal aid. Nevertheless, I believe that there is an urgent need to rebalance the way in which the legal aid budget is spent. For instance, I suggest that the Government set an upper limit, perhaps of £100,000 a year, on the amount that can be paid to a lawyer for legal aid work. Any legal aid work done beyond that should be pro bono.

Ms Abbott: I am surprised that a self-confessed Labour moderniser is calling for a return to a prices and incomes policy. He is utterly transparent. He has made it clear that the purpose of this so-called reform is to cut costs. If it could be proven to him that that would impact very unfairly on black and Asian lawyers and clients, would he say that it was a price worth paying?

Hugh Bayley: My hon. Friend makes an assumption; I shall listen carefully to her speech to see if she provides evidence with which to back it up. If the small number of legal aid lawyers earning hundreds of thousands of pounds would not wish to carry out that work if their maximum remuneration was £100,000 or less, plenty of other legal aid lawyers would be prepared to do it, and many of them would be black or Asian.

I cannot accept that a public service should pay Rolls-Royce prices. My hon. Friend the Minister, in a previous job, ran the Motability car service for disabled people, which buys decent, safe, appropriate, sensible and necessary cars for disabled people, but nobody would suggest for one minute that such a service, paid for out of the public purse, through disability living allowance, should provide Rolls-Royces. If it did and, therefore, left less money in the budget to provide ordinary, necessary and serviceable cars to other disabled people, it would be malfunctioning. To make that comparison, I believe that the legal aid budget is malfunctioning.

Mr. Cox: If the hon. Gentleman took a straw poll of solicitors in this country and offered them £100,000 a year, they would be falling over themselves—they would bite his arm off. Most of them are being paid a fraction of that, as he has said already. I do not understand the bearing of the suggestion that there should be a cap. Most are earning far below that.

Hugh Bayley: The point is that if we have a system that overpays some and leaves insufficient money for the rest, we ought to limit the overpayments so that more is available for the others.

We need to find ways to build incentives into the legal aid system to reduce unnecessary expenditure. For example, some cases come to court only because legal aid is available and could be settled properly and justly if they did not. Let us look at some family law cases, which account for the largest part of the civil legal aid budget. The National Audit Office produced a report in March of this year, entitled "Legal Aid and Mediation for People Involved in Family Breakdown". It states:

> "The average cost of legal aid in non-mediated cases is estimated at £1,682, compared with £752 for mediated cases, representing an additional annual cost to the taxpayer of some £74 million."

Mr. Beith: I am grateful to the hon. Gentleman for giving way, because he raises a quite important point. Indeed, the Committee has in the past drawn attention to the fact that legally aided parties in such proceedings are required to consider mediation before they can get legal aid, whereas a non-legally aided party is not so required by the court and therefore will take the matter to court.

Hugh Bayley: The Chairman of the Committee is right, but the NAO report, as I am sure he is aware, found that 33 per cent.—one third—of legal aid recipients said that they had not been made aware that mediation was an option, even though there is a statutory requirement to consider referring cases to mediation. If the Government are paying legal aid lawyers to do a necessary job of work for people with family law cases that are being brought before the courts, we should at the very least require them to do what they are statutorily bound to do—to advise clients in most cases to try mediation. Of course, there will be some cases of domestic violence in which that would not be appropriate. The NAO, in its report, recommends that the Legal Services Commission should "actively promote mediation". Will the Minister say what action is being taken to give substance to the NAO's recommendations?

I believe that more radical change is needed than the Government or the Committee is considering. I would like the Government to consider contracting out management of legal aid to not-for-profit bodies, which have their clients' interests at heart and which would benefit from maximising the number of clients who receive advice for the money available. I know that that is done in part by contracting services out to citizens advice bureaux, but why is that not done also to National Family Mediation or possibly to the Refugee Council?

I have been lobbied by solicitors in York to sign early-day motion 537? tabled by my right hon. Friend the Member for Leicester, East (Keith Vaz). I studied the motion closely, but decided not to put my name to it because I took the view that it was tabled on behalf of the producer interest—that of the Law Society—and that it took too little account of the public interest, the interests of members of the public, including my

[Hugh Bayley]

constituents, who pay for the service through taxation. However, I have talked with solicitors in York and examined their concerns in great detail and I agree with other hon. Members that the solicitors working in this area have some real concerns that need to be addressed and some constructive proposals about how to deal with those concerns. I know that time is at a premium, so I shall be brief.

I wrote on 1 June 2007, on behalf of Kevin Blount, a solicitor in my constituency, to the Minister's predecessor, who is now the Solicitor-General, to make the case that the Legal Services Commission should allow lawyers in a wider range of rural areas to claim for travel in addition to their fees. That is necessary because if the LSC continues to include travel in fees, that will lead to fewer remand prisoners seeing a solicitor before they appear in court and that could be costly in terms of court time and lead to an overall increase in expenditure. In addition—this follows a point made by my hon. Friend the Member for Islington, North about waiting time in court—including waiting time in a bundled fee will, in my view, place lawyers in the unreasonable position of having to bear the cost for court or police failures to process cases efficiently.

I look forward in due course to the Minister's reply in writing to the letter that I have sent to her Department and I look forward to her response to the debate. I say to my colleagues, who, by and large, appear not to share my view about this matter, that reform of the legal aid system is necessary. Additional money may well be necessary. The hon. and learned Member for Torridge and West Devon (Mr. Cox) made the point that the Government are bringing more criminals to court—there are more cases in front of courts—and therefore there is greater pressure for criminal legal aid. I accept that point, but to see the answer simply as more money would be a grave mistake and not in the service of the public.

Mr. Cox: The hon. Gentleman has been generous with his time and I am extremely grateful, but I wish to make the point—

Mr. Eric Martlew (in the Chair): To ask the question.

Mr. Cox: I am most grateful to you for reminding me of that, Mr. Martlew.

Does the hon. Gentleman not accept—in fact, he said this himself—that very constructive proposals have been made not only by the solicitors' profession, but by the Bar? The problem is not so much that the legal profession does not accept the overpowering need to achieve economy, but the speed with which the proposals are being introduced, the way in which they are being introduced, the changes of proposals and the abandonment of graduated fees, which have been proved to work and to allow control of costs. The Government are rejecting all that in favour of a steamroller approach.

Hugh Bayley: I most certainly agree with parts of what the hon. and learned Gentleman has said. The problem with this debate is that it has polarised into a debate about capping the budget on the one hand and breaking the cap to provide justice for people who need legal aid to take their case before the court on the other hand. A truly just solution needs also to take into account the interests of the taxpayers, who are paying for a public service whose costs are rising faster than the rate of inflation. A real and just solution will require a combination of both those factors.

Several hon. Members *rose—*

Mr. Eric Martlew (in the Chair): Order. Three Back Benchers wish to speak, and I would like to start the winding-up speeches at 5.25 pm, so you can figure that one out for yourselves. I call John McDonnell.

4.56 pm

John McDonnell (Hayes and Harlington) (Lab): I shall be extremely brief then, Mr. Martlew, and simply place on the record the concerns that my constituents have on this matter. I have received representations from the local citizens advice bureau, Hillingdon legal resource centre, of which I am a former chair, Hillingdon women's centre, the Middlesex Law Society and solicitors too numerous to mention. All of them are unanimous in their view that the proposals may well undermine the service that they provide to my constituents and therefore undermine and impede access to justice.

I share the Government's previous stated view that legal aid is a central plank of the welfare state. In any democracy, people need to ensure that they have the right of legal redress. I also share the concerns of my hon. Friends who are anxious about the control of public expenditure but, to put these matters in perspective, we are talking about an increase in public expenditure that is less than 0.5 percent. of the amount that the Treasury has calculated for tax not collected as a result of tax avoidance, particularly in relation to big business in the City. I agree that we need to ensure that we control public expenditure, but it should be on the basis of need. We should ensure that there is a proper assessment of the need for legal advice and legal aid and, on that basis, calculate what the public expenditure should be.

The concern that many of us have, which comes through in the report, is that, rather than undertaking a proper, rational assessment of need—the report refers to the drivers for the increase in costs—we have fallen back into an old politics style of addressing the issue. I regret that. I regret, for example, that before the debate, there was spin about fat cat lawyers and so on, which was not really the issue that we wanted to address in our discussions. The Government have followed a pattern, similar to that followed in other exercises, of establishing a review by a prominent individual whom, to be frank, they are confident will respond in a way that the Government would expect and wish, and then undertaking a consultation in which the vast majority of responses express severe reservations about the Government's proposals yet they are largely dismissed. I think that a large number of people working in legal services feel that the whole process has been set up and that the solution of a market-driven approach was not arrived at as a result of rational debate or discussion, but was plumped for initially.

I share the concerns of my hon. Friend the Member for Southampton, Test (Dr. Whitehead). We have all experienced, in our different walks of life, the introduction of systems that are market-based rather than focusing on the provision of public services, and we have seen what happens: initial cost-cutting followed by a virtual monopoly. In the end, with such systems, there is neither the delivery of service nor the cost savings that were expected in the long run. Indeed, many such public services have been undermined as a result of that approach.

I simply ask that now, with the new Prime Minister, when there is an attempt to demonstrate that the Government have learned the lessons of past, similar exercises, especially in relation to the need for change, with involvement in Government decision making, the Minister will consider having a moratorium on the implementation of some of the proposals. Will she consider some of the fresh ideas that have been suggested? I agree that there could be prospects for caps on earning levels, but alternative mechanisms have been suggested by legal service practitioners on the front line that could achieve the reforms that the Government want, while delivering effective services and providing value for money. However, I do not relate that to the control of overall costs, because if the need is there, we should spend the money to ensure that that need is satisfied.

Will the Minister reconsider? There has been a long process of debate on this issue, and appeal after appeal has been made in this Chamber and elsewhere for it to be re-examined. What would it cost the Government to give us another few months in which we could come up with a consensual solution and take with us not only the legal services community, which is arguing for some form of dialogue with the Government, but all those in our communities who are deeply concerned about the Government's approach to this matter?

5.1 pm

Ms Diane Abbott (Hackney, North and Stoke Newington) (Lab): I am not a lawyer, and neither am I here to represent the producer interest—to use a rather distasteful piece of jargon. I want to talk about the thousands of people whom I have dealt with in my 20 years of representing one of the poorest areas of the country, who would have faced disaster in their personal lives, with housing and access to their children, for example, without receiving quality legal advice that was paid for by legal aid. In the inner city, legal aid is not a luxury frill, but a pillar of the welfare state.

I shall speak specifically about the plight of black and minority ethnic solicitors, partly because it sheds a light on what is problematic about this whole reform. My hon. Friend the Member for City of York (Hugh Bayley) disputed whether the Carter reforms will have an unfair impact on black and minority ethnic solicitors. Of course, we do not really know, which is why some of us are calling for a pilot scheme, at least, or a proper race impact study. People who should know, however, such as the Law Society and different bodies that represent black and Asian solicitors and lawyers, say that black and ethnic minority solicitors will be decimated by the Carter proposals. That is also what the Committee's report says. In their response to the report, the Government say:

"The evidence in the regulatory impact assessments suggests that the impact of some of the civil, family and immigration fee schemes on BME managed providers is somewhat greater than that on white-managed firms."

I must tell my hon. Friend that the people whom I know who were involved in fashioning the Carter reforms concede freely, in private, that of course they will have a disproportionate impact on black and minority ethnic firms. That is why I asked whether he, with his particular family background, thinks that is a price worth paying.

Some Members might ask whether it really matters that black and minority ethnic solicitors will be decimated if it means that taxpayers in York will pay less tax. I say that it does matter, for several reasons. Black and minority ethnic solicitors, especially those in London—I accept that the issue might look different in inner-city Brixton, Hackney and Islington than it does in York—add value to our legal and justice system. Many members of the ethnic community prefer, rightly or wrongly, to go to such solicitors. My hon. Friend will remember the Lawrence case; a brilliant minority ethnic solicitor took that case and drove it forward, when there was not necessarily any money in it, and made sure that Doreen Lawrence got justice for her dead son. She chose that brilliant solicitor, but she might no longer have that choice under the proposals that my hon. Friend supports.

Black and minority ethnic solicitors add value through their language skills, their understanding of the community and because some members of the community are more willing to go to them than others. In Asian communities in Blackburn, for example, many Muslim women are trying to pursue divorces, and they simply would not go to a white, male solicitor. They want to go to a solicitor with whom they feel comfortable. Black and minority ethnic solicitors bring added value, but if we remove the choice to go to them by decimating the profession, we will affect people's access to justice. That is the basis of the court case that the Government currently face.

Hugh Bayley: Will my hon. Friend give way?

Ms Abbott: I am afraid that time is against me.

Black and minority ethnic solicitors are an important ingredient in bringing more diversity to the profession, as they are more likely to engage black and minority ethnic barristers. That is why the Society of Asian Lawyers is engaged in the legal action against the Government. If we decimate the base of such solicitors firms, we will indirectly affect the career chances of those barristers. How in the world are we to have a more diverse legal system and judiciary if we, as a Government, are taking a hammer and smashing the base of the profession for black and minority ethnic solicitors?

I remind hon. Members that the reason why many such solicitors set up their own firms was because, sadly, they faced institutional racism in the mainstream profession. So, what is the response of my Government in 2007? It is to turn around and say, "You tried, you struggled, you set up your high-street firm because of institutional racism, but we are going to break it up with ill-thought-out, untested, market-based proposals."

In addition, many black and minority ethnic solicitors are small entrepreneurs on local high streets who help to build community cohesion. For all the reasons that I have given—added value, access to

[Ms Abbott]

justice, the importance of diversity and community cohesion—it would be very dangerous to go through with the proposals without first introducing the pilots that my hon. Friends have suggested.

Community cohesion and access to justice are important for all our people—both the taxpayers of York and people on benefits in Hackney, Brixton and Islington—and are as important as the concerns of those taxpayers in York. Even at this late stage, the Government should be prepared not to give up on reforming the legal aid system. No one who has spoken is against reforming the system; the only query is about what to reform—but at least the proposals should be tested. They could then come back and reassure us that our worst fears are unfounded; otherwise, they will stand as having taken a hammer to one of the pillars of the Beveridge welfare settlement, which would be a very sad thing to do.

5.8 pm

Mr. David Kidney (Stafford) (Lab): It is a pleasure to take part in the debate. I have a registered interest as a non-practising solicitor. Before I was elected to Parliament in 1997, I was a solicitor. As it happens, for 20 years I was mostly a legal aid solicitor working on cases relating to families and children in care. As such, in my first 10 years in Parliament, it was noticeable that other hon. Members spoke about lawyers in derogatory terms. Indeed, I often heard hon. Members say that there were too many lawyers in this place, and they did not mean it as a compliment. It has therefore been heart-warming to hear the recognition and solidarity shown to legal aid lawyers in this debate. I can certainly confirm, from personal experience, that we are—or, in my case, I was—motivated by a deep commitment to our communities and social justice before personal profit and advancement.

The people to whom we are showing solidarity are not just lawyers in private practices and solicitors firms, but people in the not-for-profit sector. Indeed, hon. Members have mentioned citizens advice bureaux and law centres. Much of the valuable social justice and social inclusion work in the sector goes on in those settings.

The right hon. Member for Berwick-upon-Tweed (Mr. Beith) reminded us at the beginning of the debate that the legal aid system in England and Wales still has something of which we can be proud. We probably still spend more on legal aid per head of population than any other system in the world. The reach of our system is probably as good as anything in the world. All those years after the founding of a legal aid system after the second world war, we still start from a position that has something in which we can take pride. However, we stand on a precipice where decisions may be made that would throw away that pre-eminent position. Who would want to be responsible for making such a decision? Not I, and hopefully not this Minister. We are all trying to help her to avoid such a mistake.

The debate has been helpful in reminding us that we are debating two possible developments in the future funding of legal aid. The longer-term one, although it is not so far away, is the Carter proposal, red in tooth and claw, of competitive tendering to decide who delivers legal aid services. That is untried and untested. It cries out for piloting first, so I add my voice to those who have said that it should be piloted. The right hon. Gentleman reminded us about the transitional system that might get us from where we are to that arrangement. The crude fixed fees that are being proposed are in danger of causing great damage.

There might have been reactionary forces in the legal profession who wanted this all to go away and said, "Leave it as it is. It is not broken, so do not try to fix it. It is okay." All those voices have long since ebbed and died. When preparing for this debate, it was instructive to see the briefings from the Bar Council and the Law Society about how they have recognised the need for change. They have put forward positive proposals that meet their members' concern for certainty in respect of an amount of money from which they can make a living, and the Department's concern for certainty in respect of the outcome of its expenditure. That all relates to a system of graduated fees. We ought to consider more closely replacing the fixed fees that are being proposed with the graduated-fee scheme around which everybody has eventually coalesced.

What will the consequences be should we get this wrong? The Access to Justice Alliance, which is a deep and broad alliance of all those with a real interest in this area, comprising many people who are friendly towards and supportive of the Government and want them to make the right decision, reminds us that the regulatory impact assessment points out that the effects of standard fixed fees will be most acutely felt in London and by the not-for-profit providers. In addition to those, the areas that can expect the biggest adverse effects are Reading, Cambridge and Bristol.

My hon. Friend the Member for Hackney, North and Stoke Newington (Ms Abbott) referred to the negative impact on black and minority ethnic communities. In that regard, the areas that can expect the most significant detriment are London, Birmingham, Leeds, Manchester, Reading and Cambridge. We are not talking about a narrow danger—it is widespread and will be deeply felt.

I also want to examine a couple of areas relating to the complexity of law. The present proposals for fixed fees run the risk of undermining the delicate balance involving those lawyers who are committed to carrying out the work. My experience tells me that the first such area is child care proceedings. That is a concern for the Minister because of the increasing costs of individual cases; the unit cost has risen. Nevertheless, if we do not have the commitment of the lawyers who do the careful work required in those cases and if we are not careful, people will be compelled by the fees that they will receive to cut corners, reduce the amount of work that they do or leave the area altogether and thus leave too few lawyers who are able to do that work. For similar reasons, great detriment is likely to be caused in mental health law, where cases require patient, detailed work with clients and incredible amounts of investigation to get the outcome right.

My hon. Friend the Member for Hackney, North and Stoke Newington has mentioned the risk to lawyers' black and minority ethnic clients. I want also to point out the danger to lawyers' disabled clients. They are a specific group who require attention and detailed consideration, and they would not get that under the fixed-fee proposals.

One hon. Member mentioned rural communities as a whole, and I want to underline that point. The future vision might be one of large-volume suppliers of legal services, but there is no way that the practices that exist in rural areas can be those large-volume suppliers. Practices will go out of business and people will have to travel a long way to find a lawyer willing to help them.

All those comments come from my background, my taking part in debates such as this and my correspondence with the former Minister responsible for this area, but I want to mention constituency pressures. My citizens advice bureau gives astonishingly good value. It is a shoestring organisation that delivers high-quality law in many social law areas of practice. It is already warning me that it faces stopping some of its activities because the fixed fees would not cover them.

That is a worrying fact for me to face. Cathie Halliday, a lawyer who carries out legal aid in my area, has had the gumption to collect a public petition of objections to the changes and led a day of action outside court, in which lots of legal aid lawyers participated. Such activities on the part of lawyers in my constituency are unheard of.

A good friend and long-standing colleague when I was a lawyer, Neil Robinson, is now an experienced family lawyer and sometimes a district judge. He is particularly strong on mediation, and he warns me of the dangers for mediation cases if the fixed fees go ahead as planned, especially in respect of the not-for-profit sector as opposed to private lawyers. He is writing an article for the *Family Law Journal* this month expressing his fears about what might happen in mediation cases.

Bearing in mind what my hon. Friend the Member for City of York (Hugh Bayley) said about the National Audit Office report that points out the financial benefits to the legal aid system of encouraging more take-up of mediation, and the Government's stated stance of supporting more mediation, it seems ridiculous to take the risk of mediation going backwards under these proposals.

We should not get fixated on these schemes. Many other solutions to the problems of pressures on the legal aid system exist. One is increased use of mediation. We must get to grips with the high-cost cases and understand the reasons why the child care cases are becoming so expensive. We must examine the way experts are instructed and used and the other disbursements that are increasingly coming under a legal aid heading despite their not really sitting there. We must also examine this place's responsibility for creating new laws, for making the law that courts have to implement more complex, and for creating delays in the court system, which several hon. Members have mentioned.

My hon. Friend the Member for Southampton, Test (Dr. Whitehead) sought to make his point by comparison with the waste sector. I should like to make my point by comparison with national health service dentistry, which was a good scheme until the early 1990s, when a disastrous contract drove many state-funded dentists away from the system. When the impact on the public was realised, a new Government tried to bring those dentists back with a new contract, but they had either left the system completely or had become comfortable with the ways in which they had become ensconced, and they did not want to come back to help us out with national health service dentistry.

I fear that exactly the same situation might occur: that we will drive away lots of legal aid lawyers and find out that there is a disaster in terms of services to the public, and when we want the lawyers to come back and we throw more money at the problem, they may not want to come back. Plenty of alarm bells are ringing and I hope that the Minister will listen to them.

5.18 pm

David Howarth (Cambridge) (LD): This has been a remarkably powerful debate—I include the previous speech in that comment—which has had a clear message. The hon. Member for City of York (Hugh Bayley) is perhaps the exception in that regard, but it was noticeable that even he was not agreeing with the Government's proposal. He was putting forward a different set of proposals which, admittedly, would not go far. I doubt whether he has worked out how much money would be raised by his cap, but I suspect that it would be only 1 to 2 per cent. of the budget. Nevertheless, he was not supporting the Government's ideas.

I served on the Select Committee during the writing of this report. Technically, I still serve on it, although I am in the process of extricating myself. I voted for the report and agree with every word of the speech made by my right hon. Friend the Member for Berwick-upon-Tweed (Mr. Beith).

Many hon. Members have mentioned the key thing: going back to the purposes of legal aid. Its main purpose is to allow people to vindicate their rights. I am talking about those who would otherwise not be able to do so because of their lack of funds. I believe that that is central to the whole idea of legal aid; otherwise we would spend our time in this place passing laws that would be meaningless. I think that one hon. Member said that civil liberties and all the welfare rights that we can think of would be illusory if people could not enforce those rights in the courts.

The second theme of legal aid is equality and to ensure that people are not put at serious disadvantage in the courts because they are poor. That is a fundamental principle that we should fight for. It applies in housing law, social welfare law, immigration law and, above all, criminal law where criminal defendants face the states' might and resources. Criminal defendants are perhaps the most unpopular group of people, and the civilisation of society can be measured by the extent to which it sticks up for the principle that criminal defendants, no matter how unpopular, deserve a fair trial.

The Government's concerns are budgetary. There is no doubt about that. One of the odd background facts is that the budget would seem to most people to be demand-led—the number of people who need legal aid, especially in the criminal law, is the number of people who are brought before the courts. That is completely outside the control of those in the legal aid sector. A budget that is largely demand-led is counted by the Treasury as not being demand-led, but as part of the departmental expenditure limits, so unlike other demand-led budgets—for example, benefits—the Department must keep within annual spending limits even when it has no control over the calls on that budget.

[David Howarth]

The overall cost of legal aid has risen sharply since the late 1990s, although more recently the budget has fallen back slightly. The Committee stresses in its report, as I want to do today, that the Government do not know and the Committee could not find out why that has happened. We know what is not a problem. The community legal service is not a problem, because it is rising by only around 0.7 per cent. a year. We know that it has nothing to do with the lower criminal court defence services because payments in that area and the magistrates courts are falling. There is an increase in payments for police station attendances, but almost all of that is explained by the increase in the number of people arrested.

The problem seems to be in three places: first, in the higher criminal courts—the Crown court and above—where the cost per case is indeed rising; secondly in child care proceedings, as many hon. Members said; and thirdly, in the administrative costs of the Legal Services Commission. Little is understood about any of those three. There is speculation about the place of expert witness fees in child care proceedings, delays caused by other organisations in the system, and ideas in the system about degrees of certainty that cannot be achieved.

No one knows for sure the causes of the increases, and it is reckless—the Committee used that word—to go forward with the changes without understanding the real reasons for the budgetary problem. The Government's solution is that if they cannot do anything about the case load, they can only reduce the spend per case. Everyone recognises that the danger of reducing the spend per case without understanding the causes is that quality of advice and representation will be reduced. The essence of the Committee's criticism and my criticism is that the Government have not gone about the task rationally. They have not tried to discover the cause of the budgetary problem and to deal with it; they have simply adopted an across-the-board solution as a quick fix.

That quick fix is the average fixed fee system, and the idea is that firms and providers will absorb all the risks of variation in costs. There are two big variations in the cost of cases. One is the complexity of the case and lawyers' ability to deal with it. The other is the needs and requirements of the clients: their need for interpretation and translation, and so on. All the variations in those complexities, both legal and concerning the client, are borne by the providers under the fixed-fee system. The Government say that that does not matter because the fees will average out, but firms must bear the risk of that averaging out.

There are three big problems. One is cherry-picking. Providers may take on only the cases that they can deal with within the fixed fee and let the others go. We know from other attempts at out-sourcing that that happens. The Government say that they will deal with that with the contract, and that the contract will provide a sign, but how will they know when there is cherry-picking? They will have no way of knowing. If they threaten to take contracts away, they will have to give them to another firm, or the threat will be empty. If, as we suspect, an effect of the system will be to wipe out vast swathes of other providers, there will be no alternative provider to give the contract to.

The second problem with fixed fees is that they undermine the possibility of firms specialising by the complexity of the case or special needs of the clients. That is precisely what lies behind the problem of black and minority ethnic firms and the problem of clients with disabilities.

The third problem is that fixed fees undermine choice. A fundamental question for people who are represented is, "Can I trust this lawyer?" What happens if someone has been represented by a lawyer previously, had a bad experience, and wants to go to a different lawyer? The system undermines the possibility of finding a different lawyer.

We have been told that the fixed fee system is necessary as a precursor to best-value contracting, but that argument does not work in its own terms. The benchmark applies only to the Government because they need to know what price they will offer. It does not help bidders, except as a general guide to what prices might be, but the Government can tell them that without setting up fixed fees. It is entirely unclear how the best-value contracting system will work, and that was the basis for the comments by the hon. Member for Southampton, Test (Dr. Whitehead). The Government should think about that.

The real problem is that if the contracting system is just an average, fixed fee with a bit of competition, which is what I think is intended, it will have exactly the same problems as the average fixed fee. It will cause cherry-picking, undermine choice and make it impossible for firms to specialise by the complexity of the case or the complexity of their clients' needs.

What is the way forward? I think it is to do nothing until the exact nature of the problem has been grasped. It might lie in the Treasury, not in the Department or the world, because of the way in which the Treasury deals with this budget. The Government should abandon the average-fixed-fee system at this stage. It is not needed as an interim measure and will be deeply damaging. Finally, they should rethink the best-value contracting system so that it does not merely reproduce the problems of the average fixed fee with a bit of competition added in.

There is no ultimate solution to the problem of guaranteeing quality in public services; we can try different solutions at different times. The solution with the widest degree of support, however, is the idea of graduated fees, although it must be combined with a sophisticated system of quality assurance. One of the problems in the way that the Government have set about their task is in trying to simplify and make savings in the quality assurance system. The Chairman of the Committee said that that resulted in a minimum requirement, rather than a guide to the complexity of an individual case or of client needs. A graduated fee system with sophisticated quality control, on the other hand, could work.

There is even a way of combining graduated fees with competition, which, as a former council leader, the hon. Member for Southampton, Test will probably recall. It was the method that was in use at the time of the schedule of rates contracts. For the reasons that he mentioned, that is probably not the way to go, but it would still be better than anything that the Government are suggesting.

My impression is that, in the minds of the press and of some Ministers, legal aid has been seen as an obstacle to be swept aside using press releases about fat cat lawyers and so on. In reality, it is about modestly paid lawyers trying to vindicate the rights of their even more modestly paid clients. I urge the Government to think again.

5.31 pm

Mr. Henry Bellingham (North-West Norfolk) (Con): I too declare an interest, although it is registered. I am a non-practising barrister. I congratulate the right hon. Member for Berwick-upon-Tweed (Mr. Beith) on his superb report, and I agree with him that it is a pity that this debate is taking place in Westminster Hall, especially as it is the second occasion on which we have had a debate on this subject here instead of in the House. Many people take a huge interest in the subject, and they would have liked to have seen the debate take place in the main Chamber and to have had better seating. Had that been the case, everyone would have been able to get into the Gallery. That should be considered in future.

The report was extremely full, and the Committee went to a great deal of trouble to take evidence from every possible affected organisation. The Committee produced some compelling and damning quotes, remarks and suggestions. On the need to take action, page 86 of the report says:

"Not to do so would be reckless."

Paragraph 38 on page 87 is headed "The impact of the reforms on BME firms and clients." Underneath, the report says:

"This may limit access to justice for members of ethnic minorities."

The final paragraph says:

"There has been a catastrophic deterioration in the relationship between suppliers, their representative organisations, and the LSC."

I found the Government's response to a very impressive report to be wholly inadequate, and that has been brought out in the speeches of other hon. Members. There were some excellent contributions. The hon. Member for Vauxhall (Kate Hoey) spoke with great passion. She is my local MP, so I suppose that I am biased, but I agreed with her entirely, as I do on virtually every issue. So much is that the case that I shall have a dilemma at the next election—I shall either vote for myself in North-West Norfolk or I shall support her in Vauxhall. I shall look to the opinion polls nearer the time to guide me in that choice.

I shall briefly mention the contribution of the hon. Member for City of York (Hugh Bayley), who, because he was looking towards you, Mr. Martlew, could not see the gnashing of teeth going on behind him. Some of his logic was flawed, I think, because he suggested that if one is a rich crook one can afford the best legal advice but that a poor crook has to make do with second best, and he implied that the best lawyers should not get legal aid work and support in order to represent people in their hour of need.

Hugh Bayley: Will the hon. Gentleman give way?

Mr. Bellingham: I am short of time, but I shall give way very quickly.

Hugh Bayley: I made no such suggestion. The hon. Gentleman's own implication that the 99 per cent. of lawyers who do not take hundreds of thousands of pounds in legal aid fees in a single year are somehow inadequate and not up to the job is wrong, and I hope that that he will withdraw it.

Mr. Bellingham: I shall not, because the hon. Gentleman said that the very top Queen's counsel should not be available to represent the poorest in the community, which is flawed logic. He spoke about contracting out to non-profit-making organisations that have the interests of their clients at heart, but I can tell him that every single law firm, citizens advice bureau and individual who has been involved in the debate on this topic has that interest at heart.

We all recognise that, with the legal aid budget rising very quickly, action was needed. However, the Government should be targeting the areas in which costs actually are rising. Spending on civil legal aid has fallen by 24 per cent. in real terms since 1997, and there are many other areas of legal aid in which costs are either under control or falling. The budget for criminal legal aid has indeed increased but, as my hon. and learned Friend the Member for Torridge and West Devon (Mr. Cox) said, with all the extra offences that have been created, and with court procedures becoming more complicated, that is not surprising. There are a number of problems within the court system itself as well.

One should think carefully about the argument put forward by people in some circles that solicitors are causing the problem by taking too much money. Legal aid payments to solicitors have been static for quite some time. The last pay increase for criminal legal aid was in 2001. Civil practitioners received just one rise—of 2.5 per cent.—in 2004, and there were no increases in 1993, 1994, 1997, 1998, 1999 or 2000. Even before the changes are introduced, the number of offices with civil legal aid contracts has already fallen from 4,301 in March 2004 to 3,500 in March 2006.

The debate needs to be seen in context. The hon. Member for Islington, North (Jeremy Corbyn) observed that there is a sense of déjà vu about it, and I agree. I welcome the new Minister to her post. However, the last time we had a debate on this subject, on 11 January, I thought that the then Minister, the hon. and learned Member for Redcar (Vera Baird), was very complacent. We debated the consequences that we predicted would flow from the changes, and we were told that we were scaremongering and over-egging the pudding.

In fact, very serious patterns have emerged since that debate. The previous Minister said that everything was okay because a lot of firms had signed the contract and therefore everything was rosy. However, I have received dozens of letters from solicitors' firms that signed the contract under what they felt to be duress. I shall quote just one example from a firm in SE20, which is probably in the constituency of Bromley and Chislehurst. It says:

"As a firm, we did not want to sign the new Civil Legal Aid Contract. It is manifestly unfair in as much as the Legal Services Commission can change it on very little notice and even put us out of business on six months' notice without committing any offence.

At the last moment we signed the Contract when it was apparent that our brethren were not going to hold their nerve and refuse to sign. We could not commit suicide then and there without a further review of our options."

[Mr. Bellingham]

It goes on to say:

"I anticipate that, having made alternative arrangements for the structuring of our firm, this firm will be withdrawing from publicly funded family work later this year".

The figures that were issued by the Law Society in January mentioned its survey of members. The figures indicated that 82 per cent. of family practitioners believed that their firm would be less likely to undertake publicly funded work in future, 78 per cent. of mental health practitioners were considering whether to continue to represent publicly funded clients, and 74 per cent. of immigration practitioners said that their firms were less likely to undertake legal aid work. The staggering figure of 95 per cent. of civil legal aid practitioners believed that the proposed fixed fees would make their work non-viable.

Events have moved on. The Housing Law Practitioners Association survey, which is far more recent, says that 82 per cent. of respondents were opposed to the introduction of a national fixed fee, 65 per cent. expected their income to decrease by more than 10 per cent., 38 per cent. expected their income to decrease by more than 25 per cent., and 96 per cent. said that the proposals would produce a disincentive to undertake more complex cases or assist the most vulnerable. That is obviously what is happening now, and the Minister ought to recognise it and consider events as they are now.

I went to see a firm in East Anglia the other day, and I sat down with its practitioners, who told me about the dilemma that they face. Some of the partners in the firm were doing a substantial amount of commercial work, and they were making a great deal of money. The other partners were doing legal aid, criminal and civil work, and they were being heavily cross-subsidised by the partners who were earning substantial amounts of money. Those other partners told me that, in all consciousness, they could not consider going on and on with the publicly funded legal aid work, because of the contrast in partners' earnings. The firm said that it would carry on for the time being until those other partners retired, but that it would almost certainly not take on any new legal aid lawyers. As we know, many other firms are pulling out, and there will be a great deal of consolidation.

In the Otterburn report, which the Department commissioned, Mr. Otterburn made it quite clear that big does not necessarily mean more efficient. In some sectors of the economy, big may be more efficient, but he came up with some valuable and compelling evidence to show that, with the extra overheads that large firms must carry, they do not necessarily offer the Department better value for money in publicly funded work.

The comments made by my hon. and learned Friend were pertinent. There will be legal aid deserts. There is no question but that in the small market towns in East Anglia, there will be a significant contraction in the number of firms supplying legal aid to my constituents and to those of my numerous neighbours in such sparsely populated parts of the country. People will have to travel much further; that is the pattern emerging in many places.

My hon. Friend the Member for Beverley and Holderness (Mr. Stuart) once again went through the extraordinary example that affects his constituency. I hope very much that the Minister will respond adequately to his points, because the previous Minister did not respond properly to the concerns that the firms in my hon. Friend's constituency expressed. The time has come for the Minister to get a grip of that situation and give my hon. Friend a proper answer.

The hon. Member for Hackney, North and Stoke Newington (Ms Abbott) spoke passionately about black and minority ethnic practices. There is no question but that they will be disproportionately disadvantaged by the Government's proposals. It is well known that in many large cities, small firms and black and minority ethnic firms are over-represented among criminal legal aid contractors, and the hon. Lady is right that many people from ethnic minorities feel more comfortable going to a business that is run by people from their community. I thought that the Government were in favour of trying to further social mobility and to help young people who want to set up in business and serve their community. I have seen people from the black and minority ethnic communities who have gone into business against considerable odds and with little support from their families. They have struggled to finance their way through college, often setting up set as single practitioners or as partners in a small business.

Jeremy Corbyn: I endorse the points that the hon. Gentleman and my hon. Friend the Member for Hackney, North and Stoke Newington (Ms Abbott) have made. Although I do not minimise the effect of the loss of legal aid anywhere in the country, does the hon. Gentleman acknowledge that the problem is at its worst in the big cities, and particularly in London? All indices show that the biggest loss of legal aid practitioners and support, and the biggest gain in need is in London, which reflects the lack of minority ethnic firms that are able to survive the current crisis.

Mr. Bellingham: The hon. Gentleman's point is absolutely spot on, and I agree 100 per cent. that, of course, that is the situation. My hon. and learned Friend pointed out that it is the clients who matter most. The people in the community who rely on publicly funded legal advice will suffer most. There is no question but that many such clients have complex cases, and that without legal aid and access to local solicitors, those cases will not be solved.

I have considered various individual cases; in fact, my hon. Friend the Member for Mid-Sussex (Mr. Soames) brought some complex child and family cases to my attention. They included one extremely complex case that involved care proceedings, which went on and on. That case would never fit easily into a fixed-fee system, but it would probably not be complex enough to fit into the next category.

Citizens Advice wrote to all Members with a brief, giving us many examples of people who come in with one particular case, but for whom after about 10 minutes, it becomes apparent that the case is far more complex. Again, such cases just do not lend themselves easily or tidily to a fixed-fee system. Cherry-picking will take place: there is no question but that fixed fees will actively encourage many firms to cherry-pick the easier, simpler cases. Of course, they could resort to

exceptional status cases, but very few cases will qualify for that status. There will be a few such complex cases, but the vast majority will fall into the fixed-fee category. What will happen is very simple: many firms will have to cherry-pick cases and ignore more complicated cases. Richard Miller of the Legal Aid Practitioners Group said that

"as well as penalising firms doing more complex work, the scheme"—

will actually encourage providers to look at the more—

"simple cases."

The consequences that will flow from the situation are obvious.

We must consider the law of unintended consequences. The Government may well save a small amount of money through those changes, and they may control the budget and put it on an even keel, but what about the social consequences and the other costs that other Departments will have to pick up? The profession and HM Courts Service are in meltdown. We have a new Prime Minister, new Ministers and a superb Committee report. I urge the Minister to make a name for herself, and plead with the Prime Minister to treat this issue in the same way as he treated the casinos issue. He has the ideal opportunity: he has the Committee's report, to which there has been a wholly inadequate response. The Minister should take it away, consider another response and reconsider all the arguments that have been put by Members from all parts of the House, but above all, by people in the profession who know what is happening on the ground. I urge her to take action.

5.47 pm

The Parliamentary Under-Secretary of State for Justice (Maria Eagle): It is a pleasure to attend the debate as the new Minister with responsibility in the House of Commons for legal aid. So that Members are aware, however, I ought to make the point that Lord Hunt of Kings Heath takes the policy lead in the Department. It is not quite accurate to say that I have my hands fully on policy making in this respect, although everybody in the ministerial team has an interest in the issue.

I thank Members, and in particular the right hon. Member for Berwick-upon-Tweed (Mr. Beith), whose Committee report we are debating today, for their excellent work. I thank him also for the way in which he introduced the debate. There are a few lawyers in the Public Gallery today, and some are even sitting in the Chamber. I am one of them, although I do not practise. I have not practised in the 10 years since I became a Member of Parliament. However, as a solicitor, I have experience in the areas under discussion. I therefore do have an understanding of these matters, although it is more out of date perhaps than that of some people who will be interested to read the *Hansard* report of today's debate.

I recognise the great concern and the passion with which points have been made during the debate. In the short time that I have been in my post, I have had the opportunity to read about the gestation of some of the issues and to read previous debates. I have read the early-day motions. I have read about a lot of what has been going on, so I understand the issue and I recognise the concerns that have been expressed.

I am pleased to answer the debate, although time is short. In the time that remains, it is inevitable that I shall not have a chance to deal with every point that has been raised. However, as some Members have asked specific questions about their constituencies, I undertake to contact them by letter, because I shall inevitably run out of time before I have dealt with all the points. I have listened to what they have said, and I understand both the concerns that have been expressed, and that many present do not agree with much of what the Government are doing. However, it seems that there is some agreement and common ground between the Government and those people who disagree with aspects of the reform programme.

Everybody wants a system that allows us to help more people. We all want a system that allows proper value for money, that is joined up with the rest of our justice system and that contributes to and benefits from the work going on to improve the entire criminal justice system and to make it more efficient. Legal aid provides a vital service; everybody has made that absolutely clear. It has never enjoyed the same profile as other elements of the welfare state—a number of Members have made this point—but it is an important plank of it.

I do not accept that legal aid has been starved of funds. Nobody said that specifically, although the hon. Member for Cambridge (David Howarth) came precious close. Spending has increased in the past 10 years from about £1.5 billion in 1997 to more than £2 billion. A lot of money is going into the system. My hon. Friend the Member for City of York (Hugh Bayley) might have felt like Daniel in the lions' den for making similar points—he ought to consider how I feel at the moment—but he was correct that this country spends far more on legal aid than any other European country. The Committee made the same point in its report.

The taxpayer has a right to expect good value for money. Payment by the hour is rather old-fashioned. Any member of the legal profession would accept that—there are not many other professions these days in which one gets paid by the hour. It is old-fashioned, it does not work and it has its own perverse incentives. Part of our debate has concerned the perverse incentives that might arise from some of the reform proposals, but we should not forget that the current system has perverse incentives that have existed for many years.

David Howarth: There is an important question about hourly rates. The Minister is right to say that they create perverse incentives. Why are the Government proposing to go back to hourly rates in the exceptional cases mentioned by the hon. Member for North-West Norfolk? Surely it should be a completely different system, if the Minister is correct.

Maria Eagle: I do not think that we are moving from a completely terrible system to a totally perfect one. We are trying to effect reforms that will create many desirable outcomes. I do not think myself that hourly rates are ideal, but there we are. With exceptional cases, it will be a way of recognising that some cases are much more expensive, and of giving those who handle them some certainty that they will be properly remunerated for the extra complexity.

[Maria Eagle]

The large amount of money that we spend on legal aid has resulted in a system to be proud of—it helps hundreds of thousands of people a year—but we must focus on achieving best value for money, so that we can get as much help as possible to those who need it. Many hon. Friends from inner-city areas, specifically those from London, have made points about that access and about using the money that we have to ensure that those who need help the most get it. I could not agree more. The example of civil legal help, much of which has been provided under the tailored fixed fee scheme, bears that out. There were fewer than 600,000 acts of assistance in 2004-05, but 800,000 were carried out in 2006-07, partly as a result of that reform—a significant increase due to better productivity.

Obviously, we must balance things carefully. One person's productivity is another person's squeeze on profits. We must get it right, but that is what the Legal Services Commission, with providers' co-operation, seeks to do.

Ms Abbott: Do the Government have any plans to ameliorate the reforms' disproportionate effect on black and minority ethnic solicitors?

Maria Eagle: I wanted to make a few comments before dealing with specific issues, but my hon. Friend has raised an important one about the impact on black and minority ethnic providers in inner cities. She made her point particularly powerfully. I must be slightly careful what I say; I am enough of a lawyer not to go into too much detail when a matter is before the court. There is no doubt that a lot of solicitors—16 per cent.—are black and minority ethnic. The majority work for white-run firms, if I can put it crudely, not black-run ones. Sixteen per cent. is greater than the proportion of black and minority ethnic people in the population, so there is a great deal to be proud of in having so many in the profession.

The proposals for a minimum contract size will have little or no adverse impact on individual BME solicitors. My hon. Friend is making a point about the proposals' impact on small firms, but the Government have not yet decided to introduce a minimum contract size. I accept that doing so could have an adverse impact on firms that do less work—that is common sense—but we have made no decision to do so, and we are continuing to listen.

When she was the Minister responsible, the Solicitor-General—she has moved on to greater things—did something that I am sure everyone would agree with, whatever they think of what she might have said in previous debates: she went out and consulted extensively with the profession during the gestation of the proposals. I accept that hon. Members and the profession do not necessarily like the prescriptions that she came up with, but she and the Government consulted extremely widely about them, and we wish to continue to do so. I want to make it absolutely clear that the new ministerial team will be listening as we continue to develop the proposals, because we want to listen to what people have to say.

The right hon. Member for Berwick-upon-Tweed and others mentioned the impact on firms in rural areas. In respect of civil and family legal aid, the hon. and learned Member for Torridge and West Devon (Mr. Cox) made a point about advice deserts, as did one or two others. Some 93 per cent. of the population live within five miles of specialist legal aid providers. There is no evidence that we have deserts. That does not mean that firms will not merge or decide to stop doing legal aid work; I accept that such issues may well arise, and we need to keep a close eye on them. The last thing that we want is for advice deserts to develop. We are trying to ensure that the money we spend, which has been increasing, is spent properly on helping as many people as possible to get advice for their legal problems.

Mr. Graham Stuart: I should just like to nail one point. The legal aid budget has increased, as the Minister said, to £2 billion, but taking into account inflation during that period, it is pretty much where it was in 1997, despite 3,000 extra offences. The truth is that the legal aid budget has not grown above inflation; it has stayed where it was. There is no crisis.

Maria Eagle: There is no doubt that the legal aid spend has been going up. There have not been cuts in the way that has sometimes been described by those who have commented. The hon. Gentleman made some points about his constituency, and I would prefer to write to him in response to them. I heard what he said, and want to make clear that I shall come back to him.

A specific issue was raised about the urban-rural balance and whether there would be a greater impact in the inner cities or rural areas. The aim of the proposals is to try to get a wider range of provision in rural areas, in some of which that is currently quite limited. Members have concentrated on saying that they think that the provision that they already have might disappear, but we recognise that there are already some such issues in some areas. The aim is to improve the situation.

In respect of London, the constituency of my hon. Friend the Member for Islington, North (Jeremy Corbyn) appears to be pretty well served by legal aid solicitors. He said that there had been a change in the nature of the provision, but his constituency is still pretty well served compared to some other inner-city areas. We are trying to ensure that everywhere there is the required provision of legal services for those who need them.

The hon. and learned Member for Torridge and West Devon and my hon. Friend the Member for Vauxhall (Kate Hoey) discussed the role of not-for-profit organisations and citizens advice bureaux, which have a vital role. Over the years, the Legal Services Commission has made increasing use of such providers, which have accounted for much of the increasing provision of legal help, particularly in inner cities. More help is needed in London, but the volume of help there is rising.

It being Six o'clock, the motion for the Adjournment of the sitting lapsed, without Question put.